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Mission Statement

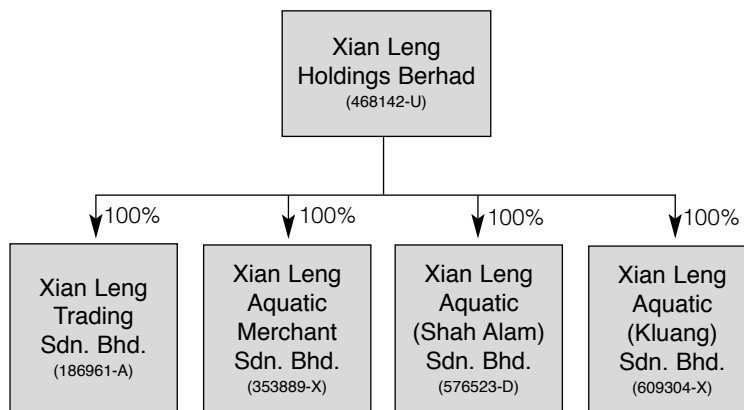
“ We strive to be a first class breeder and supplier of high value Asian Arowana and other ornamental fishes with unmatched quality, achieved through continuous efforts in Research & Development.”





CORPORATE PROFILE

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 and then transferred to the Main Board of Bursa Securities on 4 September 2003.

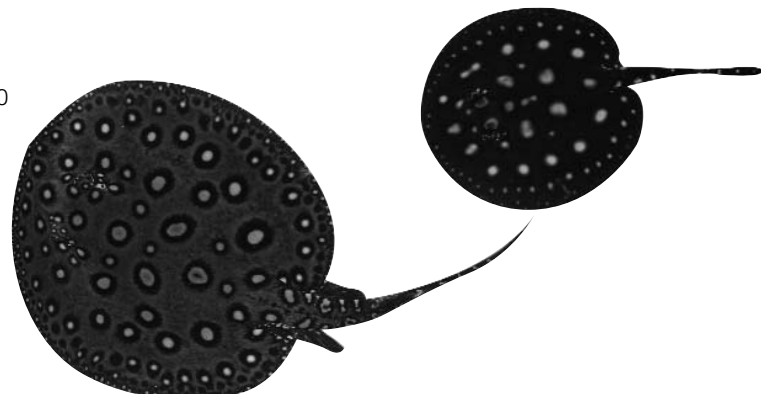


The Company is principally an investment holding and a provision of management services company. Presently, XLB has four wholly owned subsidiaries namely Xian Leng Trading Sdn. Bhd. (XLT), Xian Leng Aquatic Merchant Sdn. Bhd. (XLAM), Xian Leng Aquatic (Shah Alam) Sdn. Bhd. (XLASA) and Xian Leng Aquatic (Kluang) Sdn. Bhd. (XLAK). The principal activities of XLT are 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. XLAK is engaged in the breeding and rearing of fishes and trading of aquaculture products.



XLB Group has four fish farms and two ornamental fish trading centres. Both the fish farms located in Parit Sulong and Kangkar Senangar, Batu Pahat are 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. The fourth fish farm in Kluang has just begun its operation in October 2008, but has yet to contribute fully to the revenue of the Group.

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 PROFILE

RESEARCH & DEVELOPMENT

Xian Leng Holdings Berhad maintains its leading edge over competitors through a strong commitment to research and technology development (RTD) that has enabled the Group to improve its production efficiency with increased productivity and product quality.

Technological breakthroughs achieved include the following:

1. Improving the quality of the Malaysian Golden variety, which ranks No 1, among Asian Arowana species;
2. Creating "new" variants of the major varieties through genetic selective breeding eg. the Brilliant Super Red and the Blue-Base & Golden Head Malaysian Crossback arowanas;
3. Enhancing the colour of the fish's scales with intense hues and brilliance to improve its attractiveness;
4. Improving the physical appearance and robustness of the fish through proper priming and careful nurturing of the fry;
5. Perfecting environmental and fish management practices; and
6. Improving feed quality and culture systems.

CORPORATE SOCIAL RESPONSIBILITY

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

Workplace

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

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

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

Community

The Group actively supports aquarium-visit-programmes organized by different educational institutions in the country. During these visits, the Group actively promotes and educates the participants with useful information on fishery and aquarium care tips to enhance their knowledge in this field.

Environment

The Group is committed to ensure that its activities will not have a significant negative impact on the environment. It strongly adopts pollution free breeding methods for its fish farming operations.

Promotion of Agro-Tourism Industry

In line with the country's effort to promote agro-tourism industry, the Group is committed to the promotion of such activities by opening to the public its impressive collection of fishes at its aquariums in Batu Pahat and Shah Alam showrooms.



CORPORATE INFORMATION

Board of Directors:

Tan Sri Dato' Mohd Desa Bin Pachi (Chairman)
Ng Huan Tong (Managing Director)
Lim Wan Hong (f)
Tan Cheng Kiat
Choy Siew Kiong
Chen Shih Hsie
Ismail Taufid Bin Md Yusoff
Mohamed Shafeii Bin Abdul Gaffoor
Lim Kim Hock
(Appointed on 1st December 2008)
Chua Bah Bee @ Chua Chong Seng
(Resigned on 31st August 2008)
Dominic Lim Kuan Wee
(Resigned on 1st December 2008)

Executive Committee:

Ng Huan Tong (Managing Director)
Lim Wan Hong (f)
Tan Cheng Kiat
Chua Bah Bee @ Chua Chong Seng
(Resigned on 31st August 2008)
Dominic Lim Kuan Wee
(Resigned on 1st December 2008)

Audit Committee:

Choy Siew Kiong
(Chairman / Independent Non-Executive Director)
Chen Shih Hsie
(Independent Non-Executive Director)
Lim Kim Hock
(Independent Non-Executive Director)
(Appointed on 1st December 2008)
Dominic Lim Kuan Wee
(Executive Director)
(Resigned on 1st December 2008)

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)
Tan Cheng Kiat
(Executive Director)
(Appointed on 31st August 2008)
Lim Kim Hock
(Independent Non-Executive Director)
(Appointed on 1st December 2008)
Chua Bah Bee @ Chua Chong Seng
(Executive Director)
(Resigned on 31st August 2008)
Dominic Lim Kuan Wee
(Executive Director)
(Resigned on 1st December 2008)

Secretaries:

Yong May Li (f) (LS 000295)
Ng Poh Choo (f) (LS 0009024)

Auditors:

Ernst & Young
Suite 11.2, Level 11, Menara Pelangi
2, Jalan Kuning, Taman Pelangi
80400 Johor Bahru,
Johor Darul Takzim, Malaysia
Tel : 607-334 1740 Fax : 607-334 1749

Registrars:

PFA Registration Services Sdn. Bhd.
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 603-2264 3883 Fax : 603-2282 1886

Registered Office:

Suite 1301, 13th Floor
City Plaza, Jalan Tebrau
80300 Johor Bahru,
Johor Darul Takzim, Malaysia
Tel : 607-335 4988 Fax : 607-335 4977
Internet website : www.xianleng.com.my

Principal Bankers:

Agro Bank
OCBC Bank (Malaysia) Berhad
Malayan Banking Berhad
EON Bank Berhad
United Overseas Bank (Malaysia) 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 2009 Annual Report and Audited Financial Statements of Xian Leng Holdings Berhad (XLH) and its subsidiaries for the financial year ended 31 January 2009.

A. Financial Performance

For the financial year ended 31 January 2009, XLH registered a revenue of RM19.48 million and loss before taxation of RM15.28 million as compared to revenue of RM32.52 million and profit before taxation of RM2.21 million in 2008.

The loss before taxation for the year was mainly due to provision of impairment loss on property, plant and equipment amounting to RM10.94 million, higher depreciation charge arising from investments in the new farm that has yet to contribute fully to the Group's revenue and significant reduction in revenue due to the prevailing global recession that has impacted the market and the business activities of the Group's subsidiaries

The overall profitability of the Group has been eroded due to the declining demand for Arowana fishes which was compounded by aggressive price competition.

B. Dividend

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

C. Future Prospects

The continuous global financial turmoil has led to slowing economic activity. In addition, the prevailing global recession has and will impact the market and the business activities of the Group's subsidiaries.

The slower growth and lower purchasing power of consumers have exerted pressure on overall demand for Arowana fishes which was further compounded by aggressive price competition. To date, global macro-economic conditions continues to deteriorate and has yet to show any real signs of recovery.

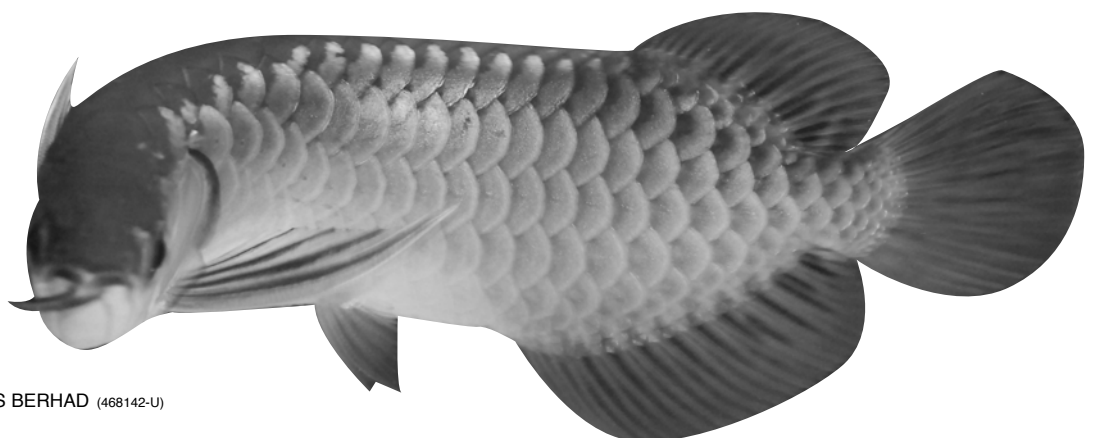
Going forward, the industry is expected to remain challenging, but necessary measures continue to be taken to explore future business opportunities and effective cost control measures continue to be implemented to meet this challenging period. Despite short term gloomy economy outlook, the Group is confident it can achieve reasonable profitability growth once the global economy stabilizes.

The Group shall continue to manage prudently under the uncertain and challenging economic outlook. Given the unique value of Arowana fishes, better profitability should return once demand momentum recovers. The Group will continue its efforts to improve the Group's position and performance for the next financial year.

D. 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 shareholders' 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 throughout the year.

Tan Sri Dato' Mohd Desa Bin Pachi
Chairman





PROFILE OF DIRECTORS

	Tan Sri Dato' Mohd Desa Bin Pachi	Ng Huan Tong		
Position	Independent Non-Executive Director and Chairman	Managing Director		
Age	75	50		
Nationality	Malaysian	Malaysian		
Qualification field	Chartered Accountant	Marketing & Production Planning		
Working experience & Occupation	<ul style="list-style-type: none"> - A fellow member of the Institute of Chartered Accountants Australia, a member of the Malaysian Institute of Accountants and the Malaysian Institute of Management. - 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 & Co and KPMG Peat Marwick, Mitchell. 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, Chairman of Sistem Televisyen Malaysia Berhad (TV3) and Chairman of Bumiputra-Commerce Holdings Berhad (up to July 2006). - Concurrently serves as the Chairman of Saujana Consolidated Berhad, Leader Steel Holdings Berhad and Eonmetall Group Berhad as well as sits on the Board of several public and private companies. 	<ul style="list-style-type: none"> - More than 25 years experience in the ornamental fish industry. - Oversees Group planning, development, marketing and overall management. 		
Date of Appointment	1 September 1998	2 October 1998		
Other directorships of public companies	Ya Horng Electronic (M) Berhad, Leader Steel Holdings Berhad, Eonmetall Group Berhad, Amanah Saham Nasional Berhad, Amanah Mutual Berhad (Formerly known as Mayban Unit Trust Berhad) and Saujana Consolidated Berhad.	Nil		
Membership of Board Committees	Nil	Chairman of Employee's 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



PROFILE OF DIRECTORS

	Mohamed Shafeii Bin Abdul Gaffoor*		Lim Wan Hong	
Position	Independent Non-Executive Director		Non-Independent Executive Director	
Age	46		46	
Nationality	Malaysian		Malaysian	
Qualification field	Business Administration		Ornamental Fish Trade	
Working experience & Occupation	<ul style="list-style-type: none"> - Holds a Bachelor of Arts from the University of Waterloo, Canada and a Master Degree in Business Administration from the University of Dundee, UK. - Started his career as an Economist with Bank Negara Malaysia after graduation. - Attached with Ernst & Young prior to joining Shapadu Corporation Sdn. Bhd. as the Manager. - In 1994, he became the Managing Director of Desa Pachi Consultancy Sdn. Bhd., a management consultants firm, a position he holds to date. 		<ul style="list-style-type: none"> - More than 18 years of working experience in the ornamental fish trade. - Currently is the Chief Executive Officer of XLAM. 	
Date of Appointment	1 September 1998		2 October 1998	
Other directorships of public 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 4	No. of meetings held 4	No. of meetings attended 4
	Note : * Retiring by rotation and does not wish to seek re-election at forthcoming AGM.			



PROFILE OF DIRECTORS

	Tan Cheng Kiat		Choy Siew Kiong	
Position	Non-Independent Executive Director		Independent Non-Executive Director	
Age	67		64	
Nationality	Malaysian		Malaysian	
Qualification field	Science and Fisheries Management		Fisheries Management	
Working experience & Occupation	<ul style="list-style-type: none"> - 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. - Served in Department of Fisheries Malaysia for over 30 years in various positions, including as Deputy Director General of the organization. - 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. 		<ul style="list-style-type: none"> - 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. - 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. 	
Date of Appointment	2 October 1998		1 October 2001	
Other directorships of public companies	Nil		Nil	
Membership of Board Committees	Member of Employee's 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 4



PROFILE OF DIRECTORS

	Chen Shih Hsie		Ismail Taufid Bin Md Yusoff	
Position	Independent Non-Executive Director		Independent Non-Executive Director	
Age	64		63	
Nationality	Malaysian		Malaysian	
Qualification field	Fisheries Management		Fisheries Management	
Working experience & Occupation	<ul style="list-style-type: none"> - Graduated with a Bachelor of Engineering from the University of Malaya. - Began his career as an Officer of the Fisheries Training Institute in Department of Fisheries in 1971. - In 1975, became the Head of the Technology Branch for the Department of Fisheries' Headquarters. - 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. 		<ul style="list-style-type: none"> - Graduated with a Bachelor of Fisheries Science from the Tokyo University of Fisheries, Japan. - Started as an Officer of the Fisheries Research Institute and Fisheries Training Institute. - 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. 	
Date of Appointment	1 October 2001		1 October 2001	
Other directorships of public 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



PROFILE OF DIRECTORS

	Lim Kim Hock	Chua Bah Bee @ Chua Chong Seng		
Position	Independent Non-Executive Director	Non-Independent Executive Director		
Age	43	64		
Nationality	Malaysian	Malaysian		
Qualification field	Chartered Accountant	Chartered Accountant		
Working experience & Occupation	<ul style="list-style-type: none"> - Member of the Institute of Chartered Accountants in England and Wales, the Malaysian Institute of Accountants and the Malaysian Institute of Taxation. - Holds a Bachelor Degree in Accountancy in the United Kingdom in 1988 and Chartered Accountancy (Institute of Chartered Accountants in England and Wales) qualification in 1992. - He started his articleship at Garners, Chartered Accountants, United Kingdom in 1988 until 1992. - Joined Price Waterhouse in 1992 and was promoted to the position of Senior Consultant before he left the firm 3 years later to head the Finance Division of a subsidiary of Arab-Malaysian Development Berhad. - Joined the Rashid Hussain Berhad Group and his employment stint with the group included 2 1/2 years overseas posting as the Director and Head of Finance and Administration for the group's subsidiary in Indonesia. - He is currently in public practice as a Chartered Accountant and is the Managing Partner of K.H.Lim & Co., an approved audit firm and the Managing Director of Alliance Corporate Taxation Services Sdn. Bhd., a tax advisory and consulting company. He sits on the Board of BP Plastics Holdings Berhad as well as several private limited companies. 	<ul style="list-style-type: none"> - Member of the Institute of Chartered Accountants in England and Wales. - Previously a Senior Group Executive Director of XLB, responsible for the strategic planning, growth, overall corporate development and marketing for XLB Group before he resigned from XLB on 31 August 2008. 		
Date of Appointment	1 December 2008	2 October 1998		
Date of Resignation	Nil	31 August 2008		
Other directorships of public companies	BP Plastics Holdings Berhad	Nil		
Membership of Board Committees	Member of Audit Committee and Employee's Share Option Scheme Committee	Member of Employee's 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 1	No. of meetings held 4	No. of meetings attended 2



PROFILE OF DIRECTORS

Dominic Lim Kuan Wee

Position	Non-Independent Executive Director	
Age	35	
Nationality	Malaysian	
Qualification field	Chartered Accountant	
Working experience & Occupation	<ul style="list-style-type: none">- Member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and the Malaysian Institute of Taxation.- Joined Deloitte KassimChan Malaysia after graduating with a Bachelor (Honours) Degree in Accountancy from University Putra Malaysia.- Served as Group Accountant and later as the Head of Finance and Administration in a local property development conglomerate.	
Date of Appointment	1 September 2006	
Date of Resignation	1 December 2008	
Other directorships of public companies	Nil	
Membership of Board Committees	Member of Audit Committee and Employees' Share Option Scheme Committee	
Family relationship with any director and / or major shareholder of XLB	Nil	
Conflict of interest with XLB, if any	Nil	
Convictions for offences within the past 10 years other than traffic offences	Nil	
Attendance at Board Meetings held during the financial year	No. of meetings held 4	No. of meetings attended 3



AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present the report of the Audit Committee for the financial year ended 31 January 2009.

A. MEMBERS AND MEETINGS ATTENDANCES

The Committee comprises the following members. Five (5) Audit Committee ("AC") Meetings were held for the financial year ended 31 January 2009 and details of attendance of each member at the AC Meetings are as follows :-

Composition of Committee	Number of meeting attended
Choy Siew Kiong (Chairman / Independent Non-Executive Director)	5
Chen Shih Hsie (Member / Independent Non-Executive Director)	5
Lim Kim Hock (Member / Independent Non-Executive Director - Member of the MIA) (Appointed on 1st December 2008)	1
Dominic Lim Kuan Wee (Member / Executive Director - Member of the MIA) (Resigned on 1st December 2008)	4

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 follows :-

(a) Financial Results :-

- Reviewed with the External Auditors 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 Financial Reporting Standards ("FRS") in Malaysia.
- 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.
- Reviewed the internal audit plans and reports, discussed the findings and recommendations by the Internal Audit.
- Reviewed the recommendations by the Internal Auditors and corrective actions taken by management in addressing and resolving issues as well as ensuring that all issues are adequately addressed on a timely basis.
- Discussed and reviewed with the external auditors the audit plans and approaches, results of their examinations, auditors' report and management issues, highlights and updates on applicable FRS and other legal and regulatory requirements.

AUDIT COMMITTEE REPORT



B. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (Cont'd)

(b) Internal Audit Function :-

The Group has outsourced its internal audit function to a professional services firm whose primary responsibility is to independently assess and report to the Board, through the Audit Committee, the systems of internal control of the Group.

The outsourced Internal Audit function independently focuses on the key areas of business risk based on a work programme agreed annually with the Audit Committee and reports on the systems of financial and operations control to the Audit Committee.

The main responsibilities of the Internal Auditors are to :-

- Assist in reviewing the adequacy, integrity and effectiveness of the Group's internal control system;
- Perform a risk assessment of the Group to identify the business processes within the Group that internal audit should focus on;

Internal Audit reports, incorporating audit recommendations and management responses with regards to audit findings relating to the weaknesses in the systems and controls of the respective operations audited, were issued to the Audit Committee and the management of the respective operations.

The Internal Audit function also followed up with management on the implementation of the agreed audit recommendations. The extent of compliance is reported to the Audit Committee on a regular basis. The Audit Committee in turn reviews the effectiveness of the system of internal controls in operations and reports the results thereon to the Board.

The Board, in striving for continuous improvement will put in place appropriate action plans, when necessary, to further enhance the Group's systems of internal control.

The total cost incurred for the internal audit function to the Group for the year was RM34,000.

C. MEMBERSHIP

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

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

D. SECRETARY

The Secretary to the Audit Committee is the Company Secretary.

E. FREQUENCY OF MEETINGS

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

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



AUDIT COMMITTEE REPORT

F. TERMS OF REFERENCE

(a) Authority :-

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

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

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

- to consider the appointment of the external auditors, any questions of resignation or dismissal, to discuss with the external auditors before the audit commences, the nature and scope of the audit, and the assistance given by the Company's officers to the auditors and ensure coordination where more than one audit firm is involved;
- to discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss (in the absence of management where necessary);
- to review the internal audit functions and programmes, consider the major findings of internal audit investigation and management's response (in the absence of Management where necessary), and ensure coordination between the internal and external auditors and the internal auditors to report directly to the Committee and shall have access to the Chairman of the Committee;
- to review the adequacy of the competency and the relevance of the scope, functions and resources of internal audit and the necessary authority to carry out its work;
- to keep under review the effectiveness of internal control system, and in particular review the external and internal auditors' management letters and management's responses;
- to review the quarterly and annual financial statements before submission to the Board, focusing particulars on :
 - any changes in accounting policies and practices
 - major judgmental areas
 - significant adjustments resulting from the audit
 - the going concern assumption compliance with accounting standards
 - compliance with stock exchange and legal requirements
 - any related party transactions that may arise within the Company or Group
- to undertake additional duties, as may be agreed to by the Audit Committee and the Board of Directors.

G. REPORTING PROCEDURES

The Audit Committee shall report to the Board of Directors.

H. RIGHTS OF THE AUDIT COMMITTEE

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

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

This report is made in accordance with the resolution of the Board dated 7 May 2009.



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 Corporate Governance outlined in the Malaysian Code of Corporate Governance.

In line with the listing requirements of the Bursa Securities, reviews are being taken on a periodic and continuous basis to evaluate the status of the Group Corporate Governance procedures and its compliance with the Code's best practices to protect and enhance shareholders' value. The following describes the application of the principles and the extent of compliance with the best practices.

A. DIRECTORS

a) The Board

The Board currently has nine (9) members comprising of six (6) independent non-executive directors and three (3) executive directors.

A brief description on the profile of each of the Directors are presented on pages 6 to 11 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, an 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 2009 and details of the attendance were as follows:

Name of Directors	Number of meeting attended
Tan Sri Dato' Mohd. Desa Bin Pachi	4
Ng Huan Tong	4
Lim Wan Hong (f)	4
Tan Cheng Kiat	4
Mohamed Shafeii Bin Abdul Gaffoor	4
Choy Siew Kiong	4
Chen Shih Hsie	4
Ismail Taufid Bin Md. Yusoff	4
Lim Kim Hock (Appointed on 1 December 2008)	1
Chua Bah Bee @ Chua Chong Seng (Resigned on 31 August 2008)	2
Dominic Lim Kuan Wee (Resigned on 1 December 2008)	3

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. All Board Committees report to the Board.



STATEMENT OF CORPORATE GOVERNANCE

e) Board Committee (Cont'd)

i) Audit Committee

For details of the Audit Committee, please refer to the Audit Committee Report set out on pages 12 to 14 of this Annual Report.

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 recommendations on all new appointments and re-election 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 is responsible for reviewing and recommending to the Board the remuneration packages including the terms of employment and remuneration of Executive Directors.

The Committee as a whole recommends the remuneration of Non-Executive Directors for the board's and shareholders' approval at the Annual General Meeting. No Director will participate in the deliberation and decision in respect of his or her own 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	Benefits in kind RM	Total RM
Executive Directors	-	710,840	46,400	757,240
Non-Executive Directors	236,000	-	-	236,000



STATEMENT OF CORPORATE GOVERNANCE

B. DIRECTORS' REMUNERATION (Cont'd)

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	2	5
50,001 - 100,000	1	1
100,001 - 150,000	2	-

C. DIRECTORS' TRAINING

The Board acknowledges the importance of continuous education and training to enable the Directors to discharge their responsibilities effectively. All Directors of the Company have attended the Mandatory Accreditation Programme as required by Bursa Securities.

The Directors continually attend educational programmes and seminars and other relevant training programmes to equip themselves with the knowledge to discharge their duties effectively and also to keep abreast with the developments in market place, such as seminars under Bursa Malaysia Securities Berhad's Continuing Education Programme.

During the financial year ended 31 January 2009, the Directors have attended the following training programmes:-

- i. Directorship : Independent vs Executive
- ii. Managing Your Changing Business Environment
- iii. National Seminar on Taxation 2008
- iv. National Tax Conference 2008
- v. MIA Regional Conference 2008 Kota Kinabalu "None will be left Behind"
- vi. Managing Sustainable Growth & Competitiveness in the Globalised Era
- vii. PNB International Lectures - Human Capital development initiative building trust and commitment and to understand the importance of intellectual and emotional recognition are vital in business and investment strategy.
- viii. Khazanah Global Lectures - Series of intellectual capacity building events, featuring local and world class intellects, technocrats and business leaders.
- ix. Tax Planning on Current Tax Issues
- x. Seminar Percukaian Hasil 2008

D. ANNUAL GENERAL MEETING

The Board recognized the importance of good communication with all shareholders.

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

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.



STATEMENT OF CORPORATE GOVERNANCE

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 27 of this Annual Report.

b) Internal Controls

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

Information on the Group's internal control is presented in the Statement on Internal Control laid out on page 19.

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. 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 FRS in Malaysia have been applied and complied with. 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 7 May 2009.



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 the 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 7 May 2009.



ADDITIONAL INFORMATION

In compliance with the Listing Requirements of Bursa Malaysia Securities Berhad

MATERIAL CONTRACT

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

UTILISATION OF PROCEEDS

There were no proceeds raised by the Company during the financial year ended 31 January 2009.

SHARE BUY-BACK

Details of shares purchased during the financial year ended 31 January 2009 are as follows:

Monthly Breakdown	No. of Shares Purchased and Retained as Treasury Shares	Purchase Price			Total Consideration RM
		Lowest RM	Highest RM	Average RM	
2008					
July	10,000	0.525	0.525	0.530	5,297
December	10,000	0.285	0.285	0.289	2,894
	20,000				8,191

During the financial year the Company purchased a total of 20,000 ordinary shares of RM1 each in the Company at a total cost of RM8,191.

As at 31 January 2009, a total of 321,000 shares bought back are being held as treasury shares with none of the shares being cancelled or distributed during the financial year.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

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

AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAM

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

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.

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.



ADDITIONAL INFORMATION

VARIATION IN RESULTS

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

PROFIT GUARANTEE

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

REVALUATION POLICY

The Group has not adopted any regular revaluation policy on landed properties.



Reports &
Financial Statements



DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2009.

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
Loss for the year	15,175,217	400,104

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the provision for impairment loss on property, plant and equipment amounting to approximately RM10,942,000 as disclosed in Note 2.5(i) to the financial statements.

DIVIDENDS

The amount of dividends declared and paid by the Company since 31 January 2008 were as follows:

	RM
In respect of the financial year ended 31 January 2008 as reported in the directors' report of that financial year:	
First and final dividend of 1% less 25% taxation, on 72,403,500 ordinary shares, paid on 7 July 2008	543,026

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

DIRECTORS

The names of the directors of the Company in office since the date of 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
Ismail Taufid bin Md Yusoff
Choy Siew Kiong
Chen Shih Hsie
Lim Kim Hock (appointed on 1 December 2008)
Chua Bah Bee @ Chua Chong Seng (resigned on 31 August 2008)
Dominic Lim Kuan Wee (resigned on 1 December 2008)



DIRECTORS' REPORT

DIRECTORS' BENEFITS

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

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

	Number of Ordinary Shares of RM1.00 Each			31 January 2009
	1 February 2008	Acquired	Sold	
The Company				
Direct Interest				
Ng Huan Tong	16,905,000	-	-	16,905,000
Lim Wan Hong	16,903,500	-	-	16,903,500
Tan Cheng Kiat	15,000	-	-	15,000
Indirect Interest*				
Ng Huan Tong	16,903,500	-	-	16,903,500
Lim Wan Hong	16,905,000	-	-	16,905,000
Deemed Interest				
Ng Huan Tong	33,808,500	-	-	33,808,500
Lim Wan Hong	33,808,500	-	-	33,808,500
	Number of 2004/2013 Options over Ordinary Shares of RM1 Each			31 January 2009
	1 February 2008	Granted	Exercised	
Granted at the subscription price of RM1.68 per share				
Ng Huan Tong	724,000	-	-	724,000
Lim Wan Hong	724,000	-	-	724,000
Tan Cheng Kiat	724,000	-	-	724,000

* Indirect interest represents the interest of spouse of the director of the Company in the shares of the Company under Section 134(12)(c) of the Companies (Amendment) Act, 2007.

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 in the Company or its related corporations during the financial year.



DIRECTORS' REPORT

TREASURY SHARES

During the financial year, the Company repurchased 20,000 of its issued ordinary shares from the open market at an average price of RM0.41 per share. The total consideration paid for the repurchase including transaction costs was RM8,191. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 January 2009, the Company held as treasury shares a total of 321,000 of its 72,704,500 issued ordinary shares. Further relevant details are disclosed in Note 18(b) to the financial statements.

EMPLOYEE SHARE OPTIONS SCHEME

The Xian Leng Holdings Berhad's Employee Share Option Scheme ("ESOS") is governed by the by-laws approved by the shareholders at the Extraordinary General Meeting held on 25 June 2003. The ESOS was implemented on 25 August 2003 and is to be in force for a period of 10 years from the date of implementation.

The salient features and other terms of the ESOS are disclosed in Note 18(a) to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders, other than directors, who have been granted options to subscribe for less than 150,000 ordinary shares of RM1 each. There were no new ESOS granted during the financial year.

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 in respect of the Group or of the Company which has arisen since the end of the financial year.
- (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 its obligations when they fall due; and



DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (Cont'd)

(f) In the opinion of the directors (Cont'd):

- (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 dated 7 May 2009.

Ng Huan Tong

Lim Wan Hong



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 30 to 54 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2009 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 dated 7 May 2009.

Ng Huan Tong

Lim Wan Hong

STATUTORY DECLARATION

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

I, Kuan Kai Seng, being the officer 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 30 to 54 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed Kuan Kai Seng at)
Johor Bahru in the State of Johor on)
7 May 2009)

Kuan Kai Seng

Before me,

Chang Ee Peng @ Chang Ik Peng
No. J148
Commissioner for Oaths



INDEPENDENT AUDITORS' REPORT

To The Members Of Xian Leng Holdings Berhad
(Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Xian Leng Holdings Berhad, which comprise the balance sheets as at 31 January 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 30 to 54.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2009 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the accounts 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.



INDEPENDENT AUDITORS' REPORT

To The Members Of Xian Leng Holdings Berhad
(Incorporated in Malaysia)

Other matters

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

Ernst & Young
AF 0039
Chartered Accountants

Abraham Verghese A/L T.V. Abraham
1664/10/10(J)
Chartered Accountant

Johor Bahru, Malaysia
Date: 7 May 2009



INCOME STATEMENTS

For The Year Ended 31 January 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Revenue	3	19,477,204	32,522,389	288,000	1,288,000
Other income	4	237,395	111,971	-	-
Employee benefits expense	5	(2,986,127)	(3,294,984)	(477,376)	(335,617)
Changes in inventories		(1,366,194)	(932,934)	-	-
Purchases of inventories		(6,898,843)	(8,525,817)	-	-
Depreciation		(7,323,148)	(12,443,951)	-	-
Impairment loss on property, plant and equipment		(10,942,289)	-	-	-
Other expenses		(3,075,469)	(2,794,984)	(210,728)	(438,685)
Operating (loss)/profit	7	(12,877,471)	4,641,690	(400,104)	513,698
Finance costs	8	(2,398,619)	(2,427,523)	-	-
(Loss)/Profit before tax		(15,276,090)	2,214,167	(400,104)	513,698
Income tax expense	9	100,873	(479,680)	-	(260,000)
(Loss)/Profit for the year		(15,175,217)	1,734,487	(400,104)	253,698
(Loss)/Earnings per share attributable to equity holders of the Company (sen) :					
Basic and diluted, for (loss)/profit for the year	10	(21.0)	2.4		

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



BALANCE SHEETS

As at 31 January 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
ASSETS					
Non-current Assets					
Property, plant and equipment	11	159,513,975	175,526,916	-	-
Investments in subsidiaries	12	-	-	51,000,000	50,000,000
		159,513,975	175,526,916	51,000,000	50,000,000
Current Assets					
Inventories	13	6,317,521	7,683,715	-	-
Tax recoverable		2,295,490	4,176,908	199,269	199,269
Trade and other receivables	14	1,584,090	1,558,795	22,605,384	24,541,410
Cash and bank balances	15	669,034	1,054,823	11,182	31,500
		10,866,135	14,474,241	22,815,835	24,772,179
TOTAL ASSETS		170,380,110	190,001,157	73,815,835	74,772,179
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	18	72,704,500	72,704,500	72,704,500	72,704,500
Reserves		54,845,432	70,571,866	1,079,806	2,031,127
Shareholders' equity		127,549,932	143,276,366	73,784,306	74,735,627
Non-current Liabilities					
Borrowings	16	7,248,455	2,337,218	-	-
Deferred tax liabilities	20	15,443,697	15,663,143	-	-
		22,692,152	18,000,361	-	-
Current Liabilities					
Borrowings	16	19,715,479	27,110,526	-	-
Trade and other payables	17	422,547	1,613,904	31,529	36,552
		20,138,026	28,724,430	31,529	36,552
Total Liabilities		42,830,178	46,724,791	31,529	36,552
TOTAL EQUITY AND LIABILITIES		170,380,110	190,001,157	73,815,835	74,772,179

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



STATEMENTS OF CHANGES IN EQUITY

For The Year Ended 31 January 2009

	Note	Share capital (Note 18) RM	Non-Distributable Share premium RM	Treasury shares (Note 18(b)) RM	Distributable Retained earnings (Note 25) RM	Total equity RM
Group						
At 1 February 2007		72,704,500	135,660	(178,159)	70,269,756	142,931,757
Profit for the year, representing total recognised income and expense for the year		-	-	-	1,734,487	1,734,487
Purchase of treasury shares	18(b)	-	-	(67,672)	-	(67,672)
Dividends	21	-	-	-	(1,322,206)	(1,322,206)
At 31 January 2008		72,704,500	135,660	(245,831)	70,682,037	143,276,366
Loss for the year, representing total recognised income and expense for the year		-	-	-	(15,175,217)	(15,175,217)
Purchase of treasury shares	18(b)	-	-	(8,191)	-	(8,191)
Dividends	21	-	-	-	(543,026)	(543,026)
At 31 January 2009		72,704,500	135,660	(254,022)	54,963,794	127,549,932
Company						
At 1 February 2007		72,704,500	135,660	(178,159)	3,209,806	75,871,807
Profit for the year, representing total recognised income and expense for the year		-	-	-	253,698	253,698
Purchase of treasury shares	18(b)	-	-	(67,672)	-	(67,672)
Dividends	21	-	-	-	(1,322,206)	(1,322,206)
At 31 January 2008		72,704,500	135,660	(245,831)	2,141,298	74,735,627
Loss for the year, representing total recognised income and expense for the year		-	-	-	(400,104)	(400,104)
Purchase of treasury shares	18(b)	-	-	(8,191)	-	(8,191)
Dividends	21	-	-	-	(543,026)	(543,026)
At 31 January 2009		72,704,500	135,660	(254,022)	1,198,168	73,784,306

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



CASH FLOW STATEMENTS

For The Year Ended 31 January 2009

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash Flows from Operating Activities				
(Loss)/Profit before tax	(15,276,090)	2,214,167	(400,104)	513,698
Adjustments for:				
Depreciation of property, plant and equipment	7,323,148	12,443,951	-	-
Gross dividend income	-	-	-	(1,000,000)
Gain on disposal of property, plant and equipment	(200,000)	(28,895)	-	-
Impairment loss on property, plant and equipment	10,942,289	-	-	-
Interest expense	2,398,619	2,427,523	-	-
Provision for doubtful debts	13,730	-	-	-
Allowance for obsolete inventories	23,412	13,761	-	-
Operating profit/(loss) before changes in working capital	5,225,108	17,070,507	(400,104)	(486,302)
Receivables	(39,025)	5,176,408	1,936,026	(186,281)
Inventories	1,342,782	919,173	-	-
Payables	(1,191,357)	906,132	(5,023)	(10,230)
Cash generated from/(used in) operations	5,337,508	24,072,220	1,530,899	(682,813)
Net dividend income	-	-	-	1,825,000
Taxes refunded/(paid)	1,762,845	(811,837)	-	220,996
Interest paid	(2,398,619)	(2,427,523)	-	-
Net cash generated from operating activities	4,701,734	20,832,860	1,530,899	1,363,183
Cash Flows from Investing Activities				
Investment in a subsidiary	-	-	(1,000,000)	-
Purchase of property, plant and equipment	(2,047,996)	(19,654,829)	-	-
Proceeds from disposal of property, plant and equipment	200,000	41,800	-	-
Net cash used in investing activities	(1,847,996)	(19,613,029)	(1,000,000)	-
Cash Flows from Financing Activities				
Purchase of treasury shares	(8,191)	(67,672)	(8,191)	(67,672)
Repayment of hire purchase payables	(140,142)	(166,764)	-	-
Dividends paid	(543,026)	(1,322,206)	(543,026)	(1,322,206)
Drawdown of term loans	5,471,778	-	-	-
Repayment of term loans	(270,852)	(1,010,866)	-	-
Net cash generated from/(used in) financing activities	4,509,567	(2,567,508)	(551,217)	(1,389,878)
Net increase/(decrease) in cash and cash equivalents	7,363,305	(1,347,677)	(20,318)	(26,695)
Cash and cash equivalents at beginning of year	(25,723,247)	(24,375,570)	31,500	58,195
Cash and cash equivalents at end of year (Note 15)	(18,359,942)	(25,723,247)	11,182	31,500

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



NOTES TO THE FINANCIAL STATEMENTS

31 January 2009

1. CORPORATE INFORMATION

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 Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 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 principal activities of the Company are that of investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 12. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 7 May 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

The financial statements of the Group and the Company have been prepared under the historical cost basis and are presented in Ringgit Malaysia (RM).

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

31 January 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(b) Property, Plant and Equipment, and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Construction work in progress comprises cost of construction of the fish pond and other related expenditure. Depreciation will commence when the asset is ready for use. Depreciation of other property, plant and equipment is provided on a straight line basis to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

Broodstocks and fish ponds	2.5%
Planting expenditure, workers' quarters, shop houses and renovation	2% - 10%
Land development expenditure, roads and drainage, tools and equipment	10%
Motor vehicles	20%
Office equipment, furniture and fittings	10%

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

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(c) Inventories

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

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

(d) Leases

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

(i) Finance leases - the Group as lessee

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 leases, 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.



NOTES TO THE FINANCIAL STATEMENTS

31 January 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(d) Leases (Cont'd)

(i) Finance leases - the Group as lessee (Cont'd)

Lease 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 on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(b).

(ii) Operating leases - the Group as lessee

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

(e) Income Tax

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 recognised 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 the amount of any excess of the acquirer's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(f) Provisions

Provisions 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.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2009



2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(g) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also have been met before revenue is recognised:

(i) Sale of Goods

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

(ii) Dividend Income

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

(iii) Management Fees

Management fees are recognised when services are rendered.

(h) Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value which are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items which are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statement for the period.

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

(i) Impairment of Non-financial Assets

The carrying amounts of assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.



NOTES TO THE FINANCIAL STATEMENTS

31 January 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(i) Impairment of Non-financial Assets (Cont'd)

An asset's recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises. Impairment losses are reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

The carrying amount of the asset is increased to its recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of depreciation), had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

(j) 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) Share-based Compensation

The Xian Leng Holdings Berhad Employee Share Options Scheme ("ESOS") allows the Group's employees to acquire shares of the Company. In accordance with the transitional provisions of FRS 2, no compensation expense was recognised in profit or loss as the share options were granted before 31 December 2004. When the options are exercised, the Group and the Company recognise an increase in share capital and share premium by the amount of the proceeds received.

(k) 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 instruments 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 recognised directly in 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 liability simultaneously.

(i) Cash and Cash Equivalents

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



NOTES TO THE FINANCIAL STATEMENTS

31 January 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Summary of Significant Accounting Policies (Cont'd)

(k) Financial Instruments (Cont'd)

(ii) 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.

(iii) 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.

(iv) 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 period in which they are incurred.

(v) 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.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

On 1 February 2008, the Group and the Company adopted the following revised FRSs, amendment to FRS and Interpretations:

- (i) FRS 107: Cash Flow Statements
- (ii) FRS 111: Construction Contracts
- (iii) FRS 112: Income Taxes
- (iv) FRS 118: Revenue
- (v) FRS 120: Accounting for Government Grants and Disclosure of Government Assistance
- (vi) FRS 134: Interim Financial Reporting
- (vii) FRS 137: Provisions, Contingent Liabilities and Contingent Assets
- (viii) Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
- (ix) IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities
- (x) IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments
- (xi) IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- (xii) IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
- (xiii) IC Interpretation 7: Applying the Restatement Approach under FRS 129²⁰⁰⁴ Financial Reporting in Hyperinflationary Economies
- (xiv) IC Interpretation 8: Scope of FRS 2



NOTES TO THE FINANCIAL STATEMENTS

31 January 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

The adoption of the above FRSs, amendment to FRS and Interpretations did not have any significant impact on the financial statements of the Group and the Company.

2.4 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 4 : Insurance Contracts	1 January 2010
FRS 7: Financial Instruments : Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9 : Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 : Interim Financial Reporting and Impairment	1 January 2010

The above FRSs and Interpretations are not expected to have any significant impact on the financial statements of the Group and the Company upon their initial application.

The Group and the Company is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

2.5 Significant Accounting Judgements and Estimates

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

(i) Impairment of Property, Plant and Equipment

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

Based on the above estimates, the Group has provided an impairment loss of approximately RM10,942,000 (2008: RM Nil) on the above fixed assets. The carrying amount of these fixed assets are disclosed in Note 11 to the financial statements.

(ii) Depreciation of Broodstocks

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



NOTES TO THE FINANCIAL STATEMENTS

31 January 2009

3. REVENUE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sale of goods	19,477,204	32,522,389	-	-
Dividend income from subsidiaries	-	-	-	1,000,000
Management fees from subsidiaries	-	-	288,000	288,000
	19,477,204	32,522,389	288,000	1,288,000

4. OTHER INCOME

Included in other income of the Group was gain on disposal of property, plant and equipment amounting to RM200,000 (2008 : RM28,895).

5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Wages and salaries	2,537,374	2,621,997	447,000	298,000
Social security contributions	22,773	24,618	916	1,597
Defined contribution plan	170,332	209,212	11,280	16,320
Other benefits	255,648	439,157	18,180	19,700
	2,986,127	3,294,984	477,376	335,617

Included in staff costs of the Group and of the Company are fees and other emoluments paid to directors of the Company amounting to RM710,840 (2008 : RM1,137,040) and RM222,280 (2008 : RM339,320) respectively as further disclosed in Note 6.

6. DIRECTORS' REMUNERATION

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive directors (Note 5):				
Fees	-	10,000	-	10,000
Other emoluments	710,840	1,127,040	222,280	329,320
	710,840	1,137,040	222,280	339,320
Non-executive directors:				
Fees	236,000	241,000	236,000	241,000
Total directors' remuneration	946,840	1,378,040	458,280	580,320
Estimated money value of benefits-in-kind	46,400	52,000	-	-
Total directors' remuneration including benefits-in-kind	993,240	1,430,040	458,280	580,320



NOTES TO THE FINANCIAL STATEMENTS

31 January 2009

6. DIRECTORS' REMUNERATION (Cont'd)

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive:				
Salaries and other emoluments	335,000	577,000	211,000	313,000
Fees	-	10,000	-	10,000
Defined contribution plan	17,040	36,480	11,280	16,320
Estimated money value of benefits-in-kind	30,600	35,600	-	-
	382,640	659,080	222,280	339,320
Non-executive:				
Fees	236,000	241,000	236,000	241,000
	618,640	900,080	458,280	580,320

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

	Number of Directors	
	2009	2008
Executive directors:		
Below RM50,000	2	-
RM50,001 - RM100,000	1	1
RM100,001 - RM150,000	2	3
RM150,001 - RM200,000	-	1
Non-executive directors:		
Below RM50,000	5	4
RM50,001 - RM100,000	1	1

7. OPERATING (LOSS) / PROFIT

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Auditors' remuneration:				
- current year	79,000	68,000	30,000	27,000
- underprovision in prior year	11,000	16,500	3,000	12,000
- other services	10,000	10,000	10,000	10,000
Directors' fees	236,000	251,000	236,000	251,000
Gain on disposal of property, plant and equipment	(200,000)	(28,895)	-	-
Provision for doubtful debts	13,730	-	-	-
Allowance for obsolete inventories	23,412	13,761	-	-
Impairment loss on property, plant and equipment	10,942,289	-	-	-
Realised loss/(gain) on foreign exchange	55,921	(73,359)	-	-
Rental expense:				
- premises	70,000	102,260	-	-
- land	20,000	20,000	-	-
- equipment	720	720	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 January 2009

8. FINANCE COSTS

	Group	
	2009 RM	2008 RM
Interest expense on:		
- bank overdrafts	2,045,522	2,226,563
- term loans	328,572	175,447
- hire purchase	24,525	25,513
	<u>2,398,619</u>	<u>2,427,523</u>

9. INCOME TAX EXPENSE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current income tax:				
Malaysian income tax	158,349	73,948	-	260,000
(Over)/Underprovision in prior years	(39,776)	2,870	-	-
	<u>118,573</u>	<u>76,818</u>	<u>-</u>	<u>260,000</u>
Deferred tax (Note 20):				
Relating to origination and reversal of temporary differences	(409,144)	1,205,148	-	-
Relating to changes in tax rates	(2,701)	(808,275)	-	-
Underprovision in prior years	192,399	5,989	-	-
	<u>(219,446)</u>	<u>402,862</u>	<u>-</u>	<u>-</u>
Total income tax expense	<u>(100,873)</u>	<u>479,680</u>	<u>-</u>	<u>260,000</u>

Current income tax is calculated at the statutory tax rate of 25% (2008 : 26%) of the estimated assessable profit for the year. The computation of deferred tax as at 31 January 2009 has reflected these changes.

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. In the prior year, certain subsidiaries of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualified for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income	: 20%
In excess of RM500,000 of chargeable income	: 26%

However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced with effect from the year of assessment 2009, these subsidiaries no longer qualify for the above preferential tax rates.

A reconciliation of income tax expense applicable to (loss)/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 :

Group	2009	2008
	RM	RM
(Loss)/Profit before tax	(15,276,090)	2,214,167
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	(3,819,023)	575,683
Effect of income subject to tax rate of 20%	-	(22,184)
Effect of changes in tax rates	(2,701)	(808,275)
Expenses not deductible for tax purposes	3,198,098	484,149
Deferred tax assets not recognised during the year	370,130	241,448
Underprovision of deferred tax in prior years	192,399	5,989
(Over)/Underprovision of tax expense in prior years	(39,776)	2,870
Tax expense for the year	<u>(100,873)</u>	<u>479,680</u>



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9. INCOME TAX EXPENSE (Cont'd)

	2009 RM	2008 RM
Company		
(Loss)/Profit before tax	(400,104)	513,698
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	(100,026)	133,561
Expenses not deductible for tax purposes	100,026	126,439
Tax expense for the year	-	260,000

10. (LOSS) / EARNINGS PER SHARE

(a) Basic

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

	Group	
	2009	2008
(Loss)/Profit for the year (RM)	(15,175,217)	1,734,487
Weighted average number of ordinary shares, excluding treasury shares, in issue	72,396,000	72,438,823
Basic (loss)/earnings per share (sen)	(21.0)	2.4

(b) Diluted

As the conversions of all potential ordinary shares from options are not dilutive, the diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share.

11. PROPERTY, PLANT AND EQUIPMENT

	* Freehold land, planting expenditure, workers' quarters, buildings, shop houses and renovation RM	Broodstocks RM	Land development expenditure, fish ponds, roads and drainage, tools and equipment RM	Motor vehicles, office equipment, furniture and fittings RM	Construction work in progress RM	Total RM
Group At 31 January 2009 Cost						
At 1 February 2008	25,173,461	64,084,589	138,999,634	3,738,215	11,741,000	243,736,899
Additions	868,480	93,818	960,135	330,063	-	2,252,496
Disposals	-	-	-	(422,648)	-	(422,648)
At 31 January 2009	26,041,941	64,178,407	139,959,769	3,645,630	11,741,000	245,566,747
Accumulated depreciation and impairment						
At 1 February 2008	1,161,119	12,055,474	51,761,302	3,232,088	-	68,209,983
Depreciation charge for the year	205,888	1,613,879	5,286,118	217,263	-	7,323,148
Impairment loss for the year	-	10,942,289	-	-	-	10,942,289
Disposals	-	-	-	(422,648)	-	(422,648)
At 31 January 2009	1,367,007	24,611,642	57,047,420	3,026,703	-	86,052,772
Net carrying amount	24,674,934	39,566,765	82,912,349	618,927	11,741,000	159,513,975



NOTES TO THE FINANCIAL STATEMENTS

31 January 2009

11. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	* Freehold land, planting expenditure, workers' quarters, buildings, shop houses and renovation RM	Broodstocks RM	Land development expenditure, fish ponds, roads and drainage, tools and equipment RM	Motor vehicles, office equipment, furniture and fittings RM	Construction work in progress RM	Total RM
At 31 January 2008						
Cost						
At 1 February 2007	24,731,987	64,084,589	107,766,072	3,791,346	23,810,276	224,184,270
Additions	441,474	-	7,423,286	49,069	11,741,000	19,654,829
Disposals	-	-	-	(102,200)	-	(102,200)
Reclassification	-	-	23,810,276	-	(23,810,276)	-
At 31 January 2008	25,173,461	64,084,589	138,999,634	3,738,215	11,741,000	243,736,899
Accumulated depreciation						
At 1 February 2007	973,546	10,460,359	41,372,084	3,049,338	-	55,855,327
Depreciation charge for the year	187,573	1,595,115	10,389,218	272,045	-	12,443,951
Disposals	-	-	-	(89,295)	-	(89,295)
At 31 January 2008	1,161,119	12,055,474	51,761,302	3,232,088	-	68,209,983
Net carrying amount	24,012,342	52,029,115	87,238,332	506,127	11,741,000	175,526,916

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

Group	Freehold land RM	Planting expenditure RM	Workers' quarters RM	Buildings, shop houses and renovation RM	Total RM
At 31 January 2009					
Cost					
At 1 February 2008	19,473,138	819,658	1,392,114	3,488,551	25,173,461
Additions	-	-	-	868,480	868,480
At 31 January 2009	19,473,138	819,658	1,392,114	4,357,031	26,041,941
Accumulated depreciation					
At 1 February 2008	-	223,996	234,323	702,800	1,161,119
Depreciation charge for the year	-	32,786	27,767	145,335	205,888
At 31 January 2009	-	256,782	262,090	848,135	1,367,007
Net carrying amount	19,473,138	562,876	1,130,024	3,508,896	24,674,934



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31 January 2009

11. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	Freehold land RM	Planting expenditure RM	Workers' quarters RM	Buildings, shop houses and renovation RM	Total RM
At 31 January 2008					
Cost					
At 1 February 2007	19,473,138	819,658	1,392,114	3,047,077	24,731,987
Additions	-	-	-	441,474	441,474
At 31 January 2008	19,473,138	819,658	1,392,114	3,488,551	25,173,461
Accumulated depreciation					
At 1 February 2007	-	191,210	206,556	575,780	973,546
Depreciation charge for the year	-	32,786	27,767	127,020	187,573
At 31 January 2008	-	223,996	234,323	702,800	1,161,119
Net carrying amount	19,473,138	595,662	1,157,791	2,785,751	24,012,342

- (a) During the financial year, the Group acquired property, plant and equipment at aggregate costs of RM2,252,496 (2008 : RM19,654,829) of which RM204,500 (2008 : Nil) were acquired by means of hire purchase arrangements.
- (b) The net carrying amount of motor vehicles held under hire purchase arrangement is RM340,917 (2008:RM243,122).
- (c) The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 16) are as follows:

	2009 RM	2008 RM
Freehold land	786,995	786,995
Building	833,000	-

- (d) At the balance sheet date, the cost of fully depreciated property, plant and equipment still in use amounted to RM4,899,678 (2008 : RM4,901,558).

12. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009 RM	2008 RM
Unquoted shares, at cost	51,000,000	50,000,000



NOTES TO THE FINANCIAL STATEMENTS

31 January 2009

12. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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
		2009 %	2008 %	
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.	2,000,000	100	100	Breeding & rearing of fishes and trading of aquaculture products.

13. INVENTORIES

	Group	
	2009 RM	2008 RM
At cost:		
Livestocks	3,743,348	4,517,908
Consumables and aquarium accessories	2,574,173	3,165,807
	6,317,521	7,683,715

The cost of inventories of the Group recognised as an expense during the financial year in the Group amounted to RM8,265,037 (2008: RM9,458,751).

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade receivables	1,255,942	1,238,158	-	-
Less: Provision for doubtful debts	(112,362)	(98,693)	-	-
Trade receivables, net	1,143,580	1,139,465	-	-
Other receivables:				
Due from subsidiaries	-	-	22,596,946	23,792,973
Dividend receivable	-	-	-	740,000
Deposits	74,471	184,921	1,000	1,000
Prepayments	346,632	82,336	7,438	7,437
Sundry receivables	19,407	152,073	-	-
	440,510	419,330	22,605,384	24,541,410
	1,584,090	1,558,795	22,605,384	24,541,410



NOTES TO THE FINANCIAL STATEMENTS

31 January 2009

14. TRADE AND OTHER RECEIVABLES (Cont'd)

The Group's normal trade credit term ranges from 30 to 90 (2008: 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 no significant concentration of credit risk whilst in prior year, concentration of credit risk arose from 5 customers representing approximately 81% of trade receivables.

The amounts due from subsidiaries are unsecured, interest free and have no fixed term of repayments.

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash and bank balances	669,034	1,054,823	11,182	31,500
Bank overdrafts (Note 16)	(19,028,976)	(26,778,070)	-	-
Cash and cash equivalents	(18,359,942)	(25,723,247)	11,182	31,500

16. BORROWINGS

	Group	
	2009 RM	2008 RM
Secured:		
Short Term Borrowings		
Bank overdrafts (Note 15)	19,028,976	26,778,070
Hire purchase payables (Note 19)	131,436	117,662
Term loans	555,067	214,794
	19,715,479	27,110,526
Long Term Borrowings		
Hire purchase payables (Note 19)	258,522	207,938
Term loans	6,989,933	2,129,280
	7,248,455	2,337,218
Total Borrowings		
Bank overdrafts (Note 15)	19,028,976	26,778,070
Hire purchase payables (Note 19)	389,958	325,600
Term loans	7,545,000	2,344,074
	26,963,934	29,447,744
Maturity of Borrowings (excluding hire purchase):		
Within one year	19,584,043	26,992,864
More than 1 year and less than 2 years	1,484,986	148,762
More than 2 years and less than 5 years	4,249,183	1,980,518
More than 5 years	1,255,764	-
	26,573,976	29,122,144

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 a building of a subsidiary as disclosed in Note 11;
- Joint and several guarantees by certain directors of the Company; and
- Corporate guarantees by the Company and a subsidiary.



NOTES TO THE FINANCIAL STATEMENTS

31 January 2009

16. BORROWINGS (Cont'd)

The weighted average effective interest rates as at the balance sheet date for borrowings, excluding hire purchase payables, were as follows:

	Group	
	2009 %	2008 %
Bank overdrafts	7.10	8.05
Term loans	7.06	8.04

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade payables	108,904	345,530	-	-
Other payables:				
Accruals	234,790	979,868	31,306	33,868
Sundry payables	78,853	288,506	223	2,684
	313,643	1,268,374	31,529	36,552
	422,547	1,613,904	31,529	36,552

The normal trade credit term granted to the Group ranges from 30 to 90 (2008: 30 to 90) days.

18. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2009	2008	2009 RM	2008 RM
At beginning/end of year:				
Authorised	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid	72,704,500	72,704,500	72,704,500	72,704,500

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(a) Employee Share Option Scheme ("ESOS")

The Xian Leng Holdings Berhad ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 25 June 2003. The ESOS was implemented on 25 August 2003 and is to be in force for a period of 10 years from the date of implementation. The main features of the ESOS are as follows:

- (i) 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.
- (ii) 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.
- (iii) 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 during the tenure of the ESOS.



NOTES TO THE FINANCIAL STATEMENTS

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18. SHARE CAPITAL (Cont'd)

(a) Employee Share Option Scheme ("ESOS") (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 for less than 100 shares nor more than 724,200 shares shall be granted to an 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 and details of options granted under the ESOS as at the beginning and end of the financial year is as follows:

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

(b) Treasury Shares

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

The shareholders of the Company, by a resolution passed at the 9th annual general meeting held on 26 June 2008, renewed their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 20,000 (2008 : 86,000) of its issued ordinary shares from the open market at an average price of RM0.41 (2008 : RM0.78) per share. The total consideration paid for the repurchase was RM8,191 (2008 : RM67,672), comprising of consideration paid amounting to RM8,100 (2008 : RM67,165) and transaction costs of RM91 (2008 : RM507). The repurchase transactions were financed by internally generated funds.

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

Of the total 72,704,500 (2008: 72,704,500) issued and fully paid ordinary shares as at 31 January 2009, 321,000 (2008: 301,000) are held as treasury shares by the Company. As at 31 January 2009, the number of outstanding ordinary shares in issue after the setoff is therefore 72,383,500 (2008: 72,403,500) ordinary shares of RM1 each.



NOTES TO THE FINANCIAL STATEMENTS

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19. HIRE PURCHASE PAYABLES

	Group	
	2009 RM	2008 RM
Minimum Hire Purchase Payments:		
Not later than 1 year	152,124	133,399
Later than 1 year and not later than 2 years	116,289	103,968
Later than 2 years and not later than 5 years	165,752	116,854
Later than 5 years	-	3,768
	434,165	357,989
Less: Future finance charges	(44,207)	(32,389)
Present value of hire purchase liabilities	389,958	325,600
Present Value of Hire Purchase Liabilities:		
Not later than 1 year	131,436	117,662
Later than 1 year and not later than 2 years	105,214	94,388
Later than 2 years and not later than 5 years	153,308	109,790
Later than 5 years	-	3,760
	389,958	325,600
Analysed as:		
Due within 12 months (Note 16)	131,436	117,662
Due after 12 months (Note 16)	258,522	207,938
	389,958	325,600

At the balance sheet date, the weighted average effective interest rate of the hire purchase liabilities was 6.72% (2008: 6.69%).

20. DEFERRED TAX LIABILITIES

	Group	
	2009 RM	2008 RM
At beginning of year	15,663,143	15,260,281
Recognised in income statement (Note 9)	(219,446)	402,862
At end of year	15,443,697	15,663,143
Presented after appropriate offsetting as follows:		
Deferred tax assets	(139,924)	(150,597)
Deferred tax liabilities	15,583,621	15,813,740
	15,443,697	15,663,143



NOTES TO THE FINANCIAL STATEMENTS

31 January 2009

20. DEFERRED TAX LIABILITIES (Cont'd)

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

Deferred Tax (Assets)/Liabilities:

	Accelerated Capital Allowances RM	Unutilised Agricultural Allowances RM	Total RM
At 1 February 2008	15,813,740	(150,597)	15,663,143
Recognised in income statement	(230,119)	10,673	(219,446)
At 31 January 2009	15,583,621	(139,924)	15,443,697
At 1 February 2007	15,426,630	(166,349)	15,260,281
Recognised in income statement	387,110	15,752	402,862
At 31 January 2008	15,813,740	(150,597)	15,663,143

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

	Group	
	2009 RM	2008 RM
Unused tax losses	2,177,000	-
Unabsorbed capital allowances	206,000	966,000

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

21. DIVIDENDS

	Amount		Net Dividends per Share	
	2009 RM	2008 RM	2009 Sen	2008 Sen
In respect of the financial year ended 31 January 2008 : First and final dividend of 1% less 25% taxation, declared on 2 June 2008, paid on 7 July 2008	543,026	-	0.75	-
In respect of the financial year ended 31 January 2007 : First and final dividend of 2.5% less 27% taxation, declared on 4 June 2007, paid on 9 July 2007	-	1,322,206	-	1.83
	543,026	1,322,206	0.75	1.83

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

22. CAPITAL COMMITMENT

	Group	
	2009 RM	2008 RM
Property, Plant and Equipment: Approved but not contracted for	10,000,000	15,850,000



NOTES TO THE FINANCIAL STATEMENTS

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23. CONTINGENT LIABILITIES

	Company	
	2009	2008
	RM	RM
Unsecured:		
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	25,915,630	29,122,144

24. SIGNIFICANT RELATED PARTY TRANSACTIONS

- (a) Information regarding outstanding balances arising from subsidiaries as at 31 January 2009 are disclosed in the respective notes.
- (b) Compensation of key management personnel
The key management personnel of the Group are the directors and their remuneration are disclosed in Note 6.

25. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 January 2009 and 2008 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 January 2009 and 2008, the Company has sufficient credit in the 108 balance to pay franked dividends out of its entire retained earnings.

26. 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 not to engage in speculative transactions.

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing borrowings, as the Group has no long-term interest-bearing assets as at 31 January 2009.

The information on maturity and interest rates of interest-bearing borrowings are disclosed in their respective notes.



NOTES TO THE FINANCIAL STATEMENTS

31 January 2009

26. FINANCIAL INSTRUMENTS (Cont'd)

(c) Foreign Exchange Risk

The Group is exposed to transactional currency risk primarily through sales that are denominated in United States Dollars (USD). Other than the above, there are no significant foreign exchange exposures. Approximately 8% (2008: 39%) of the Group's sales are denominated in USD.

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

	Group	
	2009	2008
	RM	RM
Trade Receivables:		
Renminbi	34,320	-
United States Dollar	-	53,280

(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 at 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.

(f) Fair Values

The carrying amounts of financial assets and liabilities of the Group at the balance sheet date approximated their fair values.

27. SEGMENTAL REPORTING

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



DESCRIPTION OF PROPERTIES

The Top 10 land and buildings in terms of highest net book value 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 31.1.2009 (RM)	Date of Acquisition
1. EMR 2963, Lot No. 7902 Parit Sabak, Mukim Sri Medan (XVIII) Daerah Batu Pahat Johor Darul Takzim	Freehold	6.3.08 6.80 ac.	Agriculture land & Building (11 years old)	3,769,080	09.09.1999
2. EMR 3801, Lot No. 7896 Parit Sabak, Mukim Sri Medan (XVIII) Daerah Batu Pahat Johor Darul Takzim	Freehold	8.3.38 8.99 ac.	Agriculture land	3,366,060	07.09.1999
3. 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.	Agriculture land & Building (12 years old)	2,055,937	23.12.1989
4. 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.	Agriculture land	1,520,400	04.07.1994
5. EMR 4040, Lot No. 7903 Parit Talep, Mukim Sri Medan (XVIII) Daerah Batu Pahat Johor Darul Takzim	Freehold	1.3.27 1.92 ac.	Agriculture land	945,530	09.09.1999
6. H.S. (D) 172722, PT No. 7, Mukim Bandar Shah Alam Daerah Petaling Selangor Darul Ehsan	Leasehold (Expiring on 21.10.2078)	6,906 sq. ft	Double-Storey Bungalow (1 year)	833,000	14.03.2008
7. 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
8. EMR 3674, Lot No. 7448 Parit Jidin, Mukim Sri Medan(XVIII) Daerah Batu Pahat Johor Darul Takzim	Freehold	7.1.39 7.49 ac.	Agriculture land	613,995	13.05.1998
9. GM 231, Lot No. 8356 Mukim Sri Medan Daerah Batu Pahat Johor Darul Takzim	Freehold	7.1.35 7.47 ac.	Agriculture land	597,500	16.09.2000
10. HS(D) 38342 PTB.4543 Bandar Penggaram Daerah Batu Pahat, Johor Darul Takzim	Freehold	1,650 sq. ft	3-Storey Shop office building (9 years old)	418,526	15.06.2001



ANALYSIS OF SHAREHOLDINGS

As At 15 May 2009

Class of Shares	:	Ordinary Shares of RM1.00 each	
Share Capital	:	Authorised	RM100,000,000
		Issued & Fully Paid Up	RM72,704,500
Voting Rights	:	1 Vote Per Share	
Number of Holders	:	1,673	

Distribution of Shareholdings

No. of Holders	Holdings	Total Holdings	Percentage (%)
11	1 - 99	510	0.00
486	100 - 1,000	254,550	0.35
860	1,001 - 10,000	3,794,890	5.24
267	10,001 - 100,000	7,931,350	10.96
46	100,001 - 3,619,174(*)	22,458,400	31.03
3	3,619,175 and above (**)	37,943,800	52.42
1,673		72,383,500 ¹	100.00

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

1. Excluding a total of 321,000 XLB shares bought-back by XLB and retained as treasury shares as at 15 May 2009.

List of 30 Largest Shareholdings

No.	Name	No. of shares held	Percentage (%) of issued capital*
1	Ng Huan Tong	16,905,000	23.35
2	Lim Wan Hong	16,903,500	23.35
3	The Best Source Holdings Pte Ltd	4,135,300	5.71
4	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tey Rose	2,642,800	3.65
5	Yung Hok Leung	2,035,200	2.81
6	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Judy (M 02)	1,560,300	2.16
7	Lin ZhongPeng	1,162,700	1.61
8	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kelvin Lim Teck Kwang	1,071,500	1.48
9	Azmi Bin Abdullah	1,000,000	1.38
10	Chua Bah Bee @ Chua Chong Seng	1,000,000	1.38
11	Lai Keng Chong	1,000,000	1.38
12	Lian Ah Peng	1,000,000	1.38
13	ECML Nominees (Asing) Sdn.Bhd. Kuroko Company Limited	900,000	1.24
14	Citigroup Nominees (Tempatan) Sdn Bhd Pledge Securities Account For Tey Rose (473581)	889,000	1.23
15	Ng Judy	773,700	1.07
16	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For Kelvin Lim Teck Kwang (SFC)	513,500	0.71
17	Tabung Amanah Warisan Negeri Johor	437,000	0.60
18	Lim Ah Tee	417,500	0.58
19	Lin Hai Moh @ Lin See Yan	385,000	0.53
20	Citigroup Nominees (Tempatan) Sdn Bhd Pledge Securities Account For Yap Tai Moi (471142)	371,600	0.51
21	Musa @ Ayob Bin Saad	316,500	0.44
22	ECML Nominees (Asing) Sdn.Bhd. Solis China Ltd	300,000	0.41
23	Makita Masazumi	300,000	0.41
24	Ng Han Guan	300,000	0.41
25	Tan Bee Toh	285,700	0.39
26	Khoo Hai Chew	271,000	0.37
27	Ng Hang Moh	260,500	0.36



ANALYSIS OF SHAREHOLDINGS

As At 15 May 2009

List of 30 Largest Shareholdings (Cont'd)

No.	Name	No. of shares held	Percentage (%) of issued capital*
28	Ng Choon Hiong	201,000	0.28
29	Mitigation System (M) Sdn Bhd	200,000	0.28
30	Yeo Tiow Tiong Holdings Sendirian Berhad	200,000	0.28

Note :

* Excluding a total of 321,000 XLB shares bought-back by XLB and retained as treasury shares as at 15 May 2009.

List of Substantial Shareholders

	Direct Interest		Indirect Interest	
	No. of shares held	% of Issued capital *	No. of shares held	% of Issued capital *
Ng Huan Tong	16,905,000	23.35	16,903,500 ¹	23.35
Lim Wan Hong	16,903,500	23.35	16,915,000 ²	23.36
The Best Source Holdings Pte Ltd	4,135,300	5.71	0	0.00

Note :

* Excluding a total of 321,000 XLB shares bought-back by XLB and retained as treasury shares as at 15 May 2009.

1. Deemed interest by virtue of his spouse, Lim Wan Hong's shareholdings in the Company.

2. Deemed interest by virtue of her spouse, Ng Huan Tong's and her sisters, Lim Chai Hong's and Lim Choon Hong's shareholdings in the Company.

List of Directors' Shareholdings in the Company

	Direct Interest		Indirect Interest	
	No. of shares held	% of Issued capital *	No. of shares held	% of Issued capital *
Tan Sri Dato' Mohd Desa Bin Pachi	Nil	0.00	Nil	0.00
Ng Huan Tong	16,905,000	23.35	16,903,500 ¹	23.35
Lim Wan Hong	16,903,500	23.35	16,915,000 ²	23.36
Mohamed Shafeii Bin Abdul Gaffoor	Nil	0.00	Nil	0.00
Tan Cheng Kiat	15,000	0.02	Nil	0.00
Lim Kim Hock	Nil	0.00	Nil	0.00
Chen Shih Hsie	Nil	0.00	Nil	0.00
Choy Siew Kiong	Nil	0.00	Nil	0.00
Ismail Taufid Bin Md Yusoff	Nil	0.00	Nil	0.00

Note :

* Excluding a total of 321,000 XLB shares bought-back by XLB and retained as treasury shares as at 15 May 2009.

1. Deemed interest by virtue of his spouse, Lim Wan Hong's shareholdings in the Company.

2. Deemed interest by virtue of her spouse, Ng Huan Tong's and her sisters, Lim Chai Hong's and Lim Choon Hong's shareholdings in the Company.



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting of Xian Leng Holdings Berhad will be held at Garden Hotel, Orkid Hall, Level 9, No. 29, Jalan Jenang, 83000 Batu Pahat, Johor Darul Takzim, Malaysia on Thursday, 25 June 2009 at 12.00p.m to transact the following businesses :-

AGENDA

ORDINARY BUSINESS

Resolution on Proxy Form

1. To receive the Audited Financial Statements for the financial year ended 31 January 2009 and the Reports of the Directors and Auditors thereon. (Please refer Explanatory Note 1)
2. To approve the Directors' fees of RM236,000 for the financial year ended 31 January 2009. (Resolution 1)
3. To re-elect the following Director who retires pursuant to Article 84 of the Company's Articles of Association :-
 - (a) Madam Lim Wan Hong (Resolution 2)
4. To re-elect the following Director who retires pursuant to Article 91 of the Company's Articles of Association :-
 - (a) Mr. Lim Kim Hock (Resolution 3)
5. To consider and, if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965 (Resolution 4)

"THAT pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Dato' Mohd Desa Bin Pachi be and is hereby re-appointed Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."
6. To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 5)

SPECIAL BUSINESS:

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

7. **ORDINARY RESOLUTION 1**
AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 FOR ESOS (Resolution 6)

"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."
8. **ORDINARY RESOLUTION 2**
AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 (Resolution 7)

"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."



NOTICE OF ANNUAL GENERAL MEETING

9. **ORDINARY RESOLUTION 3
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TO PURCHASE XIAN LENG
HOLDINGS BERHAD'S OWN SHARES**

(Resolution 8)

"THAT subject to the provisions of the Companies Act, 1965 ("Act"), the Articles of Association of the Company, the regulations and guidelines issued from time to time by Bursa Malaysia Securities Berhad ("Bursa Securities") or any other regulatory authorities, the Directors be and are hereby authorised to utilise an amount not exceeding the total audited share premium and retained profits of the Company as at 31 January 2009 of RM135,660 and RM54,963,794 respectively to purchase such number of ordinary shares of the Company PROVIDED THAT the ordinary shares so purchased shall [in aggregate with the treasury shares as defined under section 67A of the Act ("Treasury Shares") then still held by the Company] not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being AND THAT such authority shall unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting commence upon the passing of this resolution until the conclusion of the next annual general meeting of the Company AND THAT the Directors may retain the ordinary shares so purchased as Treasury Shares and may distribute the Treasury Shares as share dividend or may resell the Treasury Shares or may cancel the ordinary shares so purchased in a manner they deem fit and expedient as prescribed by the Act and the applicable regulations and guidelines of Bursa Securities and any other relevant authorities for the time being in force AND THAT authority be and is hereby given to the Directors to take all such steps to implement, finalise and to give effect to the aforesaid transactions with full power to assent to any conditions, modifications, variations and amendments as may be imposed by the relevant authorities or as they deem fit and expedient at their discretion in the best interest of the Company in accordance with the aforesaid Act, regulations and guidelines."

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

BY ORDER OF THE BOARD,
XIAN LENG HOLDINGS BERHAD

YONG MAY LI (f) (LS 000295)
NG POH CHOO (f) (LS 0009024)
Company Secretaries

Johor Bahru
2 June 2009

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. A member of the Company who is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991 is allowed to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. 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.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company situated at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor Darul Takzim, Malaysia, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
6. **Explanatory Notes**
 - a) **Item 1 of the Agenda**

This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.
 - b) **Item 7 of the Agenda**

ORDINARY RESOLUTION 1 - AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 FOR ESOS
The purpose of this Ordinary Resolution 1 proposed under item 7 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.



NOTICE OF ANNUAL GENERAL MEETING

6. Explanatory Notes (Cont'd)

- c) Item 8 of the Agenda
ORDINARY RESOLUTION 2 - AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965
This Ordinary Resolution 2 proposed under item 8, 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) Item 9 of the Agenda
ORDINARY RESOLUTION 3 - PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TO PURCHASE XIAN LENG HOLDINGS BERHAD'S OWN SHARES
The purpose of this Ordinary Resolution 3 proposed under item 9 is for the Proposed Renewal of Shareholder's Mandate to Purchase Xian Leng Holdings Berhad's Own Shares 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 Circular to Shareholders dated 2 June 2009 attached for further information.



STATEMENT ACCOMPANYING

Notice of Annual General Meeting

1. Directors who are standing for re-election or re-appointment at the Tenth Annual General Meeting of Xian Leng Holdings Berhad (“XLB”):
 - (i) Under Article 84 of the Company's Articles of Association:
 - Madam Lim Wan Hong
 - (ii) Under Article 91 of the Company's Articles of Association:
 - Mr. Lim Kim Hock
 - (iii) Under Section 129(6) of the Companies Act, 1965:
 - Tan Sri Dato' Mohd Desa Bin Pachi
2. Further details of Directors standing for re-election and re-appointment are set out in the Directors' Profile appearing on pages 6 to 11 of the Annual Report.
3. Particulars of Directors' shareholdings are set out on page 57 of this Annual Report.



FORM OF PROXY

I/We.....
of.....
being a member/members of XIAN LENG HOLDINGS BERHAD, hereby appoint
of.....
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 Tenth Annual General Meeting of the Company to be held at Garden Hotel, Orkid Hall, Level 9, No. 29, Jalan Jenang, 83000 Batu Pahat, Johor Darul Takzim, Malaysia on Thursday, 25 June 2009 at 12.00 p.m and any adjournment thereof.-

Item	Agenda	RESOLUTION	*FOR	*AGAINST
1.	TO RECEIVE AUDITED FINANCIAL STATEMENTS AND REPORTS			
ORDINARY BUSINESS:-				
2.	TO APPROVE DIRECTORS' FEES	1		
3.	TO RE-ELECT THE FOLLOWING DIRECTOR WHO RETIRES PURSUANT TO ARTICLE 84 OF THE COMPANY'S ARTICLES OF ASSOCIATION :- (a) MADAM LIM WAN HONG	2		
4.	TO RE-ELECT THE FOLLOWING DIRECTOR WHO RETIRES PURSUANT TO ARTICLE 91 OF THE COMPANY'S ARTICLES OF ASSOCIATION :- (a) MR. LIM KIM HOCK	3		
5.	TO RE-APPOINT TAN SRI DATO' MOHD DESA BIN PACHI WHO RETIRES PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT, 1965	4		
6.	TO RE-APPOINT AUDITORS AND TO AUTHORISE THE BOARD OF DIRECTORS TO FIX THEIR REMUNERATION	5		
SPECIAL BUSINESS :-				
7.	ORDINARY RESOLUTION 1 AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 FOR ESOS	6		
8.	ORDINARY RESOLUTION 2 AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965	7		
9.	ORDINARY RESOLUTION 3 PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TO PURCHASE XIAN LENG HOLDINGS BERHAD'S OWN SHARES	8		

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

Dated this.....day of.....2009

No. of Ordinary Shares Held

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

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. A member of the Company who is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991 is allowed to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. 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.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company situated at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor Darul Takzim, Malaysia, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Fold this flap for sealing

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AFFIX
STAMP

The Company Secretary
XIAN LENG HOLDINGS BERHAD
Suite 1301, 13th Floor,
City Plaza, Jalan Tebrau,
80300 Johor Bahru, Johor Darul Takzim,
Malaysia

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