XIN HWA

XIN HWA HOLDINGS BERHAD

(1032102-P)

ANNUAL REPORT 2018

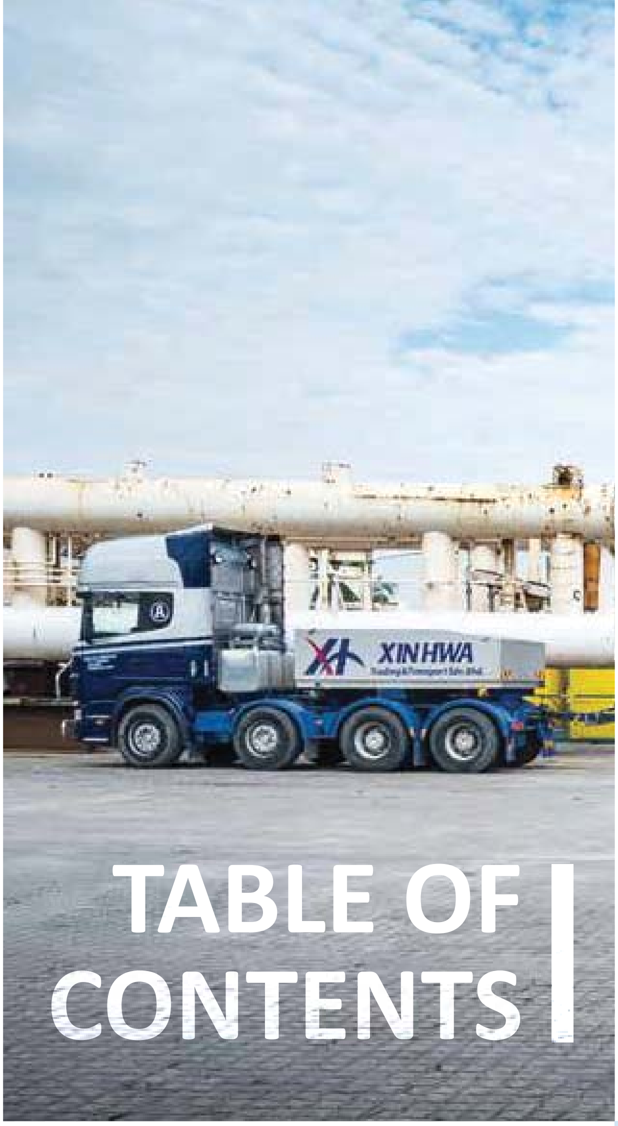


TABLE OF CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI DR. SULEIMAN BIN MOHAMED
Independent Non-Executive Chairman

NG AIK CHUAN
Managing Director

NG YAM PIN
Executive Director

JORY LEONG KAM WENG
Independent Non-Executive Director

DATIN RAHMAH BINTI MAHMOOD
Independent Non-Executive Director

LIEW CHEK LEONG
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Jory Leong Kam Weng *(Chairman)*
Tan Sri Dr. Suleiman Bin Mohamed *(Member)*
Liew Chek Leong *(Member)*

NOMINATING COMMITTEE

Tan Sri Dr. Suleiman Bin Mohamed *(Chairman)*
Datin Rahmah Binti Mahmood *(Member)*
Jory Leong Kam Weng *(Member)*

REMUNERATION COMMITTEE

Tan Sri Dr. Suleiman Bin Mohamed *(Chairman)*
Liew Chek Leong *(Member)*
Jory Leong Kam Weng *(Member)*

COMPANY SECRETARIES

Seow Fei San (MAICSA 7009732)
Mok Mee Kee (MAICSA 7029343)

REGISTERED OFFICE

802, 8th Floor, Block C
Kelana Square, 17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan
Tel No. : (603) 7803 1126
Fax No. : (603) 7806 1387

CORPORATE OFFICE

No. 2, Jalan Permatang 2
Kempas Baru
81200 Johor Bahru
Johor Darul Takzim
Tel No. : (607) 232 5930
Fax No. : (607) 232 5518

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No. : (603) 2783 9299
Fax No. : (603) 2783 9222

AUDITORS

Crowe Malaysia (AF 1018)
E-2-3 Pusat Komersial Bayu Tasek
Persiaran Southkey 1
Kota Southkey
80150 Johor Bahru
Johor Darul Takzim
Tel No. : (607) 288 6627
Fax No. : 1700 813 460

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : XINHWA
Stock Code : 5267
Sector : Trading/Services

WEBSITE

www.xinhwa.com.my

PRINCIPAL BANKERS

Public Bank Berhad
CIMB Islamic Bank Berhad
United Overseas Bank (Malaysia) Berhad

GROUP STRUCTURE
As of 31 March 2018

XIN HWA HOLDINGS BERHAD

100%	XIN HWA TRADING & TRANSPORT SDN BHD
100%	XIN HWA AUTO ENGINEERING SDN BHD
100%	CANGGIH LOGISTIK SDN BHD
30%	XH UNIVERSAL FORWARDING SDN BHD
100%	XIN HWA INTEGRATED LOGISTIC PTE LTD
50.01%	YIWUGOU ECOMMERCE SDN BHD

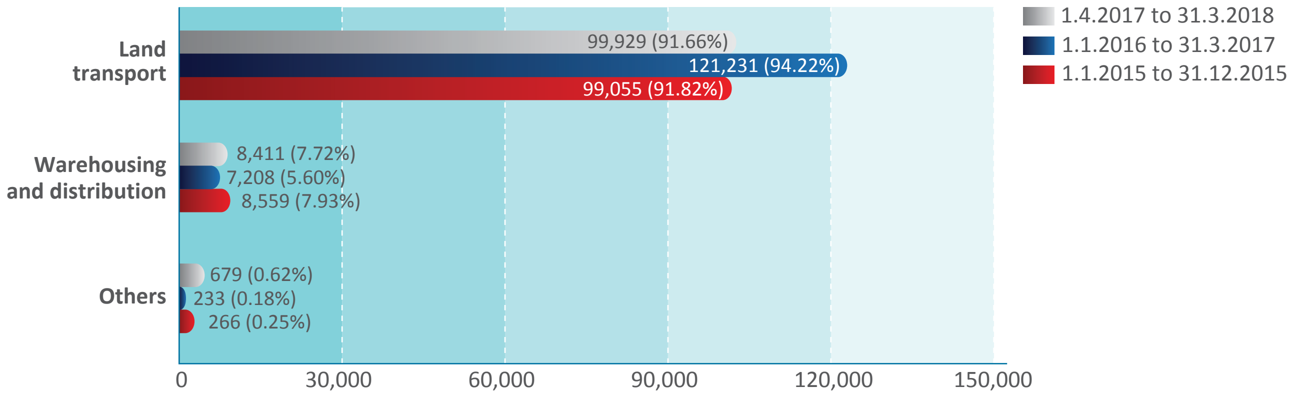
FINANCIAL HIGHLIGHTS

Financial year/period ended 31 March/December	1.4.2017 to 31.3.2018 (RM'000)	1.1.2016 to 31.3.2017 (RM'000)	1.1.2015 to 31.12.15 (RM'000)
Income Statements			
Revenue	**109,019**	128,672	107,880
Gross profit	**37,398**	48,163	40,551
Profit before tax	**9,906**	16,139	16,812
Profit after tax attributable to owners of the Company	**10,399**	12,705	15,958
Balance Sheets			
Total assets	**247,515**	232,049	183,596
Total liabilities	**101,994**	94,772	55,555
Share capital	**108,000**	108,000	90,000
Equity attributable to owners of the Company	**145,360**	136,760	127,537
Share Information			
Earnings per share (sen)	**4.81**	5.88	8.10
Net assets per share (RM)	**0.67**	0.63	0.65
Financial Ratios			
Return of equity (%)	**7.15**	9.29	12.51
Current ratio (times)	**1.57**	1.66	3.26
Gearing ratio (times)	**0.55**	0.54	0.31

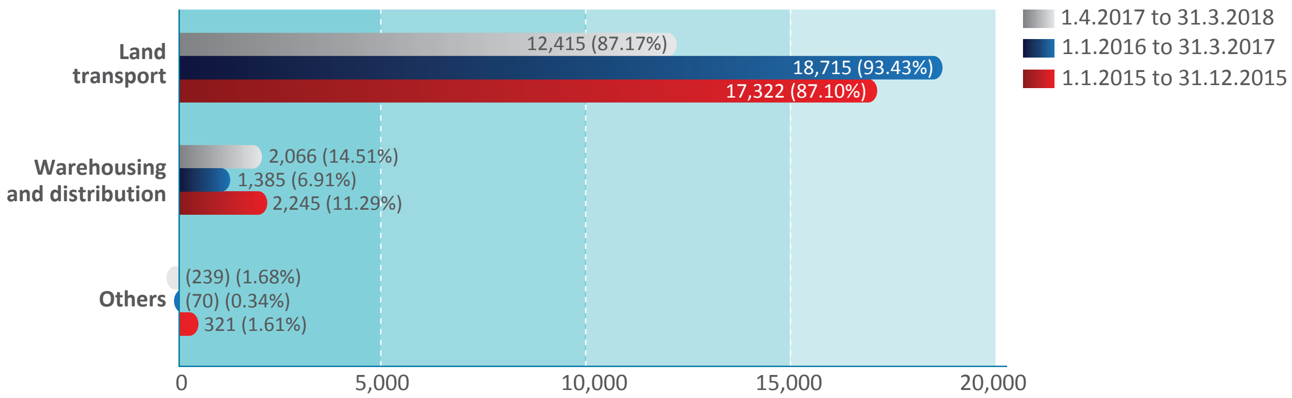
BUSINESS SEGMENTS

	1.4.2017 to 31.3.2018 RM'000	%	1.1.2016 to 31.3.2017 RM'000	%	1.1.2015 to 31.12.2015 RM'000	%
Revenue						
Land transport	**99,929**	**91.66**	121,231	94.22	99,055	91.82
Warehousing and distribution	**8,411**	**7.72**	7,208	5.60	8,559	7.93
Others	**679**	**0.62**	233	0.18	266	0.25
Total revenue	**109,019**	**100.00**	128,672	100.00	107,880	100.00
Profit/(Loss) before interest and tax						
Land transport	**12,415**	**87.17**	18,715	93.43	17,322	87.10
Warehousing and distribution	**2,066**	**14.51**	1,385	6.91	2,245	11.29
Others	**(239)**	**(1.68)**	(70)	(0.34)	321	1.61
Total profit before interest and tax	**14,242**	**100.00**	20,030	100.00	19,888	100.00

REVENUE
(RM'000)



PROFIT/(LOSS) BEFORE INTEREST AND TAX
(RM'000)



PROFILE OF THE BOARD OF DIRECTORS

TAN SRI DR. SULEIMAN BIN MOHAMED

Independent Non-Executive Chairman
Male, Malaysian, Aged 70

Tan Sri Dr. Suleiman Bin Mohamed ("Tan Sri Dr. Suleiman") is our Independent Non-Executive Chairman. He was appointed to the Board on 1 January 2015. He is the Chairman of both Nominating and Remuneration Committees and a member of the Audit and Risk Management Committee.

He graduated with a Bachelor's Degree in Communication Science from Universitas Negeri Padjadjaran Bandung, Indonesia in 1972 and he obtained a Doctorandus Degree in Journalism from the same university in 1974. Subsequently in 1999, he obtained a Doctor of Philosophy in Malay Literature Studies from University Kebangsaan Malaysia.

He started his career in 1974 when he joined Utusan Melayu as a journalist. In 1977, he joined Dewan Bahasa dan Pustaka as a publicity officer. He then joined Ministry of Culture, Youth and Sports, Malaysia as a press secretary where he was involved in handling requests from newspapers reporters, drafting press releases and speeches for ministers and organising events from 1978 to 1980. In 1980, he joined the Ministry of Information, Malaysia as a senior press liaison officer where he acted as an adviser and spokesperson for the Minister of Ministry of Information, Malaysia.

Tan Sri Dr. Suleiman was an elected Member of the Parliament of Malaysia for four (4) consecutive terms between 1986 and 2004. He also held the posts of Deputy Minister of Prime Minister's Department, Malaysia from 1987 to 1995, Deputy Minister of Ministry of Information, Malaysia from 1995 to 1999 and Deputy Minister of Ministry of Health, Malaysia from 1999 to 2004.

Tan Sri Dr. Suleiman is the former Chairman of UNITAR International University, a position he held from 2012 to 2016. He also sits on the board of Alliance Foundation Malaysia and Malaysia-Arab Foundation.

Tan Sri Dr. Suleiman attended all five (5) Board Meetings held in the financial year ended 31 March 2018.

PROFILE OF THE BOARD OF DIRECTORS
cont'd

NG AIK CHUAN
Managing Director
Male, Malaysian, Aged 50

Mr. Ng Aik Chuan ("Mr. AC Ng") is our co-founder and Managing Director. He was appointed to the Board on 18 January 2013.

He obtained the Malaysian Higher School Certificate in 1988 and began his career in Tiong Nam Trading & Transport (M) Sdn. Bhd., where he joined as a warehouse supervisor and left the company as a forwarding executive in 1995. In 1996, he joined Sinwah Trading & Transport Agency, a family-owned partnership which was then led by his father, Eng Peng Lam @ Ng Peng Lam, where Mr. AC Ng was involved in the management and business functions of the company.

In 2002, the entire business operations of Sinwah Trading & Transport Agency were transferred to Xin Hwa Trading & Transport Sdn. Bhd. which was incorporated in 1997 by his father, Eng Peng Lam @ Ng Peng Lam together with Mr. AC Ng and his brother, Ng Yam Pin. Since then, Mr. AC Ng has been actively involved in the management and day-to-day business operations of the Group. He has extensive experience and in-depth knowledge of the logistics industry in Malaysia and this has enabled our Group to broaden our range of logistics services towards becoming an integrated logistics service provider.

He is the son of Eng Peng Lam @ Ng Peng Lam, a substantial shareholder of the Company and the brother of Ng Yam Pin, a substantial shareholder as well as the Executive Director of the Company.

Mr. AC Ng attended all five (5) Board Meetings held in the financial year ended 31 March 2018.

PROFILE OF THE BOARD OF DIRECTORS
cont'd

NG YAM PIN
Executive Director
Male, Malaysian, Aged 49

Mr. Ng Yam Pin ("Mr. YP Ng") is our co-founder and Executive Director. He was appointed to the Board on 18 January 2013.

He obtained his Malaysian Skills Certificate as Automotive Panel Supervisor (Level 3), Commercial Vehicle Technician (Level 3), Motor Vehicle Technician (Level 3), Automotive Spray Painting Technician (Level 3) and Tyre Service Supervisor (Level 3) in 2002. In the same year, he also received certification for achieving supervisory level 3 based on the National Occupational Skills Standards from the National Vocational Training Council.

He worked as a contract driver for several transportation companies from 1988 to 1991. In 1992, he joined Sinwah Trading & Transport Agency, a family-owned partnership which was then led by his father, Eng Peng Lam @ Ng Peng Lam, where Mr. YP Ng was involved in the day-to-day operations of the company and was primarily responsible for overseeing the delivery process and the charting of routes for drivers. In 2002, the entire business operations of Sinwah Trading & Transport Agency were transferred to Xin Hwa Trading & Transport Sdn. Bhd. which was incorporated in 1997 by his father, Eng Peng Lam @ Ng Peng Lam together with Mr. YP Ng and his brother, Ng Aik Chuan.

He is the son of Eng Peng Lam @ Ng Peng Lam, a substantial shareholder of the Company and the brother of Ng Aik Chuan, a substantial shareholder as well as the Managing Director of the Company.

Mr. YP Ng attended all five (5) Board Meetings held in the financial year ended 31 March 2018.

PROFILE OF THE BOARD OF DIRECTORS
cont'd

JORY LEONG KAM WENG
Independent Non-Executive Director
Male, Malaysian, Aged 53

Mr. Jory Leong Kam Weng ("Mr. Jory") is our Independent Non-Executive Director. He was appointed to our Board on 1 December 2013. He is the Chairman of Audit and Risk Management Committee and a member of both Nominating and Remuneration Committee.

He graduated with a Bachelor of Economics Degree and a Bachelor of Laws Degree from Monash University, Australia. He is a Fellow of CPA Australia and a Chartered Accountant of the Malaysian Institute of Accountants. He is also a certified mediator on the panel of the Malaysian Mediation Centre.

He was called to the Malaysian Bar in 1989. In February 1992, he joined TA Enterprise Berhad as the Group Legal Manager until July 1995. He was the Vice President of International Division of TA Enterprise Berhad from November 1993 to October 1995.

Between November 1995 to February 1997, he held the position of General Manager/Director of Credit Leasing Corporation Sdn. Bhd. He also held the post of Executive Director of TA Bank of Philippines, Inc from March 1997 to June 1998. From June 1998 to July 1999, he was the Chief Executive Officer of TA Securities Berhad. Since July 1999, he has been a Partner of Messrs Iza Ng, Yeoh & Kit as a practising Advocate and Solicitor.

He is an Independent Non-Executive Director of TA Enterprise Berhad, TA Global Berhad and Pecca Group Berhad, all of which are listed on Bursa Malaysia Securities Berhad and an Independent Non-Executive Director of Tokio Marine Life Insurance Berhad. He also sits on the Board of several public limited companies namely, Asian Outreach (M) Berhad and Pusat Penyayang KSKA and several private limited companies.

Mr. Jory attended all five (5) Board Meetings held in the financial year ended 31 March 2018.

PROFILE OF THE BOARD OF DIRECTORS
cont'd

DATIN RAHMAH BINTI MAHMOOD

Independent Non-Executive Director
Female, Malaysian, Aged 60

Datin Rahmah Binti Mahmood ("Datin Rahmah") is our Independent Non-Executive Director. She was appointed to our Board on 1 January 2015. She is also a member of the Nominating Committee.

She graduated with a double degree, obtaining her Bachelor of Science Degree in Marketing and Mass Communications from Syracuse University, New York in 1979. Subsequently in 1981, she obtained a Masters in Journalism specialising in Public Relations from the University of Southern California, Los Angeles.

She started her career in 1983 when she joined S.M.A.S. (Holdings) Sdn. Bhd. as an executive director. She was involved in the administration and public relations functions of the company. Subsequently in 1989, she co-founded Malaysian Automotive Lighting Sdn. Bhd. ("MAL"). She is currently a director and shareholder of MAL, assisting in marketing and public relations of the company.

From 2005 to 2010, she joined ZF Sales and Service (Malaysia) Sdn. Bhd. as a director where she was involved in the marketing functions of the company.

In 2006, Datin Rahmah co-founded Solarah Sdn. Bhd. She has been the director of the company since 2006 and is responsible for the marketing and sales of the products of the company.

In 2016, she brought in a franchise called "We Rock the Spectrum Kid's Gym" from the United States. This is a gym for neuro-typical children as well as children in the autism spectrum.

Datin Rahmah is currently a director and shareholder of Solarah Sdn. Bhd. She is also the Independent Non-Executive Director of TA Enterprise Berhad and TA Global Berhad, which both are listed on Bursa Malaysia Securities Berhad.

Datin Rahmah attended all five (5) Board Meetings held in the financial year ended 31 March 2018.

PROFILE OF THE BOARD OF DIRECTORS
cont'd

LIEW CHEK LEONG
Independent Non-Executive Director
Male, Malaysian, Aged 46

Mr. Liew Chek Leong ("Mr. Liew") is our Independent Non-Executive Director. He was appointed to our Board on 1 December 2013. He is a member of both Audit and Risk Management and Remuneration Committees.

He has been a member of the Association of Chartered Certified Accountants ("ACCA") since 2001 and was admitted as a fellow member of ACCA in 2006. He was admitted as a member of the Malaysian Institute of Accountants ("MIA") in 2002.

He started his career in 1996 when he joined Tan Huai Leong & Co as an Audit Assistant. In 1997, he was attached to the southern branch of the MIA as a Trainee Accountant. Subsequently in 1999, he joined Beltontech Sdn. Bhd. as an Accounts and Administrative Manager where he was in charge of the accounts, finance, taxation, human resource and administrative matters.

From 2004 to 2005, he was attached to Sestec Berhad as a Financial Controller and was actively involved in the company's corporate exercises, handling matters relating to corporate finance, accounts and taxation. He left Sestec Berhad to join Solid Corporation Sdn. Bhd. in 2005 as its Group Accountant.

Subsequently, he joined Equator Biotech Berhad as an Accountant in 2006 before joining Tomypak Berhad, a wholly-owned subsidiary of Tomypak Holdings Berhad, a company listed on the Main Market as the Finance Manager in 2007. His experiences include overseeing the overall financial functions of the companies and advising on corporate matters. Mr. Liew promoted as the Finance Director of Tomypak Flexible Packaging Sdn. Bhd. (previously known as Tomypak Berhad) in year 2009 and was responsible for the accounting and finance functions as well as assisting on matters relating to information technology, human resource and administration of the company. He was also a member of the Risk Management Committee, ESOS committee, and Investment and Development Committee of Tomypak Holdings Berhad. Mr. Liew left Tomypak Flexible Packaging Sdn. Bhd. in February 2018.

Currently, Mr. Liew is the Operation Director in one of the subsidiaries of Neo Group Ltd, a company listed on the Singapore Stock Exchange.

Mr. Liew attended all five (5) Board Meetings held in the financial year ended 31 March 2018.

Notes:
- Save as disclosed above, none of the Directors have any family relationship with any Director and/or substantial shareholder of the Company.
- Save as disclosed above, none of the Directors hold any directorships in any other public companies and listed issuers.
- None of the Directors have any conflict of interest with the Company.
- None of the directors has any conviction for offences other than traffic offences within the past 5 years and none of them has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF THE KEY SENIOR MANAGEMENT

KOK POH FUI

Chief Financial Officer
Male, Malaysian, Aged 48

Mr. Kok Poh Fui is our Chief Financial Officer. He is currently responsible for the finance, taxation and accounting matters of our Group.

He is a member of the Association of Chartered Certified Accountants ("ACCA") since 1998 and a member of the Malaysian Institute of Accountants since 1999. He was admitted as a Fellow of ACCA in 2003.

Upon obtaining his London Chamber of Commerce and Industry ("LCCI") Diploma in Accounting in 1991, he began his career as a Lecturer for LCCI International Qualifications at Cambridge College in Johor Bahru, Johor Darul Takzim (currently known as I-Systems College Johor Bahru) in the same year. He then joined SQ Associates as a Senior Audit Assistant in 1995 and left SQ Associates in 1997 to join Singamip Enterprise Pte Ltd in Singapore as an Accountant. He then joined Chye Hup Heng Sdn. Bhd. as the Group Financial Controller in 1998. In 2010, he joined SMC Consulting Sdn. Bhd., a company that was established by himself and three (3) other parties in 2000 as a Business Consultant, advising on accounting, tax and internal control matters. He left SMC Consulting Sdn. Bhd. and joined our Group as Chief Financial Officer in 2013.

TING PIK HOU

General Manager
Male, Malaysian, Aged 39

Mr. Ting Pik Hou is our General Manager. He graduated with a Bachelor of Arts (Honours) in Finance from the University of Hertfordshire, United Kingdom in 2000.

He has accumulated approximately seventeen (17) years of experience in the logistics industry. He began his career in 2001 as an Operations Executive with Tiong Nam Logistics Solution Sdn. Bhd. In 2005, he was then promoted to Operations Deputy Manager. During his tenure with the company, he was involved in handling logistics operations of the branch offices in Johor Bahru, Johor Darul Takzim and Singapore. He left Tiong Nam Logistics Solution Sdn. Bhd. to join our Group in 2006 as the Operations Manager. He was subsequently promoted as the General Manager of our Group in 2010.

Currently, he is responsible for overseeing our Group's business operations which include monitoring, evaluating and improving the business processes of our Group. In addition, he is also the registered person for matters in relation to the compliance of the ISO 9001:2015 Quality Management System and BS OHSAS 18001:2007 Occupational Health and Safety Management System.

PROFILE OF THE KEY SENIOR MANAGEMENT

cont'd

MOHD YUSOFF BIN RAHMAT

Operations Manager
Male, Malaysian, Aged 58

Mr. Mohd Yusoff Bin Rahmat is our Operations Manager. He has accumulated more than twenty (20) years of experience in the logistics industry.

After completing his secondary education in 1975, he has spent approximately ten (10) years working in the agriculture sector, including establishing a sole proprietorship involved in the trading of agricultural products. He joined Tiong Nam Trading & Transport (M) Sdn. Bhd. as a Goods Vehicle Driver in 1988 and was subsequently promoted to Administration Assistant in 1991. He left the company in 1995 to oversee his family business. In 2001, he joined Sinwah Trading & Transport Agency as a Goods Vehicle Driver and was subsequently transferred to Xin Hwa Trading & Transport Sdn. Bhd. in 2002. He was promoted as Branch Manager in 2005. In 2008, he was promoted as the Operations Manager of our Group.

He is currently responsible for the overall management of our land transport operations which, amongst others, include planning of vehicles schedule and arrangement of drivers.

TIONG UNG CHING

Accountant
Male, Malaysian, Aged 35

Mr. Tiong Ung Ching is our Accountant. He is currently responsible for finance, taxation and accounting matters of our Group.

He is a member of the Association of Chartered Certified Accountants ("ACCA") since 2016 and a member of the Malaysian Institute of Accountants since 2016.

Upon obtaining his London Chamber of Commerce and Industry ("LCCI") Diploma in Accounting, he began his career as an Audit and Tax Associate in Kuching, Sarawak. After graduated with a Bachelor of Arts (Honours) in Accountancy from the Bolton University, United Kingdom, he then joined Instacom Group as an Assistant Accountant. He left Instacom Group in 2008 to join few multinational corporation companies ("MNC") in Singapore as Group/Senior Accountant before he joined our group in 2018.

Notes:

- *None of the key senior management has any family relationship with any Director and/or substantial shareholder of the Company.*
- *None of the key senior management holds any directorships in any other public companies and listed issuers.*
- *None of the key senior management has any conflict of interest with the Company.*
- *None of the key senior management has any conviction for offences other than traffic offences within the past 5 years and none of them has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors of Xin Hwa Holdings Berhad, I am pleased to present to you the Annual Report and the Audited Financial Statements of Xin Hwa Holdings Berhad ("Xin Hwa" or "the Group") for the financial year ended 31 March 2018 ("FY2018").

Independent Non-Executive Chairman

TAN SRI DR. SULEIMAN BIN MOHAMED

INDUSTRY OVERVIEW

The global economy continued to expand at a robust pace in the fourth quarter of 2017 underpinned by strong private consumption and improvements in investment activity. Meanwhile, growth in the Asian economy was mainly supported by domestic demand. In the commodities market, Brent crude oil prices in 2017 sustained its upward trajectory, breaching the USD60 dollar per barrel benchmark.

On the home front, the Malaysian economy grew by 5.9% in 2017, driven by private sector spending and strong growth in net exports. Our neighbouring country, Singapore, too saw its economy expanded by 3.6% mainly buoyed by strong merchandise export growth.

As for Xin Hwa, the Group continued to face intense competition as well as rising operating costs, particularly in the logistics division notwithstanding the robust economic growth. Nevertheless, we are pleased to deliver a satisfactory financial performance with a revenue of RM109.0 million and profit after tax attributable to owners of the Company ("net profit") of RM10.4 million. The land transportation division remained the core and primary contributor to the Group's revenue followed by the warehousing and distribution division.

CHAIRMAN'S STATEMENT

cont'd

BUSINESS AT A GLANCE

FY2018 has been an exciting year for us despite the challenging operating landscape. Our land transportation division has successfully clinched several sizeable contracts involving the transportation of precast structures work relating to national infrastructure projects such as the Pengerang RAPID, Mass Rapid Transit Line II ("MRT Line 2") and Light Rail Transit Line 3 ("LRT 3") projects. We are also awarded a 4-year contract in Singapore for transportation services for the construction of rail and bus depot and reception tunnels. Winning these contracts has added further credence to our track record, reflecting the confidence of our customers in Xin Hwa's capabilities, especially in the project cargo transportation.

With these newly-secured contracts on hand, we have greatly enhanced our project cargo capabilities through the purchase of additional multi-axle modular trailers, which came in addition to our annual fleet size expansion.

FY2018 was, similarly, a busy year for our warehousing and distribution operations as we executed expansion plan to increase warehouse floor space in view of our existing warehouses reaching full capacity. We are delighted to announce that our new warehouse in Pasir Gudang has since started operations in March 2018, boosting our storage space by almost 45%. Together with the Kempas and existing Pasir Gudang warehouses, we now own and operate a total of 3 warehouses.

As for the e-commerce division, our proprietary business-to-business ("B2B") platform, www.e5buy.com, is still in its infancy stage as we work towards increasing traffic through active advertising and promotional activities. The platform mirrors all 1.8 million products sold at the world's largest small commodity wholesale market, the Yiwu Commodity Market in China, by an aggregate of 75,000 suppliers. To recap, Xin Hwa completed the acquisition of 50.01%-stake in Yiwugou Ecommerce Sdn. Bhd. ("YESB"), the operator of the e-commerce platform, on 30 March 2017.

We are also exploring for ways to enhance synergies between the platform with our existing divisions to extend our scope of logistic services. Furthermore, we believe that the new government's commitment to carry on the Digital Free Trade Zone ("DFTZ") initiative to promote e-commerce growth, will augur well for the Group in the longer term.

CORPORATE DEVELOPMENTS

In FY2018, we entered into two Sales and Purchase Agreements ("SPAs") to acquire two parcels of leasehold land measuring an aggregate of 44.1 acres at Pasir Gudang Industrial Area. These capacity expansions are crucial to the Group as we aim to build an Integrated Logistics Solutions Hub in Pasir Gudang, Johor in the future.

PROSPECTS FOR FY2019

For the next financial year 2019, we look forward to better times ahead for the Group. We will continue to be actively tendering for new contracts, particularly in land transportation segment, from both the private and government sectors. Besides securing new contracts, our priority is also to execute our existing contracts flawlessly. The contracts secured in FY2018 would keep us busy for the coming quarters.

Additionally, we will expand our fleet size by 5% to 10% per annum to better position ourselves to capitalise on the growing demand for logistics services in Malaysia and Singapore. We are also exploring strategic opportunities to expand geographically to other countries in the ASEAN region.

All in all, we remain upbeat on the Group's prospects going forward and expect our growth momentum to continue, both on logistics services as well as warehousing and distribution solutions.

APPRECIATION

On behalf of the Board, I would like to thank our customers, suppliers, division partners, bankers and relevant authorities for their continued trust and cooperation. My heartfelt gratitude is extended to our management team and all employees for their unparalleled commitment and contribution to the Group. To our shareholders, I would like to express my appreciation for your confidence in Xin Hwa Group. It is your unwavering support that has enabled us to continue to grow from strength to strength every year.

TAN SRI DR. SULEIMAN BIN MOHAMED
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONAL REVIEW

Xin Hwa Holdings Berhad ("Xin Hwa" or "the Group") is an integrated logistics service provider with businesses encompassing a wide range of services cater to our clients' logistics needs, as shown below:

I. Land Transport Services

The land transport operations segment is involved in the provision of cargo transportation and container haulage services.

Cargo Transportation

Xin Hwa offers one-stop cargo transportation services throughout Peninsular Malaysia as well as cross-border between Peninsular Malaysia and Singapore.

During the year, we grew our fleet size from 1,422 vehicles in June 2017 to 1,517 vehicles in March 2018, consisting of prime movers, trailers and trucks. This is consistent with the Group's plan to expand fleet size by 5% to 10% annually to cater to the increased demand for logistics services.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

The Group had successfully secured a total of RM52.0 million worth of contracts in the financial year ended 31 March 2018 ("FY2018") in relation to the transportation of over-dimensional and extremely heavy cargo transportation for large-scale projects, also known as project cargo. The projects are as follows:

- Mass Rapid Transit Line II ("MRT Line 2") – aggregate contract value of RM13.7 million
- Light Rail Transit Line 3 ("LRT 3") – contract value of RM16.8 million
- Singapore project – SGD6.9 million or approximately RM21.5 million

We were awarded several land transportation contracts in FY2018 for the MRT Line 2 project which serves the Sungai Buloh – Serdang – Putrajaya route. Our scope of works includes the transportation of precast segmental box girders and crossbeam for the construction and completion of viaduct guideways and other associated works at various project sites of the line. The period of the contracts is until December 2019.

During the year, we were also awarded a contract in relation to the LRT 3 project. This job involves the transportation and delivery of precast viaducts and other related products for the construction and completion of LRT 3 project which runs from Bandar Utama to Johan Setia, Selangor. The contract is valued at RM16.8 million with a tenure of 24 months commencing end-2017.

Meanwhile, in Singapore, the Group was awarded a sizeable 4-year contract with a value of SGD6.9 million or approximately RM21.5 million for the transportation of precast element for construction of rail and bus depot and reception tunnels in the country. The contract ends in 2021.

These contract are expected to contribute positively to the Group's future earnings and stand as a testament of our customers' confidence in our expertise in handling the logistical needs for mass infrastructure projects.

To accommodate the heightened demand for project cargo services, we acquired a total of 20 units of multi-axle modular trailers comprising 112 axle lines in FY2018. This represents a significant addition from our previous 9 units of multi-axle modular trailers comprising 44 axle lines. The additional purchases boosted our multi-axle lines by 3.5 folds, and we believe this makes us one of the largest project cargo logistics players in Malaysia. These multi-axle modular trailers are specialized vehicles capable of carrying oversized equipment and structures used in large infrastructure projects.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

In addition to the abovementioned projects, we were also kept busy executing cargo transportation services for our customers from various industries such as fast-moving consumer goods ("FMCG"), furniture, electrical and electronics ("E&E"), construction, industrial products and oil & gas etc.

With our diverse clientele, we are not overly reliant on any single industry or customer.

Container Haulage

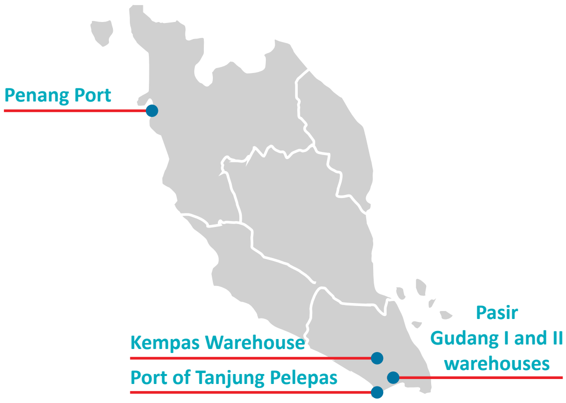
Our container haulage services complement the Group's cargo transportation services as it provides external and internal port haulage transportation services.

We continue to operate at two major ports in the Peninsular Malaysia – the Port of Tanjung Pelepas, Johor and the Penang Port in Pulau Pinang. Internal port haulage transportation services involve the transfer of containers within these ports, while external covers haulage from port to destinations within Peninsular Malaysia.

II. Warehousing and Distribution Services

Xin Hwa provides full-service solutions that integrate our land transport operations with warehousing and distribution services. Our aim is to assist our customers in achieving operational and cost efficiency in their supply chain.

For warehousing, we are able to cater to customers' storage needs with both bonded and non-bonded options. Bonded warehouse is a secured storage facility for goods pending clearance of custom-related taxes, while non-bonded warehouse stores goods after settlement of taxes. Our distribution services include packing, unpacking and re-packaging based on customers' requirements.



Xin Hwa's warehouse and internal container haulage operations

We currently own and manage a total of 3 warehouses located in the state of Johor:

i. Kempas warehouse – 184,000 square feet
ii. Pasir Gudang I warehouse – 220,000 square feet
iii. Pasir Gudang II warehouse – 180,000 square feet

Pasir Gudang II warehouse is a newly-constructed facility that began operations in March 2018 following the receipt of Certificate of Completion and Compliance. We are pleased to share that within a short span of several months (as at the writing of this statement), we have already achieved utilization rate of about 80% for this new warehouse, signalling the robust demand for our warehousing solutions in this area. With the addition of the Pasir Gudang II warehouse, our

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

total warehouse space has increased 44.6% to approximately 584,000 square feet from 404,000 square feet.

Meanwhile, for our existing warehouses, we had registered a consistent overall utilisation rate of 80%-90% and reaching full capacity at certain peak period during the year under review.

III. Other Logistics-Related Services

In addition to land transport and warehousing services, Xin Hwa also offers value-added logistics-related services such as freight forwarding, customs brokerage as well as the manufacturing and fabrication of trailers.

➢ Freight Forwarding and Customer Brokerage

We hold a license under Customs Act 1967 to provide customs brokerage activities in Malaysia, which include:

- Preparation and submission of customers clearance documents;
- Arrangement of transportation for the movement of cargo;
- Port coordination to ensure smooth and timely delivery; and
- Advisory services on matters relating to freight forwarding.

Furthermore, our systems are linked to Dagang Net, enabling us to submit electronic application and hence, improving the processing time of requests. This also allows us to serve our customers more efficiently as we can access real-time information such as customs exchange rates, shipping schedules and customs declaration.

➢ Manufacturing and Fabrication of Trailers

One of our key competitive advantages is our capability to swiftly manufacture and fabricate trailers according to customers' requirements. This activity is carried out at Xin Hwa's in-house manufacturing, fabrication and maintenance centre in Senai, Johor. Repair and maintenance works for our fleet are also performed at this centre, contributing to further cost efficiency for the Group.

IV. B2B E-Commerce

Xin Hwa ventured into e-commerce business with the acquisition of a 50.01%-stake in Yiwugou Ecommerce Sdn. Bhd. ("YESB") in March 2017. We operate a proprietary business-to-business ("B2B") platform, www.e5buy.com, which has full access to over 1.8 million products sold at the Yiwu Commodity Market, dubbed the world's largest small commodity wholesale market located in Zhejiang, China.

Since our e-commerce business is still in gestation period, this division has yet to reach the critical mass level in order to be profitable. During the year, we continued to develop this segment in order to grow the user base and transaction volume. We have a dedicated sales and marketing team who are working diligently to acquire new customers. Our target customer market includes wholesalers, small and medium enterprises ("SMEs"), large trading houses as well as retailers.

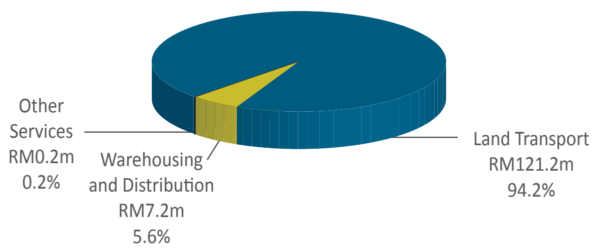
FINANCIAL REVIEW

The Group posted a solid set of results in FY2018, having registered a revenue of RM109.0 million. Land transport operations is our core business and key anchor segment, followed by our warehousing and distribution operations and other services segments.

(There are no direct comparative figures available for the current 12-month financial year ended 31 March 2018. To recap, Xin Hwa had in February 2016 changed its financial year end to 31 March from 31 December, which resulted in a cumulative 15-month period, commencing from 1 January 2016 to 31 March 2017, for previous financial year.)

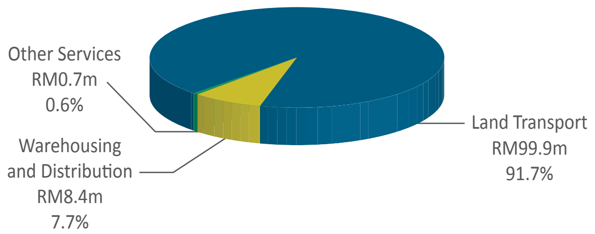
Revenue Breakdown by Business Segment

FY17 Revenue
RM128.7 million



MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

FY18 Revenue
RM109.0 million



Note: FY18 refers to 12-month financial year ended 31 March 2018 while FY17 refers to 15-month financial period ended 31 March 2017

Land Transport Services

Our land transport operations remained our primary revenue driver, making up 91.7% of the Group's revenue with a turnover of RM99.9 million in FY2018. During the year, we commenced project cargo transportation services for several major infrastructure projects mentioned earlier, and these contributed to the Group's top line.

Warehousing and Distribution Services

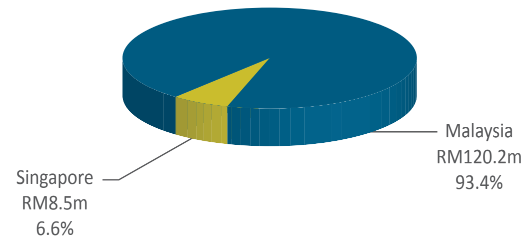
For the year under review, our warehousing and distribution operations recorded a revenue of RM8.4 million, accounting for 7.7% of the Group's FY2018 revenue. The higher turnover in FY2018 by comparison to FY2017 despite the latter being a 15-month period, was mainly due to better utilization rate and space optimization initiatives. We achieved overall high utilization rate of between 80%-90% as at end March 2018. The rental rate for our warehouses varies according to storage period and is charged based on weekly or monthly basis. By and large, the rental rate in FY2018 had remained relatively constant.

Other Services

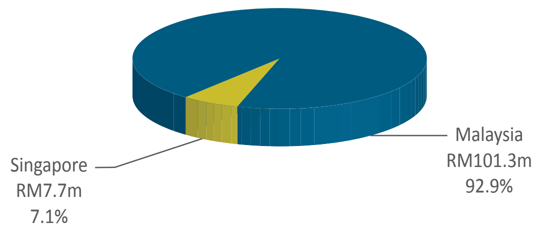
Our other services comprise freight forwarding and customs brokerage, manufacturing and fabrication of trailers divisions as well as our B2B e-commerce business. These three divisions generated sales of RM0.7 million in FY2018, representing 0.6% of the Group's total revenue for FY2018. This also marks our B2B e-commerce division's maiden contribution to the Group.

Revenue Breakdown by Geographical Markets

FY17 Revenue
RM128.7 million



FY18 Revenue
RM109.0 million



Note: FY18 refers to 12-month financial year ended 31 March 2018 while FY17 refers to 15-month financial period ended 31 March 2017

Malaysia remained as the Group's core geographical market with a turnover of RM101.3 million, commanding a share of 92.9% of the Group's total revenue in FY2018. Meanwhile, contribution from our customers in Singapore amounted to RM7.7 million for the year as we saw Singapore market share increased marginally to 7.1% of the Group's total revenue from 6.6% in FY2017. This is partly due to the commencement of transportation services for a new contract awarded during the year relating to the construction of rail and bus depot as well as reception tunnels in Singapore.

Profitability and Margins

Xin Hwa reported a gross profit ("GP") of RM37.4 million in FY2018 with a GP margin of 34.3%. By comparison, the Group registered higher GP margin of 37.4% in FY2017. The lower profitability was principally due to challenges faced in the land transport segment, though this was cushioned by the improved performances of the warehouse and distribution segment and other services.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

Segmental Profit Before Interest and Tax	(15 months) FY2017 RM'000	(12 months) FY2018 RM'000
Land Transport	18,715	12,415
PBIT Margin	*15.4%*	*12.4%*
Warehousing and Distribution	1,385	2,066
PBIT Margin	*19.2%*	*24.6%*
Other Services	(70)	(239)
PBIT Margin	*n.m.*	*n.m.*

For the year under review, the Group posted a profit before interest and tax ("PBIT") of RM14.2 million, translating to a 13.1% PBIT margin. Segmentally, land transport operations contributed RM12.4 million or 87.2% to the Group's PBIT, followed by the warehousing and distribution operations (14.5%) and other services (-1.7%) segments.

In terms of PBIT margin, the land transport operations PBIT margin of 12.4% in FY2018 was lower than the 15.4% achieved in FY2017. Several factors contributed to this, including higher fuel costs and labour (drivers') costs as well as increase in depreciation. On the other hand, the warehousing and distribution division recorded improvement in PBIT margin from 19.2% in FY2017 to 24.6% in FY2018 due to higher utilization rate and improved economies of scale. The other services, meanwhile, recorded a loss of RM239,000 for the year largely due to initial costs of setting up our e-commerce division.

The e-commerce business (which is parked under other services division) registered a loss of RM0.9 million in FY2018. These were start-up costs incurred as we increased headcount and invested in advertising and promotional activities to acquire new customers.

Meanwhile, the profit before tax ("PBT") margin stood at 9.1%, derived from a PBT of RM9.9 million in FY2018, against PBT margin of 12.5% in FY2017. The Group incurred higher interest expense on the back of increased borrowings that was used to part finance the expansion of fleet vehicles and construction of a new warehouse. Included in the PBT figure was also a one-off gain of RM700,000 arising from the disposal of a piece of land in Johor.

Xin Hwa posted a profit after tax attributable to owners of the Company ("net profit") of RM10.4 million for FY2018, with a net profit margin of 9.5%, which is marginally lower as compared to the previous year's 9.9%. During the year, we incurred a positive tax charge mainly due to overprovision of tax in previous financial years which arising from revision of tax payables.

On a related note, we are delighted to announce that the Group has received a 5-year extension of the Investment Tax Allowance ("ITA") from Malaysian Investment Development Authority ("MIDA"), which grants us a tax allowance of 60% on qualifying capital expenditure incurred. To recap, our previous ITA had expired in 2016.

Capital Structure and Capital Resources

The Group's capital expenditure for FY2018 mainly for fleet expansion, acquisition of multi-axle modular trailers, construction of the new warehouse as well as acquisition of land for future expansion. For FY2019, we have allocated a capital expenditure of approximately RM45 million, which shall mainly be utilised for our fleet expansion and construction and development of the new warehouse in Shah Alam.

As at end-March 2018, our statements of financial position remained robust with cash and bank balances amounting to RM6.7 million. Our total borrowings increased marginally to RM80.5 million in FY2018 from RM73.8 million a year ago, and there was no significant change to the Group's gearing or debt-to-equity ratio of 0.5 times, which is at a manageable level. The Group continued to generate positive cash flow with net operating cash flow of RM17.7 million in FY2018.

We continue to closely monitor the collection of the Group's receivables. As at 31 March 2018, trade receivables turnover was approximately 95 days and is well within the Group's normal trade credit terms of up to 120 days.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

ANTICIPATED OR KNOWN RISKS

As we endeavour to grow the business, we are mindful of the anticipated risks which might affect our operations and financial performance.

Fuel Prices Fluctuation

We are exposed to fluctuations in fuel prices as it makes up a major portion of our direct costs. Fuel prices are subject to global supply and demand conditions, government trade policies as well as global economic activities. To mitigate this risk, we monitor the fuel price movement on a daily basis, plan our procurement carefully and optimize our driving routes in order to manage our cost of sales efficiently. We also take into consideration the cost of fuel in the pricing of our services to ensure we are not materially affected from potential volatile fluctuation in fuel prices.

Shortage of Drivers

Our business is highly dependent on the availability of drivers, and a shortage of drivers would disrupt our daily land transport operations. We have taken considerable measures in order to attract and retain our drivers. Some of our efforts include offering competitive packages, provide growth opportunities and clear career path as well as on-the-job training programmes. We also have an open management, whom the drivers can easily access and engage with, should they have any concerns. Managing the adequacy of drivers, or the lack of it, is part and partial of our business and our management is very experienced in handling the situation.

Intense Competition

Competition amongst the logistics companies in the country is relatively high with players competing on pricing. The Group's profitability and market share might be affected in the event of severe price war. Nonetheless, while we are competitive in our pricing, it is not our endeavour to engage in price war. We focus on delivering value and quality to our customers based on our extensive experience in the logistics space, proven track record and reliability of services. Our management is helmed by experienced, hands-on and dedicated talents who is capable to manoeuvre the current challenges. Additionally, we have vastly strengthened our capability in the project cargo segment where track record, quality and reliability outweigh pricing factor alone due to the intricate technical expertise and sophistication involved. This was evident in our success in securing a number of contracts during the year under review for the transportation services in the infrastructure construction sector.

OUTLOOK AND PROSPECTS

FY2018 was a challenging year as we withstood rising cost environment as well as increased competition from other logistics players. Nonetheless, Xin Hwa remained steadfast in the face of these challenges as we continue our efforts on strengthening our competitive position.

Land Transport Services

Moving forward, we expect project cargo to be a key growth driver for the Group. In view of the potential growth of project cargo, we have purchased an additional 20 units of multi-axle modular trailers comprising 112 lines during the year. These multi-axle trailers are essential to execute the project cargo jobs which involved oversized and overweight structures. With us now owning 156 multi-axle lines, we believe we are one of the largest project cargo players in Malaysia.

The expansion is consistent with the Group's growth strategy enabling us to capitalise on the country's rise in infrastructure projects. While our operations are still largely focused on Malaysia, we are also eyeing for strategic opportunities in the ASEAN countries.

Over and above the acquisition of the multi-axle trailers, we are also growing our fleet size of prime movers, trailers and trucks by 5%-10% per annum to meet the demand.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

For our container haulage operations, we are planning to set up a new external haulage division in Penang. We foresee an increase in cargo volume from the port operator on the back of expected increase in trade activities, which bodes well for the Group.

Warehouse and Distribution Services

In FY2018, we expanded our warehouse capacity with the completion of the 180,000 square feet new warehouse in Pasir Gudang, Johor. The warehouse is currently fully-operational with an average utilisation rate of 80%.

Going forward, our warehouse expansion plan involves the construction of a new multi-storey warehouse in Shah Alam, Selangor – our first outside Johor. The warehouse is designed to be 3-storey with built-up area of 300,000 square feet. The ground floor will be developed into our B2B e-commerce distribution centre. We are currently awaiting regulatory approval on the building design and expect to commence construction by end of the year.

Upon completion of the Shah Alam warehouse, our combined warehousing space will reach approximately 900,000 square feet, around 50% increase from our current capacity of 584,000 square feet.

We are upbeat on this division's outlook as we continue our efforts to grow the warehousing and distribution operations. In April 2018, Xin Hwa entered into two Sale and Purchase Agreements to acquire two pieces of leasehold land with an aggregate size of 44.1 acres at Pasir Gudang Industrial Area in Johor for RM26.5 million. These two pieces of land, which are strategically located adjacent to our existing warehouses, are slated to be developed into Xin Hwa's Integrated Logistics Solutions Hub in the future.

Going into FY2019, we expect to sustain our continued momentum with growth expected from all fronts, retaining our position as one of the country's leading logistics player in land transportation. Internally, we strive to increase our cost and operational efficiency, such as further reducing the downtime of our fleet and improving the utilization at our warehouses. Enhancing our service delivery and customers satisfaction are also priorities to us.

Dividend

For the financial year ended 31 March 2018, the Board of Directors had declared an interim dividend of 1.0 sen per share amounting to RM2.2 million. The dividend was paid accordingly on 28 July 2017 to shareholders.

While we do not adopt any dividend policy at the moment, we will continue to deliberate on rewarding shareholders after taking into consideration the working capital requirements, the Group's financial performance as well as capital expenditure for our expansion plans.

CORPORATE SUSTAINABILITY STATEMENT

Xin Hwa recognises the value of sustainability and it has been long ingrained in our corporate culture. Our approach to sustainability, in economic, environmental and social terms, strives to make a positive impact in the community that we serve and is constantly pushing boundaries to deliver sustainable economic developments while helping to preserve the environment that we operate in.

Business Sustainability

We aspire to build a sustainable business that constantly creates value for all our stakeholders whilst playing a unique role in nation building. Propelled by our aspiration, we are committed to create a robust operating platform that is capable of delivering consistent growth and facilitate maximum value creation.

With that in mind, the Group continually drives operational excellence and has accelerated several initiatives to achieve efficiency in our delivery of services, effective cost management and sustainable profitability.

People

Our people are the foundation of the Group's long-term organisation success. They are our greatest assets, hence we constantly work towards making Xin Hwa an employer of choice, by providing competitive wages and benefits, career advancement opportunities, as well as talent development initiatives.

Today, we have a total of 344 employees across the Group's corporate operations. Our pool of talent comes from diverse backgrounds, with good mix of age, nationalities and ethnicities – 74% being Malay, 14% Chinese, 1% Indian, and 11% non-Malaysian. Currently, our male to female ratio stands at 66 : 34 as we have almost twice the number of men than women on our payroll. The disparity of gender in our workforce is partly due to the nature of the logistics industry, where key function roles such as movers, truck drivers and mechanical engineers are primarily assumed by men. We are exploring for ways to improve the number of female employees as we strive to create a better balance of men and women in our workforce.

We believe that having an engaged workforce will form stronger allegiance and greater sense of ownership of roles and responsibilities in our workforce. Our management team engages with all employees on a regular basis through various channels, such as briefing sessions, meetings, memos and emails. Additionally, we also organize award ceremonies to acknowledge and reward our employees for their hard work and accomplishments. The Group emphasises on the importance of upskilling our employees through both internal and external trainings. We have conducted trainings in FY2018 for our employees at every level of operations. The training programmes were designed to broaden their skillsets and help bring out the best of our employees while enabling empowerment from within to drive sustainable team dynamics, which is an integral part of our talent development strategy.

Safety and Health

Occupational Safety and Health of our employees are of paramount importance to us. We endeavour to cultivate a safe, secure and healthy environment across our workplaces.

The establishment of Xin Hwa's Safety Policy has demonstrated our commitment to this end. Our Safety Policy adheres to international standards as we comply with the requirements of the globally recognised OHSAS 18001:2007 Certification. Our aim is to provide a safe working environment to mitigate safety related incidences and occupational illnesses, in compliance with the Occupational Safety and Health Act 1994.

CORPORATE SUSTAINABILITY STATEMENT
cont'd

Across the Group, we have implemented comprehensive safety and health policies and procedures in the workplaces to minimise potential health and safety risks. We encourage our employees to undergo medical check-ups to ensure that they are physically fit to carry out their duties. Employees who engage in high-risk work activities are required to go through further stringent evaluation, tests, and medical check-ups before they are able to start their job functions. Our management team will also conduct regular inspections to ascertain that our employees adhere to the Group's safe work practices and requirements.

As part of the Group's efforts to heighten safety and health awareness, we disseminate newsletters, conduct relevant trainings and fire drill exercises on regular basis. In addition, the Group holds monthly safety meetings as an avenue for our employees to relay safety and health concerns or improvement ideas to their supervisors. We also invest in GPS systems as an additional safety measure and it allows us to track real-time location of the vehicles and drivers.

Environment

At Xin Hwa, we believe environmental conservation goes hand-in-hand with the long-term sustainability of the business. The Group is working hard to minimise our carbon footprint by employing the 3R principles of reduce, reuse and recycle throughout our workplaces.

As a logistic services provider, we inevitably generate considerable amount of waste on a daily basis. We are constantly exploring ways to reuse and recycle our wastes where possible, while improving our resources management to avoid waste generation across the Group.

We have an in-house team of expertise trained to carry out inspection and maintenance for our fleets under stringent guidelines. Maintaining our fleet in optimal condition plays an important role in reducing our carbon emissions. By checking and maintaining our vehicles periodically, we are able to reduce our fuel consumption and emission of carbon monoxide. Additionally, our team is equipped with the skillsets to handle special disposal of wastes derived from maintenance activities, such as old spare parts, valves and oils.

CORPORATE SUSTAINABILITY STATEMENT
cont'd

Stakeholders' Engagement

The Group recognises that our business operations are intertwined with various stakeholders, which includes customers, suppliers, authority bodies, shareholder, research analysts, bankers, investors, media and the public. Each of these stakeholders is important to the Group and we believe regular engagements with them is essential for us to build and maintain strong relationships between them and Xin Hwa. Our stakeholder engagement approach focuses on open and transparent communication, which is in line with the Group's emphasis on good corporate governance practices, transparency and accountability.

We hold dialogues, discussions and meetings with our business partners as well as authority bodies to keep abreast with the latest development of our business and industry. Furthermore, the Group conducts regular interactions with members of the investment community, via various briefings and one-on-one meetings with management to increase our exposure and visibility in the market. During these sessions, we provide an update on Xin Hwa's overall business direction, operational and financial performance, corporate developments, as well as future growth prospects. The Group engages with our shareholders through annual general meetings, quarterly financial reports, annual reports and our corporate website that includes a specific section for investors.

Xin Hwa also maintains regular engagement with the media through media releases, conferences and interviews to communicate the Group's developments and growth plans, which in turn enables us to reach not only the investing community and research analysts but the public at large as well.

Community Development

As an integrated logistics services provider, we believe that our businesses have a responsibility to respect, support and enrich the surrounding community where we operate in. We have formed a committee in FY2018 to drive our Corporate Social Responsibility ("CSR") initiatives as we aim to create long-lasting value for the community through jobs creation and social contribution.

The Group is continually working on increasing the participation of local communities in the Group's operations by employing local talents in all our workplaces. We also participate in social activities such as visiting the local welfare establishments and provide sponsorships to charity events.

During the year under review, our management and staff organized a painting, landscaping and fellowship session at the Kulai Rotary Haemodialysis centre. We repainted the centre's bus stop, improved the landscaping along with distributing goodies to the patients to lift their spirits while they performed their routine dialysis therapy. We concluded the event with the presentation of a cheque for the amount of RM11,968 as donation to The Rotary Club of Kulai Foundation.

These efforts further demonstrate our commitment to creating sustainability value in the community that we serve.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Xin Hwa Holdings Berhad ("Board") is committed to ensure that the highest standard of corporate governance is practised throughout the Company and its subsidiaries (collectively referred to as "Group") as a fundamental objective of discharging its responsibilities to protect and enhance the interest of all stakeholders and financial performance of the Group.

The Board will continuously evaluate the status of the Group's corporate governance practices and procedures with a view to adopt and implement the best practices recommended in the Malaysian Code on Corporate Governance ("Code") that was implemented on 26 April 2017, wherever applicable, in the best interests of the shareholders of the Company.

The Board is pleased to report herein a brief overview on application of the three (3) main principles of the Code at its best abilities. This statement is to be read together with the Corporate Governance Report 2018 ("CG Report") of the Company which is available on the Company's website at www.xinhwa.com.my. The CG Report provides the details on how the Company has applied each practice as set out in the Code.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board is responsible in providing oversight of the Group's strategic direction, overseeing the Group's business operations, as well as identifying key risk factors that may have significant impact on the Group's operations and performance. In achieving these goals, the Board performs regular reviews over the risk management and internal control systems to ensure its integrity and adequacy in providing reasonable assurance of risk mitigation.

<u>Principle Functions and Responsibilities of the Board</u>

The principal functions and responsibilities of the Board include the following:

- Review and approve strategic direction, implementation and monitoring of the strategic business plans for the Group.
- Oversee the conduct and performance of the Group's business.
- Establish key performance indicators and succession plan.
- Identify key risks factors that have significant impact on the Group's operations and performance and formulate appropriate risk management and internal control systems to mitigate negative impact of the risks.
- Develop and implement investor relations programme or shareholder communications policy.
- Review the adequacy and the integrity of the Group's internal control and management information systems.

<u>Board Committees</u>

In order to ensure orderly and effective discharge of the functions and responsibilities of the Board, the Board has established the following committees ("Board Committees") and delegated specific responsibilities to each of them:

- Audit & Risk Management Committee
- Nominating Committee
- Remuneration Committee

The Board Committees shall deal with matters within their respective terms of reference and authority delegated by the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. Board Responsibilities *cont'd*

Board Meetings

The Board meets regularly, at least once in every quarter, to review the Group's operations and to approve the quarterly reports and annual financial statements. Additional meeting would be convened as and when urgent issues warrant matters to be attended to. Five (5) Board meetings were held during the financial year ended 31 March 2018 and all Directors have complied with the requirement in respect of Board meetings attendance as provided in the Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

The details of Directors' attendance at the Board meetings are set out below:

Name of Directors	Number of meetings attended
Tan Sri Dr. Suleiman Bin Mohamed	5/5
Ng Aik Chuan	5/5
Ng Yam Pin	5/5
Jory Leong Kam Weng	5/5
Datin Rahmah Binti Mahmood	5/5
Liew Chek Leong	5/5

Board Independence and Effectiveness

In fostering independence, the positions of the Chairman and Managing Director are held by different individuals with clear and distinct roles which are formally documented in the Board Charter of the Company.

Currently, the Managing Director, together with an Executive Director, both of whom have extensive years of experience and in-depth knowledge of the logistics industry in Malaysia spearhead the overall strategic direction of the Group. They report and communicate key strategic plans and proposals to the Board and implement decisions made by the Board.

Presence of the Independent Directors complements the Board by ensuring there is an effective check and balance in the functioning of the Board. The Independent Directors fulfill the criteria of independence as set out in the Listing Requirements.

The Independent Non-Executive Chairman and Directors are responsive to the Company's affairs and are committed in ensuring that highest corporate governance standards are adhered to. In the course of discharging their responsibilities with regard to corporate governance, the Independent Directors engage with the Management, internal auditors as well as external auditors.

Policies

The Board has adopted a Board Charter which serves as a source of reference for the Board and Management. The Board also adopted a Code of Conduct that provides guidance for Directors, Management and employees regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during their appointment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. Board Responsibilities *cont'd*

Policies *cont'd*

Both the Board Charter and Code of Conduct were tabled for review at the Board Meeting held on 23 May 2018 and the latest updated version have been uploaded to the Company's website at www.xinhwa.com.my.

Additionally, the Company has also in place a Whistleblowing Policy and Procedure which clearly spelt out the procedures for reporting of any wrongful activities and wrongdoings within the Group.

Further details pertaining to the Board Charter, Code of Conduct and Whistleblowing Policy and Procedure are set out in the CG Report.

Company Secretary

The Board is supported by two (2) suitably qualified, experienced and competent Company Secretaries. The Company Secretaries advise the Board and Board Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and the Group, as well as best practices of governance.

II. Board Composition

The Group is led by an experienced Board comprising high calibre members from diverse professional backgrounds with the required skills, expertise and experience. The Board presently comprises two (2) Executive Directors and four (4) Independent Non-Executive Directors with a mix of skill sets in the areas of corporate strategy, finance, business management and corporate law.

The Board as well as the Nominating Committee are of the opinion that the current size and composition of the Board is well-balanced after taking into consideration the Board members' experience and exposure in various areas as well as their diverse background and skills, reflecting the Group's commitment to ensure effective leadership of the Group.

Annual Assessment of Board Members

The Board through the Nominating Committee, conducts annual assessment on effectiveness of the Board, the Board Committees and the individual Directors of the Company.

The effectiveness of the Board and Board Committees are assessed in the areas of board structure/mix, decision making and boardroom participation and activities, meeting administration and conducts, skill and competencies and role and responsibilities whilst the performance of the individual Directors are assessed in the areas of contribution and interaction with peer, quality of the input of the Director, understanding of role, etc.

Outcome of the assessment and recommendation would be reported to the Board for information and decision on areas for improvement. The results of the annual assessment on Board, the Board Committees and individual Directors conducted on 23 May 2018 were satisfactory.

Details of the assessment process are set out in the CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. Board Composition *cont'd*

Directors' Appointment and Re-election

In accordance with the Company's Constitution, at every Annual General Meeting ("AGM") one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office provided always that all Directors shall retire from office once at least in each three (3) years. All Directors who retire from office shall be eligible for re-election.

The Director who is subject to re-election and/or re-appointment at the next AGM shall be assessed by the Nominating Committee before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Appropriate assessment and recommendation by the Nominating Committee would be based on the yearly assessment conducted.

All appointments of new director to the Board are properly made with an established and transparent procedure and in compliance with the relevant rules of the relevant authorities. Any appointment of additional director will be made as and when it is deemed necessary by the existing Board with due consideration given to the individual's educational and professional background, employment record, whether the individual has any special experience in a relevant area, possession of the required skill and qualification, personal accomplishments, the mix and range of expertise and experience required for an effective Board.

The Board, based on the recommendation of the Nominating Committee, would evaluate and decide on the appointment of the proposed candidate(s).

Criteria have been set to assess the independence of candidate for directors and existing Directors based on the guidelines set out in the Listing Requirements. On an annual basis, the Independent Directors will be requested to confirm their independence by completing the independence checklist.

Directors' Training

The Board recognises the needs to attend training to enable them to discharge their duties effectively. The training needs of each Director would be assessed and proposed by the individual directors. The Directors will continue to undergo relevant training programmes to further enhance their knowledge on a continuous basis in compliance with paragraph 15.08 of the Listing Requirements on Directors' Training.

The Board is also regularly updated by the Company Secretary on the latest updates and major amendments made to the Listing Requirements, Companies Act 2016 and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. Board Composition *cont'd*

Directors' Training *cont'd*

The Directors have attended the following conferences, seminars and training programmes during the financial year under review:

Name of Directors	Name of Seminars/Training programmes attended
Ng Aik Chuan	• Comprehensive Enterprise-Wide Risk Assessment Workshop • GST
Ng Yam Pin	• Comprehensive Enterprise-Wide Risk Assessment Workshop • GST
Jory Leong Kam Weng	• Anti-Corruption Laws of Malaysia (participated as speaker) • MFRS 9 & MFRS 17 for Insurers • MIA International Accountants Conference 2017 • The Evolution of Cyber Crime • Anti-money Laundering and Counter Financing of Terrorism • MFRS 15, Revenue from contracts with customers
Datin Rahmah Binti Mahmood	• Anti-Money Laundering and Counter Financing of Terrorism • Cyber Security • Overview of Malaysian Financial Reporting Standard (MFRS) 15, Revenue from Contracts with Customers
Liew Chek Leong	• Walking through contracts the MFRS 15 way • Goods and Services Tax Add-On Training • Companies Act 2016 - Mastering the Impact on Accounting Matters and Preparation of Financial Statements • 2018 Updates Seminar: Updates and Insights for Corporate Accountants

Tan Sri Dr. Suleiman Bin Mohamed could not attend any seminar or training due to his heavy schedule during the financial year.

Gender Diversity Policy & Target

The Board has established a gender diversity policy whereby the Company would endeavour to have woman participation on the Board.

Further details pertaining to the Gender Diversity Policy & Target are set out in the CG Report.

III. Remuneration

Directors Remuneration Policy & Procedure

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long term objectives and enhance shareholders' value. The Remuneration Committee is primarily responsible for recommending the remuneration policy and reward framework for Executive Directors which are aligned with the business strategy and long term objectives of the Company and also fairly guided by market norms and industry practices, to the Board for approval. The Remuneration Committee carries out annual review of the Executive Directors' remuneration packages whereupon the recommendation will be submitted to the Board for approval. Such annual review shall ensure that the remuneration packages for the Executive Directors remain sufficiently attractive to attract and retain them.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

III. Remuneration *cont'd*

Directors Remuneration Policy & Procedure

The Board has in place a Directors Remuneration Policy & Procedure to facilitate the Remuneration Committee in reviewing, considering and recommending to the Board on the remuneration packages for the Executive Directors.

The Directors Remuneration Policy & Procedure is to be reviewed from time to time to ensure its competitiveness in order to attract, develop and retain directors to provide the necessary skills and experience to commensurate with the responsibilities of an effective Board.

The remuneration of Non-Executive Directors, which made up of directors' fee, meeting allowance and other benefits, if any, is to be determined by the Board and to be tabled for approval by shareholders.

Directors' Remuneration

Details of the Directors' remuneration for the financial year ended 31 March 2018 are as follows:

Received from the Company (RM):

Directors	Fees	Salaries	Bonus	Allowances	Benefits	Total
Tan Sri Dr. Suleiman Bin Mohamed	108,000	-	-	5,500	-	113,500
Ng Aik Chuan	-	-	-	-	-	-
Ng Yam Pin	-	-	-	-	-	-
Jory Leong Kam Weng	84,000	-	-	5,500	-	89,500
Datin Rahmah Binti Mahmood	96,000	-	-	5,500	-	101,500
Liew Chek Leong	60,000	-	-	5,500	-	65,500

Received from the Group (RM):

Directors	Fees	Salaries	Bonus	Allowances	Benefits	Total
Tan Sri Dr. Suleiman Bin Mohamed	108,000	-	-	5,500	-	113,500
Ng Aik Chuan	-	525,013	63,840	-	-	588,853
Ng Yam Pin	-	524,160	63,840	-	-	588,000
Jory Leong Kam Weng	84,000	-	-	5,500	-	89,500
Datin Rahmah Binti Mahmood	96,000	-	-	5,500	-	101,500
Liew Chek Leong	60,000	-	-	5,500	-	65,500

Top Senior Management's remuneration for the financial year ended 31 March 2018 (in the band of RM50,000) are as follows:

Senior Management	Remuneration in the band of RM50,000
Kok Poh Fui	100,001 – 150,000
Ting Pik Hou	150,001 – 200,000
Mohd Yusoff Bin Rahmat	150,001 – 200,000
Tiong Ung Ching	1 – 50,000

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit & Risk Management Committee

The Group's financial reporting, audit, risk management and internal control system are reviewed by the Audit & Risk Management Committee ("ARMC") which comprises 3 members, who are all Independent Non-Executive Directors. The ARMC is chaired by Mr. Jory Leong Kam Weng and the members are Tan Sri Dr. Suleiman Bin Mohamed and Mr. Liew Chek Leong.

The detailed roles, functions, responsibilities and summary of work done by the ARMC are as set out in the Audit and Risk Management Committee Report of this Annual Report.

II. Risk Management and Internal Control Framework

The Board acknowledges that it is crucial for the Group to maintain a sound system of risk management and internal control ("RMIC"), to provide reasonable assurance that the Group's assets and shareholders' investments in the Group are safeguarded. Nonetheless, due to its inherent nature, the Group's RMIC system can only provide reasonable but not absolute assurance against material misstatements, fraud or wilful circumvention of rules and procedures.

In recognition of the importance of having in place a structured and organised approach to identify and manage risk factors affecting the Company, a risk management and internal control framework has been established to set out principles of the Company's risk identification and management culture, which provides input of its internal control system.

During the financial year ended 31 March 2018, the Company has engaged CGRM Infocomm Sdn. Bhd. ("CGRM") as facilitator to assist in the implementation of a Comprehensive Enterprise-wide Risk Assessment process and CGRM has conducted training and workshop for members of Senior Management and heads of department to identify, understand risk and its relation to environment of the organisation.

An Executive Risk Management Committee was formed to identify key risks and monitor the Risk Register. The Risk Register is also subject to review by the ARMC on half yearly basis.

Another check-and-balance measure in the Company's internal control system is through the conduct of internal audit. The internal audit function and its summary of work done during the financial year are as set out in the Audit and Risk Management Committee Report of this Annual Report.

The details of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

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

I. Communication with Stakeholders

<u>Communication with Shareholders</u>

The Board values dialogue with investors and encourage investors to raise queries by contacting the Company at any time. The Company recognises the importance of effective communication between investors and the Board regarding matters ranging from strategic directions, financial performance to various policies that assist investors in making informed decisions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *cont'd*

I. Communication with Stakeholders *cont'd*

Communication with Shareholder *cont'd*

The Board keeps shareholders informed via various announcements and the release of quarterly financial results, press releases, annual reports, circulars to shareholders, policies and Board Charter on the Company's website.

The Company has outlined a policy on shareholders communication with regard to matters relating to the communication between the Company and its valued shareholders. In addition, the Company has also established a Statement on Shareholders' Rights which clearly spelt out the de-facto rights of shareholders. Both the Shareholders Communication Policy and Statement on Shareholders' Rights relating to General Meeting are made available for review at the Company's website at www.xinhwa.com.my.

Corporate Disclosure Policy

The Group recognises the value of transparent, timely and coherent disclosures of the information. Communication with the investing public and various stakeholders are always on the agenda of the Board for enhancement. The Group adheres to and has formulated a corporate disclosure policy based on disclosure requirements imposed by relevant regulatory bodies, guidelines under the Listing Requirements and the principles and recommendations stipulated in the Code. The disclosures made by the Group to the general public through Bursa and the Company's website are with due consultation with our appointed Company Secretaries and/or other external professionals.

The Corporate Disclosure Policy will be tabled for review at the Board Meeting as and when is necessary.

II. Conduct of General Meetings

Annual General Meeting ("AGM") is the principal forum for dialogue and interaction with the shareholders of the Company. The Company encourages shareholders to attend the AGM, which is a good avenue for them to meet the Board and the Management team. The Board values feedback from its shareholders and encourages shareholders to actively participate in question and answer session open to all shareholders present at the AGM. The Board will ensure that each item of special business included in the notice of the general meetings is accompanied by a full explanation of the effects of any proposed resolution.

The Board shall present at the AGM and are prepared to respond to questions of concern from our valued shareholders who seek to understand the developments within the Group. The Board will provide clarifications on issues and concerns raised by the shareholders. The external auditors are also present to provide clarifications particularly relating to the financial statements.

The Company has uploaded a policy on "Shareholders' Rights Relating to General Meeting" in its website at www.xinhwa.com.my for the information of the shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

ACCOUNTABILITY AND AUDIT

The Board has a general responsibility for taking the necessary steps to safeguard and enhance the value of shareholders in the Company. The Company maintains an appropriate and transparent relationship with the external auditors.

The Board is responsible to present a balanced, clear and comprehensive assessment of the Group's financial performance through the quarterly reports and annual financial statements to shareholders. The Board and the ARMC have to ensure that the financial statements are drawn up in accordance with the applicable regulations and approved accounting standards in Malaysia.

In presenting the financial statements, the Board has reviewed and ensured that appropriate accounting policies have been used, consistently applied and supported by reasonable judgements and estimates.

In discharging its responsibilities, the Board is assisted by the ARMC to ensure accuracy and adequacy of information to be disclosed.

RESPONSIBILITY STATEMENT BY DIRECTORS

The Directors of the Company are responsible for ensuring the financial statements of the Group and the Company are properly drawn up in accordance with the applicable regulations and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cash flows of the Group and the Company for that period.

The Board is responsible for keeping proper accounting records of the Group and Company, which disclose with reasonable accuracy the financial position of the Group and the Company, and which will enable them to ensure the financial statements have complied with the applicable regulations and approved accounting standards in Malaysia.

The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Board, with the recommendations by the ARMC, will ensure that all quarterly announcements and annual reports present a balanced and understandable assessment of the Group's financial position and prospects.

The Statement by Directors pursuant to Section 251(2) of the Companies Act 2016 is set out in page 51 of this Annual Report.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following information is provided:

(1) AUDIT FEES

The amount of audit fees payable to the external auditors by the Company and by the Group for the financial year ended 31 March 2018 are RM33,000 and RM113,194 respectively.

(2) NON-AUDIT FEES

The amount of non-audit fees payable to the external auditors by the Company's subsidiary for the financial year ended 31 March 2018 is RM4,000. No non-audit fees incurred by the Company.

(3) MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS' INTEREST

There were no material contracts entered into by the Company and its subsidiaries involving Directors' or major shareholders' interests that were still subsisting at the end of the financial year ended 31 March 2018.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of Xin Hwa Holdings Berhad ("Board") is pleased to present the Audit and Risk Management Committee Report for the financial year ended ("FYE") 31 March 2018.

COMPOSITION

The Audit and Risk Management Committee ("ARMC" or "Committee") comprises the following members:

Name & Designation	Directorship in the Board
Chairman	
Jory Leong Kam Weng*	*Independent Non-Executive Director*
Members	
Tan Sri Dr. Suleiman Bin Mohamed	*Independent Non-Executive Chairman*
Liew Chek Leong*	*Independent Non-Executive Director*

* *A member of the Malaysian Institute of Accountants.*

MEETINGS

Five (5) ARMC Meetings were held during the FYE 31 March 2018 and the summary of attendance of each member is as follows:

Name of Committee's members	Number of meetings attended
Jory Leong Kam Weng	5/5
Tan Sri Dr. Suleiman Bin Mohamed	5/5
Liew Chek Leong	5/5

The Managing Director, Executive Director, Chief Financial Officer, internal as well as external auditors of the Company attended the meetings during the aforesaid financial year by invitation of the Committee.

The external auditors were present at three (3) ARMC Meetings whereas the internal auditors were present at two (2) ARMC Meetings held during the financial year.

Minutes of each ARMC Meeting were recorded and tabled for confirmation at the next meeting and subsequently present to the Board at Board Meeting for information.

SUMMARY OF WORK OF THE COMMITTEE

The following works were carried out by the Committee during the FYE 31 March 2018 in discharging its functions and duties in accordance of its Terms of Reference:

(1) Reviewed the Company's quarterly financial report through discussions with Management before recommending to the Board for consideration and approval, focusing particularly on financial reporting issues, significant judgement made by management and unusual events and compliance with accounting standards and other legal requirements.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
cont'd

SUMMARY OF WORK OF THE COMMITTEE *cont'd*

(2) Reviewed/discussed with the internal auditors:

- the internal audit plan for adequacy of scope, frequency of the internal audit cycle for the financial year and coverage on the activities of the Group. Audit areas were discussed and annual internal audit plan was approved for adoption; and

- the internal audit reports presented by the internal auditors on their findings and recommendations with respect to system and control weaknesses and management's responses to these recommendations and actions taken to improve the system of internal control and procedures.

(3) Reviewed with the external auditors:

- the audit planning memorandum, audit strategy, their scope of work and audit fees;

- the results of the annual audit and accounting issues arising from the audit, their audit report and management letter together with management's responses to the findings of the external auditors; and

- the impact of any changes to the accounting standards, the impact and adoption of new accounting standards on the Company's financial statements.

(4) Conducted discussion session with the external auditors, without the presence of Executive Directors and the Management, on 19 July 2017.

(5) In accordance with the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants, consented the five-year rotation of audit engagement partner.

(6) Reviewed the performance of the external auditors and evaluated their suitability and independence before making recommendations to the Board on their re-appointment and recommendation.

(7) Reviewed the annual audited financial statements of the Company prior to submission to the Board for consideration and approval. The review focused particularly on changes in accounting policy, significant matters highlighted including key audit matters, financial reporting issues, significant and unusual events/transactions and how these matters are addressed and compliance with applicable approved accounting standards in Malaysia.

(8) Reviewed on quarterly basis whether there was any related party transaction undertaken by the Group.

(9) Reviewed the report and updates from the outsourced risk management consultant on the implementation of Comprehensive Enterprise-wide Risk Assessment process and the formation of Executive Risk Management Committee ("ERMC"), reviewed summary of risks identified by the ERMC and the key heads of department/ functions ("Risk Register") and recommend the Risk Register for adoption by the Board.

(10) Reviewed the Risk Register.

(11) Reviewed the Audit and Risk Management Committee Report and Statement on Risk Management and Internal Control prior to submission to the Board for consideration and approval for inclusion in the Annual Report of the Company.

(12) Reported to the Board on matters discussed and addressed at the meetings of the Committee.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
cont'd

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The internal audit function, which is outsourced to a professional services firm is an integral part of the assurance mechanism in ensuring the Group's system of internal control are adequate and effective. The internal auditors report directly to the Committee and assist the Committee in discharging its duties and responsibilities.

The internal auditors prepare and table the internal audit plan for the consideration and approval of the Committee. They conduct independent reviews of the key activities with the Group's operations based on the audit plan approved by the Committee. During the FYE 31 March 2018, the internal auditors attended two (2) ARMC Meetings to present their audit plan as well as report to the Committee the internal audit reports and provide their independent views on the adequacy, integrity and effectiveness of the system of internal control after their review and recommendations to improve it.

Prior to the presentation of reports to the Committee, comments from the Management are obtained and incorporated into the internal audit findings and reports.

The internal auditors also followed-up on the implementation of the recommendations and management action plans and reported to the Committee on status of implementation.

The review conducted by the internal auditors during the financial year are on the following areas:

- Warehouse management of Pasir Gudang Warehouse of Xin Hwa Trading & Transport Sdn. Bhd., covering areas of control environment, information and communication, monitoring, risk assessment and control assessment.

- Development management, safety management, fleet maintenance and purchasing management (spare parts and consumables) of Port of Tanjung Pelepas Branch, covering areas of planning and information capture, drivers' welfare, drivers and workplace safety management, scheduling of periodic maintenance, spare part and consumable and fuel management, purchase requisition/purchase approval and receiving process.

The costs incurred in maintaining the outsourced internal audit function for the FYE 31 March 2018 is RM44,152.

OTHER INFORMATION

The Nominating Committee had at its meeting held on 23 May 2018 reviewed the term of office of the ARMC members and assessed the performance the Committee as a whole and each of its members through an annual Board Committees effectiveness assessment. The Nominating Committee is satisfied that the ARMC and its members discharged their functions, duties and responsibilities in accordance with the Terms of Reference of the ARMC. The assessment result was reported to the Board and the Board is in concurrence with the Nominating Committee on the performance of the ARMC and its members.

NOMINATING COMMITTEE REPORT

The Board of Directors of Xin Hwa Holdings Berhad ("Board") is pleased to present the Nominating Committee Report comprising information on the composition and activities of the Nominating Committee ("NC" or "Committee") in discharging its duties for the financial year ended 31 March 2018.

COMPOSITION

The NC comprises the following members:

Name & Designation	Directorship in the Board
Chairman	
Tan Sri Dr. Suleiman Bin Mohamed	*Independent Non-Executive Chairman*
Members	
Jory Leong Kam Weng	*Independent Non-Executive Director*
Datin Rahmah Binti Mahmood	*Independent Non-Executive Director*

ACTIVITIES OF THE COMMITTEE

The summary of activities of the NC during the financial year ended 31 March 2018 is as follows:

(1) Review of the Performance and Effectiveness of the Board, Board Committees and Individual Director

Directors' Self Evaluation

The evaluation forms were circulated to each and every Director for completion. The Directors are required to assess his/her own performance by scoring in between 1 point to 5 points based on the questionnaire provided. The evaluation results were tabled at the NC Meeting held on 23 May 2018 for review by the NC. Based on the outcome of the evaluation conducted, the NC is satisfied with the performance of the individual Directors.

Evaluation on the effectiveness of the Board and Board Committees

The evaluation forms were completed by the members of the Board and the respective Board Committees. They are required to assess the performance of the Board/Committee as a whole based on the questionnaire provided. The evaluation results were tabled at the NC Meeting held on 23 May 2018 for review by the NC. Based on the outcome of the evaluation conducted (excluding evaluation of NC which was carried out by the Board as a whole), the NC is of the view that the Company had an effective Board and its current composition was well-balanced after taking into account the Board members' experience and exposure in various areas as well as their diverse skill and qualities.

Term of office and performance of the Audit & Risk Management Committee

The performance of the Audit & Risk Management Committee ("ARMC") and its members as assessed by each NC member (with the NC member who was also a member of the ARMC abstained from decision on their own self-evaluation), displayed commendable efforts and satisfactory and term of office of its members would remain status quo.

NOMINATING COMMITTEE REPORT

cont'd

ACTIVITIES OF THE COMMITTEE *cont'd*

(2) Annual Assessment on Board Independence

The NC had carried out an annual assessment of the independence of the independent directors during the financial year ended 31 March 2018. The criteria used in assessing the independence of the independent directors are based on the definition in the Main Market Listing Requirements and whether they are able to provide objective and independent views on various issues dealt with at Board and Board Committee level.

The NC has reviewed confirmation letters from the Company's independent directors confirming their independence with the exercise of their independent judgement and ability to act in the best interest of the Company.

Based on the following assessment, the NC has reported to the Board that to the best of its knowledge, the independent directors were free from influence that could interfere with their ability to exercise impartial judgment on key deliberations and decisions:

- All independent directors fulfilled the definition of 'independent director' as set out in the Main Market Listing Requirements;
- All independent directors had confirmed their independence by giving the Board a written confirmation of their independence; and
- All independent directors had acted independently on management and free from any business or other relationship.

(3) Evaluation of Directors Standing for Re-election

The NC is responsible for making recommendation to the Board on the eligibility of the Directors to stand for re-election at the Annual General Meeting ("AGM").

The NC has proposed to the Board to recommend Tan Sri Dr. Suleiman Bin Mohamed and Datin Rahmah Binti Mahmood, who were subject to retirement by rotation under Article 79 of the Constitution of the Company and have offered themselves for re-election, for re-election as Directors of the Company at the forthcoming AGM as they possessed the skill, experience and qualities required by the Company.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR) requires the Board of Directors ("the Board") to include in their annual report a statement about state of its internal control. Part II of Principle B in the Malaysian Code on Corporate Governance issued in 2017 (MCCG 2017) requires the Board to maintain a sound risk management framework and internal control system to safeguard shareholders' investment and the Group's assets. The Board is pleased to provide the following statement, which outlines the nature and scope of its risk management and internal control during the financial year under review and up to the date of approval of this statement for inclusion in the annual report.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for a sound system of risk management and internal control for the Group which includes reviewing its adequacy, effectiveness and integrity so as to safeguard shareholders' investment and the Group's assets. Such system covers not only financial controls but also operational and compliance controls and risk management procedures. However, due to inherent limitations, the Board recognises that such a system is designed to manage rather than eliminate the risks of failure in achieving business objectives and they can only provide reasonable and not absolute assurance against material misstatement, fraud or loss.

RISK MANAGEMENT

The Board regards risk management as an integral part of the Group's business operations and has oversight over this critical area through the Audit and Risk Management Committee ("ARMC"). ARMC has delegated the oversight of risk management to Executive Risk Management Committee ("ERMC"), which comprises Executive Directors and Senior Management of the Group, although the Board retains overall accountability of the Group's risk profile. The ERMC is responsible for implementing the Board's policies and procedures on risk and control by identifying and assessing the risks faced and in design, operation and monitoring of suitable internal control to mitigate and control these risks. In pursuing its responsibility, the Board has an ongoing process for identifying, evaluating and managing significant risks faced by the Group, which has been in place for the financial year under review and up to the date of approval of this statement for inclusion in the annual report.

An overview of the Group's overall Risk Management Framework is adopted based on internationally recognised risk management framework which categorised into four categories - Strategic, Operational, Compliance and Financial and Reporting.

With the assistance of the Internal Audit to conduct periodic testing on the Risk Management Framework, and report to the ARMC including necessary action taken to remedy weaknesses and new risks identified from the review. This process has been in place throughout the financial year under review and up to the date of this report, and has been reviewed by the Board. During the financial year, the Company has gained continuous improvements to its internal control system such as safety and security management, warehouse management and emergency response which arising from the review and the setting up of risk management framework.

The Group will continue its focus on institutionalising risk management as a business culture within the Group.

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an independent professional firm, CGRM Infocomm Sdn Bhd ("CGRM"), to assess the adequacy and integrity of the Group's system of internal control. The internal auditors execute the internal audit based on risk-based internal audit plan approved by the ARMC before commencement of work. Its scope of work covers the assessment of the adequacy and integrity of the Group's system of internal control for selected processes.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL AUDIT FUNCTION *cont'd*

For the financial year under review, the internal auditors conducted two (2) cycles of audit, focusing on key risks and internal control relating to Warehouse Management and Internal Port Haulage and reported directly to the ARMC on improvement measures pertaining to internal controls, including follow up on the status of the Management's implementation of recommendations raised in the previous reports. The reports were tabled to the ARMC, who reviewed the observations, including Management's action plans to address the concerns raised by the internal auditors.

The lead individual in charge is a Chartered Member of the Institute of Internal Auditors,Malaysia; Certified Internal Auditor. The internal audit work was carried out in accordance with a framework set by recognised professional body; i.e. International Professional Practices Framework issued by IIA. The internal audit team being deployed are free from any relationships or conflict of interest which could impair their objectivity and independence. During the financial year, there was a total of 6 personnel being deployed for the internal audit work who are free from any relationships or conflicts of interest, which could impair their objectivity and independence.

The key elements of the framework of the internal control system of the Group are as follows:

- Quarterly review of the financial performance of the Group by the Board and the ARMC;
- An ISO 9001:2015 Quality Management System Committee reviews processes and documentation. Surveillance audits are conducted by assessors of the ISO certification bodies on a yearly basis to ensure that the system is adequately implemented. Areas for improvement are highlighted and the implementation of its recommendations is monitored;
- The Group has an organisational structure that is aligned with the business and operational requirements, with clearly defined lines of responsibility and authority levels;
- The Group has in place a Management Information System that captures, compiles, analyses and reports relevant data, which enables management to make business decisions in an accurate and timely manner. Management and financial reports are generated regularly to facilitate the Board and the management in performing financial and operating reviews of the various operating units;
- Policies, Procedures and Standard Operating Procedures which are systematically documented, revised and made available to guide staff in performing their daily operations;
- Operations review meetings are held by the respective business units to monitor the progress of business operations, deliberate significant issues and formulate corrective measures;
- A structured recruitment process, a performance appraisal system and a wide variety of training and development programs are in place to maintain staff competency;
- Periodic internal quality inspection to monitor compliance with ISO and OHSAS requirements;
- Annual budgeting process is in place and performance is monitored on an ongoing basis;
- Monthly management meeting to address budgets, operational and financial performance, business planning, control environment and other key issues;
- Close and active involvement of the Executive Directors on the day-to-day business operations of the Group; and
- Health, Safety and Environmental Committee has been established in order to review and ensure compliance with occupational safety and health policies and procedures on a continuous basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

CONCLUSION

The Board confirms that it has reviewed the adequacy and effectiveness of the risk management and internal control framework of the Group for the year under review and up to the date of approval of this statement, there were no significant failures or weaknesses that has resulted in material loss that requires disclosure in the Group's annual report for the financial year under review.

The ERMC have provided reasonable assurance to the Board that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects to ensure the achievement of its business objectives. Taking into consideration on its review and the assurance from the ERMC, the Board is of the view that the system of risk management and internal control is satisfactory and adequate to safeguard shareholders' investment and the Group's assets.

The Group will continue to identify, evaluate and monitor all major risks and take measures to strengthen the internal control and risk management environment.

REVIEW OF THE STATEMENTS BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, this Statement has been reviewed by the external auditors for inclusion in the Annual Report for the financial year ended 31 March 2018. The review was conducted in accordance with the Audit And Assurance Practice Guide 3 : Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report which issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing had come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the risk management and internal control processes implemented by the Group.

This Statement is made in accordance with a resolution of the Board dated 9 July 2018.

Financial Statements

For the Financial Year Ended
31 March 2018

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group	The Company
	RM	RM
Profit after tax for the financial year	10,043,013	2,481,734
Attributable to:-		
Owners of the Company	10,399,426	2,481,734
Non-controlling interests	(356,413)	-
	10,043,013	2,481,734

DIVIDEND

Dividend paid or declared by the Company since 31 March 2017 is as follows:-

	RM
In respect of the financial year 31 March 2018	
An interim dividend of 1 sen per ordinary share, paid on 28 July 2017	2,160,000

The directors do not recommend the payment of any further dividends for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

DIRECTORS' REPORT
cont'd

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

DIRECTORS' REPORT
cont'd

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The name of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Ng Aik Chuan
Ng Yam Pin
Tan Sri Dr. Suleiman Bin Mohamed
Datin Rahmah Binti Mahmood
Leong Kam Weng
Liew Chek Leong

The name of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Eng Peng Lam @ Ng Peng Lam
Kok Poh Fui
Md Zaliszan Bin Ahmad Kusaini
Mohd Johari Bin Mohamed Ripin
Siah Lee Poo
Soo Boon Meng
Soo Kok Hwa

DIRECTORS' REPORT
cont'd

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares			
	At 1.4.2017	Bought	Sold	At 31.3.2018
The Company				
Direct Interests				
Datin Rahmah Binti Mahmood	120,000	-	-	120,000
Tan Sri Dr. Suleiman Bin Mohamed	120,000	-	-	120,000
Leong Kam Weng	120,000	-	-	120,000
Liew Chek Leong	120,000	-	-	120,000
Indirect Interests				
Ng Aik Chuan*	120,000	-	-	120,000
Holding Company				
NF Capital Management Sdn. Bhd.				
Direct Interests				
Ng Aik Chuan	31	-	-	31
Ng Yam Pin	30	-	-	30

* *Deemed interested by virture of his spouse.*

By virtue of their shareholdings in the holding company, Ng Aik Chuan and Ng Yam Pin are deemed to have interest in shares in the Company and its related corporations during the financial year to the extent of the holding company's interests, in accordance with Section 8 of the Companies Act 2016.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 36(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT
cont'd

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 35 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 41 to the financial statements.

HOLDING COMPANY

The holding company is NF Capital Management Sdn. Bhd., a private company incorporated in Malaysia.

AUDITORS

The auditors, Messrs. Crowe Malaysia (formerly known as Crowe Horwath), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 28 to the financial statements.

Signed in accordance with a resolution of the directors dated 9 July 2018.

Ng Aik Chuan

Ng Yam Pin

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, Ng Aik Chuan and Ng Yam Pin, being two of the directors of Xin Hwa Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 56 to 121 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2018 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 9 July 2018.

Ng Aik Chuan **Ng Yam Pin**

STATUTORY DECLARATION
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Kok Poh Fui, MIA Membership Number: 15062, being the officer primarily responsible for the financial management of Xin Hwa Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 56 to 121 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declaration Act 1960.

Subscribed and solemnly declared by the abovementioned
Kok Poh Fui,
at Johor Bahru
in the State of Johor
on this 9 July 2018

Kok Poh Fui

Before me

Nur Amreeta Kaur Gubachen Singh (No. J276)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
To the Members of Xin Hwa Holdings Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Xin Hwa Holdings Berhad, which comprise the statements of financial position as at 31 March 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 56 to 121.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT
To the Members of Xin Hwa Holdings Berhad
cont'd

Key Audit Matters *cont'd*

We have determined the matters described below to be the key audit matters to be communicated in our report.

Existence of property, plant and equipment Refer to Note 7 to the financial statements	
Area of focus	**How the scope of our audit addressed the area of focus**
The Group carries significant property, plant and equipment with carrying amount of RM197 million in the financial statements of the Group. Included in the property, plant and equipment are trucks, prime movers and trailers with carrying amount of RM35.3 million in the financial statements of the Group which are moveable to multiple locations on daily basis.	Our audit procedures included, amongst others: • To perform physical sighting for the property, plant and equipment to ensure good working condition; and • To inspect the original documents to support ownership of the Group's prime movers and trailers.

Recoverability of Trade Receivables Refer to Note 12 to the financial statements	
Area of focus	**How the scope of our audit addressed the area of focus**
The Group has material credit exposures in its trade receivables. The assessment of impairment involves significant estimation uncertainty, subjective assumptions and the application of significant judgements.	Our audit procedures included, amongst others: • Review the Group credit risk policies on impairment losses for trade receivables; • Test the reliability and accuracy of ageing report; • To perform recoverability test of trade receivables; • Evaluate the reasonableness on the impairment losses provided or reversed in accordance with the Group credit risk policies; • Assess the adequacy of disclosures in the notes to the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

INDEPENDENT AUDITORS' REPORT
To the Members of Xin Hwa Holdings Berhad
cont'd

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

INDEPENDENT AUDITORS' REPORT
To the Members of Xin Hwa Holdings Berhad
cont'd

Auditors' Responsibilities for the Audit of the Financial Statements *cont'd*

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

OTHER MATTERS

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

Crowe Malaysia
Firm No.: AF 1018
Chartered Accountants

Wong Tak Mun
Approval No.: 01793/09/2018 J
Chartered Accountant

9 July 2018
Johor Bahru

STATEMENTS OF FINANCIAL POSITION
At 31 March 2018

		The Group		The Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	71,609,003	71,609,003
Property, plant and equipment	7	197,006,365	185,244,361	-	-
Goodwill	8	497,177	497,177	-	-
Deferred tax asset	9	15,500	-	-	-
Development costs	10	197,974	291,470	-	-
		197,717,016	186,033,008	71,609,003	71,609,003
CURRENT ASSETS					
Inventories	11	3,340,700	1,268,622	-	-
Trade receivables	12	28,326,823	26,726,906	-	-
Other receivables, deposits and prepayments	13	7,403,766	4,308,476	2,500	2,500
Amount owing by subsidiaries	14	-	-	36,770,690	31,495,021
Short-term investment	15	-	1,617,046	-	1,617,046
Current tax assets		3,952,666	2,383,085	-	-
Fixed deposits with licensed banks	16	24,121	24,121	-	-
Cash and bank balances		6,749,449	9,687,991	229,719	3,647,210
		49,797,525	46,016,247	37,002,909	36,761,777
TOTAL ASSETS		247,514,541	232,049,255	108,611,912	108,370,780

The annexed notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
At 31 March 2018
cont'd

		The Group		The Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	107,999,999	107,999,999	107,999,999	107,999,999
Reserves	18	37,360,198	28,759,992	499,930	178,196
Equity attributable to owners of the Company		145,360,197	136,759,991	108,499,929	108,178,195
Non-controlling interests		160,376	516,789	-	-
TOTAL EQUITY		145,520,573	137,276,780	108,499,929	108,178,195
NON-CURRENT LIABILITIES					
Long-term borrowings	19	63,691,490	59,221,488	-	-
Deferred tax liabilities	22	6,660,600	7,837,300	-	-
		70,352,090	67,058,788	-	-
CURRENT LIABILITIES					
Trade payables	23	8,747,587	5,405,248	-	-
Other payables and accruals	24	6,027,360	7,632,054	111,733	155,153
Short-term borrowings	25	15,078,627	11,403,658	-	-
Bank overdraft	26	1,728,291	3,178,257	-	-
Current tax liabilities		60,013	94,470	250	37,432
		31,641,878	27,713,687	111,983	192,585
TOTAL LIABILITIES		101,993,968	94,772,475	111,983	192,585
TOTAL EQUITY AND LIABILITIES		247,514,541	232,049,255	108,611,912	108,370,780

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2018

	Note	The Group		The Company	
		1.4.2017 to 31.3.2018	1.1.2016 to 31.3.2017	1.4.2017 to 31.3.2018	1.1.2016 to 31.3.2017
		RM	RM	RM	RM
REVENUE	27	109,018,635	128,671,751	3,360,000	15,750,000
COST OF SALES		(71,621,013)	(80,509,228)	-	-
GROSS PROFIT		37,397,622	48,162,523	3,360,000	15,750,000
OTHER INCOME		1,665,854	814,792	32,439	436,389
		39,063,476	48,977,315	3,392,439	16,186,389
ADMINISTRATIVE EXPENSES		(24,477,554)	(28,573,479)	(737,958)	(1,141,216)
SELLING AND DISTRIBUTION EXPENSES		(1,081,632)	(1,073,267)	-	-
FINANCE COSTS		(3,598,579)	(3,191,672)	(4,973)	(30,625)
PROFIT BEFORE TAX	28	9,905,711	16,138,897	2,649,508	15,014,548
TAX INCOME/(EXPENSE)	29	137,302	(3,425,407)	(167,774)	(75,638)
PROFIT AFTER TAX		10,043,013	12,713,490	2,481,734	14,938,910
OTHER COMPREHENSIVE INCOME/(EXPENSE)	30				
Items that Will Not be Reclassified Subsequently to Profit or Loss					
Deferred tax on revalued properties		-	(780,400)	-	-
Items that May be Reclassified Subsequently to Profit or Loss					
Foreign currency translation differences		2,280	(928)	-	-
TOTAL OTHER COMPREHENSIVE INCOME/ (EXPENSE)		2,280	(781,328)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD		10,045,293	11,932,162	2,481,734	14,938,910
PROFIT AFTER TAX ATTRIBUTABLE TO:-					
Owners of the Company		10,399,426	12,704,608	2,481,734	14,938,910
Non-controlling interests		(356,413)	8,882	-	-
		10,043,013	12,713,490	2,481,734	14,938,910
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		10,401,706	11,923,280	2,481,734	14,938,910
Non-controlling interests		(356,413)	8,882	-	-
		10,045,293	11,932,162	2,481,734	14,938,910
EARNINGS PER SHARE (SEN)	31				
- basic		4.81	5.88		
- diluted		Not applicable	Not applicable		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
For the Financial Year Ended 31 March 2018

		← Non-Distributable				→ Distributable			
	Note	Share Capital RM	Share Premium RM	Merger Deficit RM	Foreign Exchange Translation Reserve RM	Revaluation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
The Group										
Balance at 1.1.2016		90,000,000	6,451,571	(68,978,997)	-	18,138,876	81,925,261	127,536,711	505,086	128,041,797
Profit after tax for the financial period		-	-	-	-	-	12,704,608	12,704,608	8,882	12,713,490
Other comprehensive income for the financial period:										
- Foreign currency translation differences		-	-	-	(928)	-	-	(928)	-	(928)
- Deferred tax on revalued properties		-	-	-	-	(780,400)	-	(780,400)	-	(780,400)
Total comprehensive income for the financial period		-	-	-	(928)	(780,400)	12,704,608	11,923,280	8,882	11,932,162
Contribution by and distribution to owners of the Company										
- Acquisition of subsidiary	32.1	-	-	-	-	-	-	-	2,821	2,821
- Issuance of bonus shares		17,999,999	(6,451,571)	-	-	-	(11,548,428)	-	-	-
- Dividend	33	-	-	-	-	-	(2,700,000)	(2,700,000)	-	(2,700,000)
Total transaction with owners		17,999,999	(6,451,571)	-	-	-	(14,248,428)	(2,700,000)	2,821	(2,697,179)
Balance at 31.3.2017		107,999,999	-	(68,978,997)	(928)	17,358,476	80,381,441	136,759,991	516,789	137,276,780

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
For the Financial Year Ended 31 March 2018
cont'd

		◄---- Non-Distributable			----►	Distributable			
	Note	Share Capital RM	Merger Deficit RM	Foreign Exchange Translation Reserve RM	Revaluation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
The Group									
Balance at 31.3.2017/1.4.2017		107,999,999	(68,978,997)	(928)	17,358,476	80,381,441	136,759,991	516,789	137,276,780
Profit after tax for the financial year		-	-	-	-	10,399,426	10,399,426	(356,413)	10,043,013
Other comprehensive income for the financial year:									
- Foreign currency translation differences		-	-	2,280	-	-	2,280	-	2,280
Total comprehensive income for the financial year		-	-	2,280	-	10,399,426	10,401,706	(356,413)	10,045,293
Reversal of revaluation reserve properties		-	-	-	(1,170,334)	1,170,334	-	-	-
Deferred tax on revalued properties		-	-	-	-	358,500	358,500	-	358,500
Contribution by and distribution to owners of the Company									
- Dividend	33	-	-	-	-	(2,160,000)	(2,160,000)	-	(2,160,000)
Balance at 31.3.2018		107,999,999	(68,978,997)	1,352	16,188,142	90,149,701	145,360,197	160,376	145,520,573

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
For the Financial Year Ended 31 March 2018
cont'd

	Note	Non-Distributable Share Capital RM	Non-Distributable Share Premium RM	Distributable (Accumulated Lossess)/ Retained Profits RM	Total Equity RM
The Company					
Balance at 1.1.2016		90,000,000	6,451,571	(512,286)	95,939,285
Profit after tax/Total comprehensive income for the financial period		-	-	14,938,910	14,938,910
Contributions by and distribution to owners of the Company:					
- Issuance of bonus shares		17,999,999	(6,451,571)	(11,548,428)	-
- Dividend	33	-	-	(2,700,000)	(2,700,000)
		17,999,999	(6,451,571)	(14,248,428)	(2,700,000)
Balance at 31.3.2017/1.4.2017		107,999,999	-	178,196	108,178,195
Profit after tax/Total comprehensive income for the financial year		-	-	2,481,734	2,481,734
Distribution to owners of the Company:					
- Dividend	33	-	-	(2,160,000)	(2,160,000)
Balance at 31.3.2018		107,999,999	-	499,930	108,499,929

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 31 March 2018

		The Group		The Company	
		1.4.2017 to 31.3.2018	1.1.2016 to 31.3.2017	1.4.2017 to 31.3.2018	1.1.2016 to 31.3.2017
	Note	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before tax		9,905,711	16,138,897	2,649,508	15,014,548
Adjustments for:-					
Allowances for impairment losses on trade receivables		-	482,000	-	-
Amortisation of development costs		131,983	-	-	-
Bad debts written off		54,000	-	-	-
Dividend income		(31,040)	(127,746)	(3,031,040)	(15,427,746)
Depreciation of property, plant and equipment		7,977,672	9,061,786	-	-
Gain on disposal of property, plant and equipment		(700,180)	(138,000)	-	-
Interest expense		3,543,378	3,085,486	-	-
Interest income		(297,164)	(314,277)	(1,399)	(308,643)
Loss on disposal of short-term investment		12,411	-	12,411	-
Property, plant and equipment written off		467,990	-	-	-
Reversal of impairment losses on trade receivables		(550,429)	-	-	-
Operating profit/(loss) before working capital changes		20,514,332	28,188,146	(370,520)	(721,841)
Increase in inventories		(2,072,078)	(404,137)	-	-
(Increase)/Decrease in trade and other receivables		(279,301)	(4,256,280)	-	73,894
Increase/(Decrease) in trade and other payables		1,737,645	741,603	(43,420)	-
Increase in amount owing by subsidiaries		-	-	-	(211,130)
CASH FROM/(FOR) OPERATIONS		19,900,598	24,269,332	(413,940)	(859,077)
Income tax paid		(2,203,114)	(2,962,770)	(204,956)	(38,206)
Income tax refunded		16,490	3,113,310	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES		17,713,974	24,419,872	(618,896)	(897,283)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
For the Financial Year Ended 31 March 2018
cont'd

		The Group		The Company	
		1.4.2017 to 31.3.2018	1.1.2016 to 31.3.2017	1.4.2017 to 31.3.2018	1.1.2016 to 31.3.2017
	Note	RM	RM	RM	RM
CASH FLOWS FOR INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash and cash equivalents acquired		-	(500,000)	-	(500,006)
Advances to subsidiaries		-	-	(4,775,669)	(12,570,778)
Development costs paid		(38,487)	(4,500)	-	-
Dividend received		31,040	127,746	2,531,040	227,746
Downpayment paid for property, plant and equipment		(4,033,289)	-	-	-
Increase in fixed deposits with licensed banks		-	(1,477)	-	-
Interest income received		297,164	314,277	1,399	308,643
Proceeds from disposal of property, plant and equipment		4,481,730	669,727	-	-
Proceeds from disposal of short-term investment		1,604,635	-	1,604,635	-
Purchase of property, plant and equipment	34(a)	(8,753,885)	(66,705,766)	-	-
Purchase of short-term investment		-	(1,617,046)	-	(1,617,046)
NET CASH FOR INVESTING ACTIVITIES		(6,411,092)	(67,717,039)	(638,595)	(14,151,441)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Dividend paid	33	(2,160,000)	(2,700,000)	(2,160,000)	(2,700,000)
Interest paid	34(b)	(3,543,378)	(3,085,486)	-	-
Net drawdown of bankers' acceptances	34(b)	1,802,024	2,715,000	-	-
Drawdown of term loans		-	36,826,400	-	-
Repayment of hire purchase obligations	34(b)	(180,823)	(227,492)	-	-
Repayment of term loans	34(b)	(8,711,561)	(8,332,875)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(12,793,738)	25,195,547	(2,160,000)	(2,700,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,490,856)	(18,101,620)	(3,417,491)	(17,748,724)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		2,280	(928)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD		6,517,871	24,620,419	3,647,210	21,395,934
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	34(c)	5,029,295	6,517,871	229,719	3,647,210

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	802, 8th floor, Block C Kelana Square 17, Jalan SS7/26 47301 Petaling Jaya Selangor Darul Ehsan
Principal place of business	:	2, Jalan Permatang 2 Kempas Baru 81200 Johor Bahru Johor Darul Takzim

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 9 July 2018.

2. HOLDING COMPANY

The holding company is NF Capital Management Sdn. Bhd., a company incorporated in Malaysia.

3. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

4. BASIS OF PREPARATION

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

4.1 During the current financial year, the Group has adopted the following applicable new accounting standards (including the consequential amendments, if any):-

MFRSs (Including The Consequential Amendments)

Amendments to MFRS 107: Disclosure Initiative

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRS Standards 2014 – 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

The adoption of the above accounting standards (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

4. BASIS OF PREPARATION *cont'd*

4.2 The Group has not applied in advance the following applicable accounting standards and/or interpretation (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

The adoption of the above accounting standards and/or interpretation (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 9 Financial Instruments

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the guidance in MFRS 139 on the classification and measurement of financial assets and financial liabilities, impairment of financial assets and on hedge accounting.

The initial application of MFRS 9 is not expected to have any material impact to the financial statements of the Group for the current financial year and prior periods as the Group will apply the standard retrospectively from 1 April 2018 with the practical expedients permitted under the standard, and that the comparatives (i.e. current period financial information) will not be restated.

Based on the assessments undertaken to date, the Group has determined the impact of its initial application of MFRS 9 as follows:-

Classification and Measurement

The Group does not expect a significant impact on its statements of financial position on applying the classification and measurement requirements of MFRS 9.

Loans and receivables financial assets are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of these instruments and concluded that they meet the criteria to be measured at amortised cost under MFRS 9. Therefore, the Group does not expect the standard to affect the measurement of its debt financial assets.

In addition, the Group expects to continue measuring at fair value all financial assets currently held at fair value.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

4. BASIS OF PREPARATION *cont'd*

4.2 The adoption of the above accounting standards and/or interpretation (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:- *cont'd*

MFRS 9 Financial Instruments *cont'd*

Impairment of Financial Assets

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' ("ECL") model. Based on the assessment performed by the management, the Group has concluded that the expected impacts of ECL on trade and other receivables (including related party balances) are insignificant upon the initial application of MFRS 9.

The analysis above are based on the assessments undertaken to date and maybe subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the distinct promised goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are also required by MFRS 15 about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

Based on the assessments undertaken to date, the Group has determined that the impact on its financial statements upon the initial application of MFRS 15 is insignificant as the timing and amount of revenue to be recognised for sales of goods and provision of cargo transportation services, container haulage services as well as warehousing and distribution services under the new standard are unlikely to be materially different from its current practice. However, the Group is required to disclose additional information about its contracts with customers in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 7 to the financial statements.

(b) Amortisation of Development Costs

The estimates for the residual values, useful lives and related amortisation charges for the development costs are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its development costs will be insignificant. As a result, residual values are not being taken into consideration for the computation of the amortisation amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised. The carrying amount of development costs as at the reporting date is disclosed in Note 10 to the financial statements.

(c) Property, Plant and Equipment under Revaluation

Certain properties of the Group are reported at valuation which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates. The carrying amount of property, plant and equipment measured at revaluation as at the reporting date is disclosed in Note 7 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *cont'd*

Key Sources of Estimation Uncertainty cont'd

(d) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 8 to the financial statements.

(e) Impairment of Property, Plant and Equipment

The Group determines whether its property, plant and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property and equipment as at the reporting date is disclosed in Note 7 to the financial statements.

(f) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 11 to the financial statements.

(g) Impairment of Trade Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 12 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *cont'd*

Key Sources of Estimation Uncertainty cont'd

(h) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made. The carrying amount of current tax assets and liabilities as at the reporting date are RM3,952,666 and RM60,013 (2017 - RM2,383,085 and RM94,470) respectively.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(b) Contingent Liabilities

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business.

(c) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

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

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Merger Accounting for Common Control Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by the same party or parties both before and after the business combinations, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.2 BASIS OF CONSOLIDATION *cont'd*

(b) Merger Accounting for Common Control Business Combinations *cont'd*

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

(c) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(e) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

5.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operations and are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

(ii) Held-to-maturity Investments

As at the end of the reporting period, there were no financial assets classified under this category.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.5 FINANCIAL INSTRUMENTS *cont'd*

(a) Financial Assets *cont'd*

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) Available-for-sale Financial Assets

As at the end of the reporting period, there were no financial assets classified under this category.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(ii) Other Financial Liabilities

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.5 FINANCIAL INSTRUMENTS *cont'd*

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently. Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs. Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

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

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

5.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statements of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

5.7 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land, leasehold land, buildings and warehouses, are stated at cost less accumulated depreciation and any impairment losses.

Freehold land is stated at valuation less impairment losses recognised after the date of the revaluation. Leasehold land, buildings and warehouses are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

Freehold land, leasehold land, buildings and warehouses are revalued periodically, at least once in every five years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.7 PROPERTY, PLANT AND EQUIPMENT *cont'd*

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset become idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land	Over the remaining lease period
Buildings and warehouses	2%
Furniture, fittings and equipment	10%-20%
Trucks, low loaders, prime movers, trailers and forklifts	10%
Motor vehicles	20%
Plant and machinery	10%
Renovation	10%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.8 RESEARCH AND DEVELOPMENT EXPENDITURE

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if, an entity can demonstrate all of the following:-

(a) its ability to measure reliably the expenditure attributable to the asset under development;
(b) the product or process is technically and commercially feasible;
(c) its future economic benefits are probable;
(d) its intention to complete and the ability to use or sell the developed asset; and
(e) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of their expected benefits when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

5.9 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.9 IMPAIRMENT *cont'd*

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows 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 it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

5.10 LEASED ASSETS

(a) Finance Assets

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statements of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

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

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.10 LEASED ASSETS *cont'd*

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statements of financial position of the Group and of the Company.

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

5.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out method and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

5.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

5.13 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

5.14 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.14 INCOME TAXES *cont'd*

(a) Current Tax *cont'd*

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from 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 assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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 future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.15 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

5.16 OPERATING SEGMENTS

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

5.17 EARNINGS PER ORDINARY SHARES

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

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

5.18 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

5.19 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

5.19 FAIR VALUE MEASUREMENTS *cont'd*

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

5.20 REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable, net of returns, goods and services tax, cash and trade discounts.

(a) Sale of Goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the goods sold.

(b) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably by reference to the stage of completion at the end of the reporting period. The stage of completion is determined by reference to the proportion of costs incurred for work performed to date bear to the estimated total costs. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(c) Dividend Income

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

(d) Management Fee

Management fee is recognised on an accrual basis.

(e) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(f) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

6. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2018	2017
	RM	RM
Unquoted shares, at cost	71,609,003	71,609,003

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2018 %	2017 %	
Xin Hwa Trading & Transport Sdn. Bhd. ("XHTT")	Malaysia	100	100	Provision of cargo transportation services, container haulage services as well as warehousing and distribution services
Xin Hwa Auto Engineering Sdn. Bhd. ("XHAE")	Malaysia	100	100	Manufacturing and fabrication of trailers
Canggih Logistik Sdn. Bhd. ("Canggih")	Malaysia	100	100	Provision of cargo transportation services and rental of prime movers, trailers and trucks
XH Universal Forwarding Sdn. Bhd. ("XHUF") [(a) & (d) & (e)]	Malaysia	30	30	Provision of freight forwarding, customs brokerage services, cargo transportation services and rental of prime movers, trailers and trucks
Xin Hwa Integrated Logistics Pte. Ltd. ("XHIL") [(c)] ^	Singapore	100	100	Dormant
Yiwugou Ecommerce Sdn. Bhd. ("YESB") [(b) & (d) & (e)]	Malaysia	50.01	50.01	Provision of e-commercial and e-business transactions

^ *The subsidiary was audited by member firms of Crowe Global of which Crowe Malaysia is a member.*

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

6. INVESTMENTS IN SUBSIDIARIES *cont'd*

(a) Although the Company owns less than half of the voting power in XHUF, the Company controls this subsidiary by virtue of the Shareholders' Agreement with the other investors of XHUF. Consequently, the Company consolidates its investment in this subsidiary.

(b) In the previous financial period, the Company had acquired 50.01% equity in YESB. The details of the acquisition are disclosed in Note 32.1.

(c) In the previous financial period, the Company had incorporated XHIL. The details of the incorporation are disclosed in Note 32.2.

(d) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2018	2017	2018	2017
	%	%	RM	RM
XH Universal Forwarding Sdn. Bhd.	70.00	70.00	646,590	560,387
Yiwugou Ecommerce Sdn. Bhd.	49.99	49.99	(486,214)	(43,598)
			160,376	516,789

(e) Summarised financial information of non-controlling interests has not been presented as the non-controlling interests of the subsidiaries are not individually material to the Group.

7. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.4.2017 RM	Additions (Note 34) RM	Reclassification RM	Disposal RM	Written Off RM	Depreciation Charges RM	At 31.3.2018 RM
2018							
Carrying Amount							
Freehold land	61,991,894	515,000	-	-	-	-	62,506,894
Leasehold land	25,393,747	-	-	(3,179,289)	-	(394,754)	21,819,704
Buildings and warehouses	47,984,272	-	16,940,698	-	-	(1,091,764)	63,833,206
Furniture, fittings and equipment	3,335,152	237,804	-	(173,528)	-	(656,313)	2,743,115
Trucks, low loaders, prime movers, trailers and forklifts	33,118,966	3,165,186	4,676,804	(371,086)	-	(5,281,551)	35,308,319
Motor vehicles	967,086	599,221	121,228	-	-	(461,573)	1,225,962
Plant and machinery	78,090	-	-	-	-	(16,469)	61,621
Renovation	521,739	19,973	-	-	-	(75,248)	466,464
Assets under construction	11,853,415	19,452,032	(21,738,730)	(57,647)	(467,990)	-	9,041,080
	185,244,361	23,989,216	-	(3,781,550)	(467,990)	(7,977,672)	197,006,365

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

7. PROPERTY, PLANT AND EQUIPMENT *cont'd*

The Group	At 1.1.2016 RM	Additions (Note 34) RM	Reclassification RM	Disposal RM	Depreciation Charges RM	Acquisition of A Subsidiary (Note 32.1) RM	At 31.3.2017 RM
2017							
Carrying Amount							
Freehold land	30,840,271	31,151,623	-	-	-	-	61,991,894
Leasehold land	14,033,269	11,765,763	-	-	(405,285)	-	25,393,747
Buildings and warehouses	47,738,105	1,562,500	-	-	(1,316,333)	-	47,984,272
Furniture, fittings and equipment	3,850,458	283,438	-	-	(814,705)	15,961	3,335,152
Trucks, low loaders, prime movers, trailers and forklifts	22,546,101	10,162,736	6,755,867	(506,493)	(5,839,245)	-	33,118,966
Motor vehicles	951,420	613,365	-	(25,234)	(572,465)	-	967,086
Plant and machinery	99,061	-	-	-	(20,971)	-	78,090
Renovation	602,521	12,000	-	-	(92,782)	-	521,739
Assets under construction	6,986,941	11,622,341	(6,755,867)	-	-	-	11,853,415
	127,648,147	67,173,766	-	(531,727)	(9,061,786)	15,961	185,244,361

The Group	At Cost RM	At Valuation RM	Accumulated Depreciation RM	Carrying Amount RM
2018				
Freehold land	31,931,894	30,575,000	-	62,506,894
Leasehold land	22,722,924	-	(903,220)	21,819,704
Buildings and warehouses	46,342,417	21,000,000	(3,509,211)	63,833,206
Furniture, fittings and equipment	6,634,118	-	(3,891,003)	2,743,115
Trucks, low loaders, prime movers, trailers and forklifts	77,337,061	-	(42,028,742)	35,308,319
Motor vehicles	4,699,303	-	(3,473,341)	1,225,962
Plant and machinery	212,049	-	(150,428)	61,621
Renovation	782,387	-	(315,923)	466,464
Assets under construction	9,041,080	-	-	9,041,080
	199,703,233	51,575,000	(54,271,868)	197,006,365

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

7. PROPERTY, PLANT AND EQUIPMENT *cont'd*

The Group	At Cost RM	At Valuation RM	Accumulated Depreciation RM	Carrying Amount RM
2017				
Freehold land	31,416,894	30,575,000	-	61,991,894
Leasehold land	22,722,924	3,400,000	(729,177)	25,393,747
Buildings and warehouses	29,401,719	21,000,000	(2,417,447)	47,984,272
Furniture, fittings and equipment	6,602,019	-	(3,266,867)	3,335,152
Trucks, low loaders, prime movers, trailers and forklifts	69,928,832	-	(36,809,866)	33,118,966
Motor vehicles	3,978,854	-	(3,011,768)	967,086
Plant and machinery	212,049	-	(133,959)	78,090
Renovation	762,414	-	(240,675)	521,739
Assets under construction	11,853,415	-	-	11,853,415
	176,879,120	54,975,000	(46,609,759)	185,244,361

(a) Included in the property, plant and equipment of the Group at the end of the reporting period were motor vehicles with a total carrying amount of RM978,144 (2017 - RM644,934), which were acquired under hire purchase terms. These leased assets have been pledged as security for the related hire purchase liabilities of the Group as disclosed in Note 20 to the financial statements.

(b) The following assets of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 21, 25 and 26 to the financial statements are as follows:-

	The Group 2018 RM	The Group 2017 RM
Freehold land		
- at cost method	31,931,894	31,416,894
- at valuation method	30,575,000	30,575,000
Leasehold land		
- at cost method	21,819,704	22,198,693
- at valuation method	-	3,195,054
Buildings and warehouses		
- at cost method	44,760,331	28,457,702
- at valuation method	19,072,875	19,526,571
Trucks, low loader, prime mover, trailer and forklift		
- at cost method	5,994,573	3,096,956
Asset under construction		
- at cost method	4,382,820	-
	158,537,197	138,466,870

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

7. PROPERTY, PLANT AND EQUIPMENT *cont'd*

(c) Certain freehold land, leasehold land, buildings and warehouses of the Group were revalued by independent professional valuer in December 2013. The surpluses arising from the revaluations, net of deferred taxation, have been credited to other comprehensive income as disclosed in Note 18 to the financial statements and accumulated in equity under the revaluation reserve.

(d) The details of the Group's property, plant and equipment carried at fair value are analysed as follows:-

The Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2018				
Freehold land	-	30,575,000	-	30,575,000
Buildings and warehouses	-	19,072,875	-	19,072,875
	-	49,647,875	-	49,647,875
2017				
Freehold land	-	30,575,000	-	30,575,000
Leasehold land	-	3,195,054	-	3,195,054
Buildings and warehouses	-	19,526,571	-	19,526,571
	-	53,296,625	-	53,296,625

The level 2 fair values have been determined based on the market comparison approach that reflects recent transaction prices for similar properties. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

There were no transfer between level 1 and level 2 during the financial year.

(e) If the freehold land, leasehold land, buildings and warehouses were measured using the cost model, the carrying amounts would be as follows:-

	Freehold Land RM	Leasehold Land RM	Buildings and Warehouses RM	Total RM
2018				
Cost at 1 April 2017	14,964,228	-	20,849,883	35,814,111
Accumulated depreciation	-	-	(3,402,816)	(3,402,816)
At 31 March 2018	14,964,228	-	17,447,067	32,411,295
2017				
Cost at 1 January 2016	14,964,228	2,004,115	20,849,883	37,818,226
Accumulated depreciation	-	(283,176)	(2,985,818)	(3,268,994)
At 31 March 2017	14,964,228	1,720,939	17,864,065	34,549,232

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

7. PROPERTY, PLANT AND EQUIPMENT *cont'd*

(f) During the financial year, the Group capitalised borrowing costs for the construction of buildings and warehouses amounting to RM1,011,706 (2017 - RM337,903).

8. GOODWILL

	The Group	
	2018	2017
	RM	RM
Cost:-		
At 1 April/1 January	497,177	-
Acquisition of subsidiary (Note 32.1)	-	497,177
At 31 March	497,177	497,177

(a) The carrying amounts of goodwill allocated to cash-generating units is as follows:-

	The Group	
	2018	2017
	RM	RM
Yiwugou Ecommerce Sdn. Bhd.	497,177	497,177

(b) The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amounts of the cash-generating unit are determined using the value in use approach, and this is derived from the present value of the future cash flows from cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

	Gross Margin		Growth Rate		Discount Rate	
	2018	2017	2018	2017	2018	2017
Yiwugou Ecommerce Sdn. Bhd.	13%	4%	26%	22%	10%	10%

(i) Budgeted gross margin - Forecasted gross margin which taken into consideration of local requirement and operating costs.

(ii) Growth rate - Based on the expected projection of e-commercial and e-business industry.

(iii) Discount rate (pre-tax) - Reflect specific risks relating to the relevant cash-generating unit.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on best estimation.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

9. DEFERRED TAX ASSET

The Group	At 1.4.2017 RM	Recognised in Profit or Loss (Note 29) RM	At 31.3.2018 RM
2018			
Deferred Tax Liability			
Property, plant and equipment	-	(126,900)	(126,900)
Deferred Tax Asset			
Unabsorbed capital allowances	-	142,400	142,400
	-	15,500	15,500

10. DEVELOPMENT COSTS

	The Group	
	2018 RM	2017 RM
Cost:-		
At 1 April/1 January	291,470	-
Addition during the financial year/period	38,487	4,500
Acquisition through business combination (Note 32.1)	-	286,970
At 31 March	329,957	291,470
Accumulated amortisation:-		
At 1 April/1 January	-	-
Amortisation during the financial year (Note 28)	(131,983)	-
At 31 March	(131,983)	-
	197,974	291,470

Development costs were incurred for the software development of the Online Trading Platform project and other related services.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

11. INVENTORIES

	The Group	
	2018	**2017**
	RM	**RM**
Raw materials	1,604,817	303,103
Work-in-progress	207,578	185,143
Finished goods	1,528,305	780,376
	3,340,700	1,268,622

12. TRADE RECEIVABLES

	The Group	
	2018	**2017**
	RM	**RM**
Trade receivables	29,485,904	28,436,416
Allowance for impairment losses	(1,159,081)	(1,709,510)
	28,326,823	26,726,906
Allowance for impairment losses:-		
At 1 April/1 January	1,709,510	1,238,440
Addition during the financial period (Note 28)	-	482,000
Reversal during the financial year (Note 28)	(550,429)	-
Written off during the financial period	-	(10,930)
At 31 March	1,159,081	1,709,510

The Group's normal trade credit terms range from 30 to 120 (2017 - 30 to 120) days.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Other receivables:-				
Third parties	558,880	554,980	-	-
Advances to suppliers	978,448	1,411,704	-	-
Goods and services tax recoverable	98,947	559,565	-	-
	1,636,275	2,526,249	-	-
Deposits	5,049,393	821,151	2,500	2,500
Prepayments	718,098	961,076	-	-
	7,403,766	4,308,476	2,500	2,500

(a) The advances to suppliers are unsecured and interest-free. The amount owing will be offset against future purchases from the suppliers.

(b) Included in deposits is an amount of RM4,033,289 (2017 - RM Nil) represents downpayment paid for property, plant and equipment.

14. AMOUNT OWING BY SUBSIDIARIES

	The Company	
	2018	2017
	RM	RM
<u>Current</u>		
Trade balances	15,751,130	15,591,130
Non-trade balances	21,019,560	15,903,891
	36,770,690	31,495,021

(a) The trade balances are unsecured, interest-free and payable on demand. The amount owing are to be settled in cash.

(b) The non-trade balance represent unsecured payment made on behalf. The amount owing are repayable on demand and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

15. SHORT-TERM INVESTMENT

	The Group/ The Company	
	2018	2017
	RM	RM
Investment in short term funds, at fair value	-	1,617,046

This represented the Group's and the Company's investment in money market deposits offered by a licensed bank at the end of the previous reporting period which bore effective interest rate of 4.27% per annum. The investment maturity period was 1 month.

16. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 2.95% to 3.10% (2017 - 3.05% to 3.10%) per annum. The fixed deposits have maturity periods ranging from 60 to 210 (2017 - 31 to 365) days for the Group.

17. SHARE CAPITAL

The movements in the paid-up share capital of the Company are as follows:-

	The Group/The Company			
	2018	2017	2018	2017
	Number of Shares		RM	RM
Issued and Fully Paid-Up				
Ordinary shares with no Par Value				
At 1 April/January	215,999,998	180,000,000	107,999,999	90,000,000
Bonus issue	-	35,999,998	-	17,999,999
At 31 March	215,999,998	215,999,998	107,999,999	107,999,999

(a) In the previous financial period, the Company had increased its issued and paid-up share capital from RM90,000,000 to RM107,999,999 by way of an issuance of 35,999,998 new ordinary shares on the basis of one (1) bonus share for every five (5) existing shares held ("bonus issue").

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

(c) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

18. RESERVES

(a) Merger Deficit

The merger deficit represents the difference between the carrying value of the investment in subsidiaries and the nominal value of shares of the Company's subsidiaries upon consolidation under the merger accounting principle.

(b) Revaluation Reserve

The revaluation reserve represents the increase in the fair value of freehold land, buildings and warehouses of the Group (net of deferred tax, where applicable) presented under property, plant and equipment.

(c) Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary.

19. LONG-TERM BORROWINGS

	The Group	
	2018	2017
	RM	RM
Hire purchase payables (Note 20)	524,201	333,044
Term loans (Note 21)	63,167,289	58,888,444
	63,691,490	59,221,488

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

20. HIRE PURCHASE PAYABLES (SECURED)

	The Group	
	2018	**2017**
	RM	**RM**
Minimum hire purchase payments:		
- not later than 1 year	247,577	160,356
- later than 1 year not later than 5 years	563,238	357,923
	810,815	518,279
Less: Future finance charges	(68,781)	(45,422)
Present value of hire purchase payables	742,034	472,857
Analysed by:-		
Current liabilities (Note 25)	217,833	139,813
Non-current liabilities (Note 19)	524,201	333,044
	742,034	472,857

(a) The hire purchase payables of the Group are secured by the Group's motor vehicles under hire purchase as disclosed in Note 7(a) to the financial statements. The hire purchase arrangements are expiring from 1 to 5 (2017 - 3 to 5) years.

(b) The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 4.52% to 5.04% (2017 - 4.56% to 5.04%). The interest rates are fixed at the inception of the hire purchase arrangements.

21. TERM LOANS (SECURED)

	The Group	
	2018	**2017**
	RM	**RM**
Current liabilites (Note 25)	10,343,770	8,548,845
Non-current liabilites (Note 19)	63,167,289	58,888,444
	73,511,059	67,437,289

(a) The term loans at the end of the reporting period are secured by:-

(i) legal charges over the landed properties of the Group as disclosed in Note 7;

(ii) specific debentures over certain trailers as disclosed in Note 7;

(iii) corporate guarantee executed by the Company and by a subsidiary; and

(iv) jointly or severally guaranteed by certain directors of the Group.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

21. TERM LOANS (SECURED) *cont'd*

(b) The interest rate profile of the term loans are summarised below:-

	Effective Interest rate	The Group 2018	2017
	%	RM	RM
Floating rate term loans	4.45 - 6.47	73,511,059	67,437,289

22. DEFERRED TAX LIABILITIES

The Group	At 1.4.2017 RM	Recognised in Profit or Loss (Note 29) RM	Recognised in Equity RM	At 31.3.2018 RM
2018				
Deferred Tax Liabilities				
Property, plant and equipment	8,648,800	701,800	-	9,350,600
Revaluation surplus	1,570,600	-	(358,500)	1,212,100
	10,219,400	701,800	(358,500)	10,562,700
Deferred Tax Assets				
Allowances for impairment losses on trade receivables	(403,400)	129,600	-	(273,800)
Unabsorbed capital allowances	(41,300)	41,300	-	-
Unabsorbed investment tax allowances	(1,937,400)	(1,690,900)	-	(3,628,300)
	(2,382,100)	(1,520,000)	-	(3,902,100)
	7,837,300	(818,200)	(358,500)	6,660,600

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

22. DEFERRED TAX LIABILITIES *cont'd*

The Group	At 1.1.2016 RM	Recognised in Profit or Loss (Note 29) RM	Recognised in Equity RM	At 31.3.2017 RM
2017				
Deferred Tax Liabilities				
Property, plant and equipment	5,578,100	3,070,700	-	8,648,800
Revaluation surplus	796,400	(6,200)	780,400	1,570,600
	6,374,500	3,064,500	780,400	10,219,400
Deferred Tax Assets				
Allowances for impairment losses on trade receivables	(240,800)	(162,600)	-	(403,400)
Unabsorbed capital allowances	-	(41,300)	-	(41,300)
Unabsorbed investment tax allowances	(1,618,100)	(319,300)	-	(1,937,400)
	(1,858,900)	(523,200)	-	(2,382,100)
	4,515,600	2,541,300	780,400	7,837,300

The deferred tax assets on unabsorbed investment tax allowances have been recognised on the basis of the Group's previous history of recording profits and to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. The unabsorbed investment tax allowances can be carried forward to subsequent financial years until fully utilised.

23. TRADE PAYABLES

The normal trade credit term granted to the Group range from 30 to 120 (2017 - 30 to 120) days.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

24. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Other payables:-				
Third parties	1,739,172	4,483,587	44,933	89,153
Related parties	759,464	-	-	-
Goods and services tax payables	14,620	7,948	-	-
	2,513,256	4,491,535	44,933	89,153
Deposit received	7,036	399,058	-	-
Accruals	1,111,538	601,828	66,800	66,000
Payroll liabilities	2,395,530	2,139,633	-	-
	6,027,360	7,632,054	111,733	155,153

(a) Included in amount owing to related parties are amount of RM319,034 and RM202,128 (2017 - RM NIL) represent unsecured interest-free advances granted to a subsidiary by its directors and a non-controlling shareholder. The amounts are repayable on demand and are to be settled in cash.

(b) The remaining amount owing to related party represents unsecured interest-free advances granted to a subsidiary by company in which certain directors of the subsidiary have controlling interests. The amount is repayable on demand and is to be settled in cash.

25. SHORT TERM BORROWINGS

	The Group	
	2018	2017
	RM	RM
Bankers' acceptances	4,517,024	2,715,000
Hire purchase payables (Note 20)	217,833	139,813
Term loans (Note 21)	10,343,770	8,548,845
	15,078,627	11,403,658

(a) The bankers' acceptances are drawn for a period of up to 90 (2017 - 85) days which bear interest rate ranging from 4.89% to 5.85% (2017 - 4.52% to 4.84%) per annum.

(b) The bankers' acceptances of the Group are secured in the same manner as the term loans disclosed in Note 21 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

26. BANK OVERDRAFTS (SECURED)

(a) The bank overdrafts of the Group are secured in the same manner as the term loans disclosed in Note 21 to the financial statements.

(b) The bank overdrafts of the Group at the end of the reporting period bore floating interest rates of 7.00% (2017 - 6.75%) per annum.

27. REVENUE

	The Group		The Company	
	1.4.2017 to 31.3.2018	1.1.2016 to 31.3.2017	1.4.2017 to 31.3.2018	1.1.2016 to 31.3.2017
	RM	RM	RM	RM
Sales of goods	331,656	180,713	-	-
Sales of service	108,686,979	128,491,038	-	-
Dividend income	-	-	3,000,000	15,300,000
Management fee	-	-	360,000	450,000
	109,018,635	128,671,751	3,360,000	15,750,000

28. PROFIT BEFORE TAX

	The Group		The Company	
	1.4.2017 to 31.3.2018	1.1.2016 to 31.3.2017	1.4.2017 to 31.3.2018	1.1.2016 to 31.3.2017
	RM	RM	RM	RM
Profit before tax is arrived at after charging:-				
Amortisation of development costs	131,983	-	-	-
Auditors' remuneration:				
- statutory audit fees:				
- current financial year/period	113,194	107,083	33,000	33,000
- (over)/underprovision in the previous financial period/year	(2,020)	1,000	(2,020)	-
- non-statutory audit fees	4,000	75,000	-	75,000
Bad debts written off	54,000	-	-	-
Depreciation of property, plant and equipment (Note 7)	7,977,672	9,061,786	-	-
Directors' fees	348,000	2,015,000	348,000	435,000

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

28. PROFIT BEFORE TAX *cont'd*

	The Group		The Company	
	1.4.2017 to 31.3.2018 RM	**1.1.2016 to 31.3.2017 RM**	**1.4.2017 to 31.3.2018 RM**	**1.1.2016 to 31.3.2017 RM**
Profit before tax is arrived at after charging:- *cont'd*				
Directors' non-fee emoluments:				
- salaries, bonuses and allowances	1,414,385	306,506	22,000	36,000
- defined contribution benefits	135,859	29,333	-	-
Hire of equipment and trucks	25,296	138,625	-	-
Impairment losses on trade receivables (Note 12)	-	482,000	-	-
Interest expense on financial liabilities not at fair value through profit or loss	3,543,378	3,085,486	-	-
Loss on disposal of short-term investment	12,411	-	12,411	-
Loss on foreign exchange - realised	16,895	30,793	-	-
Permit rental	157,570	85,010	-	-
Property, plant and equipment written off (Note 7)	467,990	-	-	-
Rental expense on:				
- equipment	350,956	388,222	-	-
- hostel	155,581	223,920	-	-
- premises	313,148	239,310	-	-
- warehouse	43,040	-	-	-
Staff costs (including other key management personnel as disclosed in Note 35)				
- salaries, bonuses and allowances	27,826,007	32,619,744	-	-
- defined contribution benefits	1,793,152	1,980,852	-	-
Profit before tax is arrived at after crediting:				
Dividend income from subsidiaries	-	-	3,000,000	15,300,000
Dividend income from short-term investment	31,040	127,746	31,040	127,746
Gain on disposal of property, plant and equipment	700,180	138,000	-	-
Gain on foreign exchange - realised	670	950	-	-
Total interest income on financial assets not at fair value through profit or loss and not impaired	297,164	314,277	1,399	308,643
Rental income	32,423	71,444	-	-
Reversal of impairment losses on trade receivables (Note 12)	550,429	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

29. TAX (INCOME)/EXPENSE

	The Group		The Company	
	1.4.2017 to 31.3.2018	1.1.2016 to 31.3.2017	1.4.2017 to 31.3.2018	1.1.2016 to 31.3.2017
	RM	RM	RM	RM
Income tax:				
- current financial year/period	907,400	885,600	74,000	72,000
- (over)/underprovision in the previous financial period/year	(324,814)	(1,493)	93,774	3,638
	582,586	884,107	167,774	75,638
Real property gains tax	113,812	-	-	-
	696,398	884,107	167,774	75,638
Deferred tax (Notes 9 & 22):				
- origination and reversal of temporary differences	(765,800)	2,165,600	-	-
- (over)/underprovision in the previous financial period/year	(67,900)	375,700	-	-
	(833,700)	2,541,300	-	-
	(137,302)	3,425,407	167,774	75,638

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

29. TAX (INCOME)/EXPENSE *cont'd*

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

	The Group		The Company	
	1.4.2017 to 31.3.2018 RM	**1.1.2016 to 31.3.2017 RM**	**1.4.2017 to 31.3.2018 RM**	**1.1.2016 to 31.3.2017 RM**
Profit before tax	9,905,711	16,138,897	2,649,508	15,014,548
Tax at the statutory tax rate of 24% (2017 - 24%)	2,377,371	3,873,335	635,882	3,603,492
Tax effects of:-				
Non-taxable income	(483)	(327)	(720,000)	(3,624,000)
Non-deductible expenses	837,081	718,802	158,118	92,508
Tax incentive	(3,074,569)	(1,546,110)	-	-
Deferred tax assets not recognised during the financial year/period	2,200	5,500	-	-
Real property gains tax arising from disposal of a piece of leasehold land	113,812	-	-	-
(Over)/underprovision of income tax in the previous financial period/year	(324,814)	(1,493)	93,774	3,638
(Over)/underprovision of deferred tax in the previous financial period/year	(67,900)	375,700	-	-
Tax (income)/expense for the financial period/year	(137,302)	3,425,407	167,774	75,638

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017 - 24%) of the estimated assessable profit for the financial year/period.

30. OTHER COMPREHENSIVE INCOME/(EXPENSE)

	The Group	
	1.4.2017 to 31.3.2018 RM	**1.1.2016 to 31.3.2017 RM**
Item that Will Not be Reclassified Subsequently to Profit or Loss		
Deferred tax arising on revalued properties	-	(780,400)
Item that May be Reclassified Subsequently to Profit or Loss		
Foreign currency translation:		
- changes during the financial year/period	2,280	(928)

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

31. EARNINGS PER SHARE

	The Group	
	1.4.2017 to 31.3.2018 RM	1.1.2016 to 31.3.2017 RM
Profit attributable to owners of the Company	10,399,426	12,704,608
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 April/January	215,999,998	180,000,000
Effect of bonus issue	-	35,999,998
Weighted average number of ordinary shares at 31 March	215,999,998	215,999,998
Basic earnings per share (Sen)	4.81	5.88

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

32. ACQUISITION OF SUBSIDIARY

32.1 ACQUISITION OF A SUBSIDIARY – YIWUGOU ECOMMERCE SDN. BHD.

Financial period ended 31 March 2017

On 30 March 2017, the Company had acquired 50.01% equity interests in Yiwugou Ecommerce Sdn. Bhd. ("YESB"). The acquisition of this subsidiary is to enable the Group to expand its business into the e-commerce industry via the online trading platform.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	The Group 2017 RM
Equipment (Note 7)	15,961
Development costs (Note 10)	286,970
Other receivables, deposits and prepayments	159,980
Other payables and accruals	(457,267)
Net identifiable assets and liabilities	5,644
Less: Non-controlling interests, measured at the proportionate share of the fair value of the net identifiable assets	(2,821)
Add: Goodwill on acquisition (Note 8)	497,177
Total purchase consideration, to be settled by cash	500,000
Less: Cash and cash equivalents of subsidiary acquired	-
Net cash outflow from the acquisition of a subsidiary	500,000

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

32. ACQUISITION OF SUBSIDIARY *cont'd*

32.1 ACQUISITION OF A SUBSIDIARY – YIWUGOU ECOMMERCE SDN. BHD. *cont'd*

Financial period ended 31 March 2017 *cont'd*

(a) The goodwill is attributable mainly to the control premium paid. In addition, the purchase consideration also included benefits derived from the expected revenue growth of the subsidiary and its future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill is not deductible for tax purposes.

(b) The non-controlling interests are measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.

32.2 INCORPORATION OF A SUBSIDIARY – XIN HWA INTEGRATED LOGISTIC PTE. LTD.

Financial period ended 31 March 2017

On 21 January 2016, the Company incorporated a wholly-owned subsidiary in Singapore under the name of "Xin Hwa Integrated Logistic Pte Ltd" ("XHIL"). The issued and paid-up capital of XHIL comprising 2 ordinary shares of SGD1 each. The intended principal activities of XHIL are provision of transportation services, distribution and warehousing services and freight forwarding and custom brokerage services.

33. DIVIDENDS

	The Group/The Company	
	1.4.2017 to 31.3.2018	1.1.2016 to 31.3.2017
	RM	RM
Interim dividends of 1 sen per ordinary share in respect of current financial year	2,160,000	-
Interim dividends of 1.5 sen per ordinary share in respect of previous financial year	-	2,700,000
	2,160,000	2,700,000

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

34. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property and equipment is as follows:-

	The Group	
	1.4.2017 to 31.3.2018	**1.1.2016 to 31.3.2017**
	RM	**RM**
Cost of property, plant and equipment purchased (Note 7)	23,989,216	67,173,766
Amount financed through term loans	(14,785,331)	-
Amount financed through hire purchases	(450,000)	(468,000)
Cash disbursed for purchase of property, plant and equipment	8,753,885	66,705,766

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Bankers' Acceptances RM	Term Loans RM	Hire Purchases RM	Total RM
2018				
At 1 April	2,715,000	67,437,289	472,857	70,625,146
Changes in Financing Cash Flows				
Proceeds from drawdown	1,802,024	-	-	1,802,024
Repayment of borrowing principal	-	(8,711,561)	(180,823)	(8,892,384)
Repayment of borrowing interests	(76,630)	(3,200,856)	(30,493)	(3,307,979)
Non-cash Changes				
Finance charges recognised in profit or loss	76,630	3,200,856	30,493	3,307,979
Purchase of property, plant and equipment (Note (a) above)	-	14,785,331	450,000	15,235,331
At 31 March	4,517,024	73,511,059	742,034	78,770,117

(i) Bank overdraft has formed part of the cash and cash equivalents, therefore, no movement is presented.

(ii) Comparative information is not presented by virtue of the exemption given in MFRS 107.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

34. CASH FLOW INFORMATION *cont'd*

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	1.4.2017 to 31.3.2018	1.1.2016 to 31.3.2017	1.4.2017 to 31.3.2018	1.1.2016 to 31.3.2017
	RM	RM	RM	RM
Cash and bank balances	6,749,449	9,687,991	229,719	3,647,210
Fixed deposits with licensed banks	24,121	24,121	-	-
Bank overdrafts	(1,728,291)	(3,178,257)	-	-
	5,045,279	6,533,855	229,719	3,647,210
Less: Fixed deposits with tenure of more than 3 months	(15,984)	(15,984)	-	-
	5,029,295	6,517,871	229,719	3,647,210

35. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	1.4.2017 to 31.3.2018	1.1.2016 to 31.3.2017	1.4.2017 to 31.3.2018	1.1.2016 to 31.3.2017
	RM	RM	RM	RM
Directors				
Directors of the Company				
Executive Directors				
Short-term employee benefits:				
- fees	-	1,140,000	-	-
- salaries, bonuses and other benefits	1,050,853	152,138	-	-
	1,050,853	1,292,138	-	-
Defined contribution benefits	126,000	18,240	-	-
	1,176,853	1,310,378	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

35. KEY MANAGEMENT PERSONNEL COMPENSATION *cont'd*

The key management personnel compensation during the financial year are as follows:- *cont'd*

	The Group		The Company	
	1.4.2017 to 31.3.2018	1.1.2016 to 31.3.2017	1.4.2017 to 31.3.2018	1.1.2016 to 31.3.2017
	RM	RM	RM	RM
Directors *cont'd*				
Directors of the Company *cont'd*				
Non-Executive Directors				
Short-term employee benefits:				
- fees	348,000	435,000	348,000	435,000
- other benefits	22,000	36,000	22,000	36,000
	370,000	471,000	370,000	471,000
	1,546,853	1,781,378	370,000	471,000
Directors of the Subsidiaries				
Executive Directors				
Short-term employee benefits:				
- fees	-	440,000	-	-
- salaries, bonuses and other benefits	341,532	118,368	-	-
	341,532	558,368	-	-
Defined contribution benefits	9,859	11,093	-	-
	351,391	569,461	-	-
Total directors' remuneration	1,898,244	2,350,839	370,000	471,000
Other Key Management Personnel				
Short-term employee benefits	464,928	610,996	-	-
Defined contribution benefits	59,340	78,225	-	-
	524,268	689,221	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

36. RELATED PARTY DISCLOSURE

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the subsidiaries during the financial year/period:-

	The Company	
	1.4.2017 to 31.3.2018 RM	1.1.2016 to 31.3.2017 RM
Dividend received/receivable from subsidiaries	3,000,000	15,300,000
Management fees received/receivable	360,000	450,000

37. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Managing Director and Group Finance Officer as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into the 3 main reportable segments as follows:-

Land transport Segment Segment	involved in the cargo transportation services and container haulage services;
Warehousing and Distribution	involved in the provision of warehousing services and distribution services;
Others	involved in the manufacturing and fabrication of trailers, freight forwarding and customs brokerage, trading of goods, provision of management services and provision of e-commercial and e-business transactions.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

37. OPERATING SEGMENTS

(a) The Managing Director and Chief Financial Officer assesses the performance of the reportable segments based on their profit before interest expense and tax. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to reportable segments.

(b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than tax-related assets. Assets used jointly by reportable segments are allocated on the basis of the revenue earned by individual reportable segments.

(c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

(d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

37. OPERATING SEGMENTS *cont'd*

37.1 BUSINESS SEGMENTS

2018	Land Transport Segment RM	Warehousing and Distribution Segment RM	Others RM	Group RM
Revenue				
External revenue	99,928,705	8,411,024	678,906	109,018,635
Inter-segment revenue	1,006,007	-	3,787,589	4,793,596
Total revenue	100,934,712	8,411,024	4,466,495	113,812,231
Consolidation adjustments				(4,793,596)
Consolidated revenue				109,018,635
Results				
Segments profit before interest and tax	12,415,210	2,065,726	(238,688)	14,242,248
Finance costs				(3,598,579)
Unallocated expenses				(737,958)
Consolidated profit before tax				9,905,711
Segment profit before tax includes the followings:-				
Amortisation of developments costs	-	-	(131,983)	(131,983)
Bad debts written off	-	-	(54,000)	(54,000)
Depreciation of property, plant and equipment	(6,861,794)	(1,083,657)	(32,221)	(7,977,672)
Dividend income from short-term investment	-	-	31,040	31,040
Gain on foreign exchange - realised	670	-	-	670
Hire of equipment and trucks	(25,296)	-	-	(25,296)
Interest expenses	(3,543,378)	-	-	(3,543,378)
Interest income	295,520	-	1,644	297,164
(Loss)/Gain on disposal of property, plant and equipment	(17,295)	717,475	-	700,180
Loss on disposal of short-term investment	-	-	(12,411)	(12,411)
Loss on foreign exchange - realised	-	-	(16,895)	(16,895)
Property, plant and equipment written off	(467,990)	-	-	(467,990)
Rental expense:				
- equipment	(350,956)	-	-	(350,956)
- hostel	(155,581)	-	-	(155,581)
- premises	(313,148)	-	-	(313,148)
- warehouse	-	(43,040)	-	(43,040)
Reversal of impairment losses on trade receivables	550,429	-	-	550,429

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

37. OPERATING SEGMENTS *cont'd*

37.1 BUSINESS SEGMENTS *cont'd*

2018	Land Transport Segment RM	Warehousing and Distribution Segment RM	Others RM	Group RM
Assets				
Segment assets	176,801,219	65,239,012	115,350,424	357,390,655
Unallocated assets:				
- current tax assets				3,952,666
- deferred tax assets				15,500
Consolidation adjustments				(113,844,280)
Consolidated total assets				247,514,541
Additions to non-current assets other than financial instruments:-				
- property, plant and equipment	15,606,493	8,364,728	17,995	23,989,216
- development costs	-	-	38,487	38,487
Liabilities				
Segment liabilities	50,281,044	3,964,147	1,836,300	56,081,491
Unallocated liabilities:				
- current tax liabilities				60,013
- deferred tax liabilities				6,660,600
- long-term borrowings				63,691,490
- short-term borrowings				15,078,627
- bank overdrafts				1,728,291
Consolidation adjustments				(41,306,544)
Consolidated total liabilities				101,993,968

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

37. OPERATING SEGMENTS *cont'd*

37.1 BUSINESS SEGMENTS *cont'd*

2017	Land Transport Segment RM	Warehousing and Distribution Segment RM	Others RM	Group RM
Revenue				
External revenue	121,231,241	7,207,911	232,599	128,671,751
Inter-segment revenue	694,071	-	7,480,453	8,174,524
Total revenue	121,925,312	7,207,911	7,713,052	136,846,275
Consolidation adjustments				(8,174,524)
Consolidated revenue				128,671,751
Results				
Segments profit before interest and tax	18,715,153	1,385,185	(69,522)	20,030,816
Finance costs				(3,191,672)
Unallocated expenses				(704,603)
Consolidation adjustments				4,356
Consolidated profit before tax				16,138,897
Segment profit before tax includes the followings:-				
Depreciation of property, plant and equipment	(7,965,633)	(1,060,155)	(35,998)	(9,061,786)
Dividend income from short-term investment	-	-	127,746	127,746
Gain on disposal of property, plant and equipment	138,000	-	-	138,000
Gain on foreign exchange - realised	-	-	950	950
Hire of equipment and trucks	(138,625)	-	-	(138,625)
Impairment losses on trade receivables	(482,000)	-	-	(482,000)
Interest expenses	(3,085,486)	-	-	(3,085,486)
Interest income	5,634	-	308,643	314,277
Loss on foreign exchange - realised	(30,793)	-	-	(30,793)
Rental expense:				
- equipment	(388,222)	-	-	(388,222)
- hostel	(223,920)	-	-	(223,920)
- premises	(231,830)	-	(7,480)	(239,310)

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

37. OPERATING SEGMENTS *cont'd*

37.1 BUSINESS SEGMENTS *cont'd*

2017	Land Transport Segment RM	Warehousing and Distribution Segment RM	Others RM	Group RM
Assets				
Segment assets	180,464,008	46,213,979	110,480,506	337,158,493
Unallocated assets:				
- current tax assets				2,383,085
- short-term investment				1,617,046
Consolidation adjustments				(109,109,369)
Consolidated total assets				232,049,255
Additions to non-current assets other than financial instruments:-				
- property, plant and equipment	55,335,456	11,108,065	730,245	67,173,766
Liabilities				
Segment liabilities	46,458,295	2,377,749	1,696,306	50,532,350
Unallocated liabilities:				
- current tax liabilities				94,470
- deferred tax liabilities				7,837,300
- long-term borrowings				59,221,488
- short-term borrowings				11,403,658
- bank overdrafts				3,178,257
Consolidation adjustments				(37,495,048)
Consolidated total liabilities				94,772,475

37.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments.

	Revenue		Non-current Assets	
	1.4.2017 to 31.3.2018 RM	1.1.2016 to 31.3.2017 RM	2018 RM	2017 RM
Malaysia	101,302,242	120,160,577	197,717,016	186,033,008
Singapore	7,716,393	8,511,174	-	-
	109,018,635	128,671,751	197,717,016	186,033,008

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

37. OPERATING SEGMENTS *cont'd*

37.3 MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

38. CAPITAL COMMITMENTS

	The Group		The Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Purchase of property, plant and equipment	28,366,529	4,077,269	-	-

39. CONTINGENT LIABILITIES

	The Company	
	2018	2017
	RM	RM
Corporation guarantee given to licensed banks for banking facilities granted to subsidiaries	75,045,725	66,251,761

40. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

40.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

40. FINANCIAL INSTRUMENTS *cont'd*

40.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

(a) Market Risk *cont'd*

(i) Foreign Currency Risk *cont'd*

The Group's exposure to foreign currency risk (a currency which is other than the functional currencies of the entities within the Group) that are based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

The Group	USD RM	SGD RM
2018		
Financial Assets		
Trade receivables	182,421	337,269
Other receivables	-	816
Cash and bank balances	474,441	452,657
	656,862	790,742
Financial Liabilities		
Trade payables	-	(64,077)
Other payables and accruals	-	(14,009)
	-	(78,086)
Currency Exposure	656,862	712,656

The Group	SGD RM
2017	
Financial Assets	
Trade receivables	187,389
Other receivables	101,852
Cash and bank balances	624,538
	913,779
Financial Liabilities	
Trade payables	(160,179)
Other payables and accruals	(267,143)
	(427,322)
Currency Exposure	486,457

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

40. FINANCIAL INSTRUMENTS *cont'd*

40.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

(a) Market Risk *cont'd*

(i) Foreign Currency Risk *cont'd*

Foreign Currency Risk Sensitivity Analysis

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the functional currency of the Group does not have material impact on the profit after tax and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available by maintaining a balanced portfolio of mix of fixed and floating rate borrowings.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk that based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 21, 25 and 26 to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	2018	2017
	RM	RM
Effects On Profit After Tax		
Increase of 25 (2017 - 25) basis point	(151,537)	(139,328)
Decrease of 25 (2017 - 25) basis point	151,537	139,328

(iii) Equity Price Risk

Any reasonably possible change in the prices of quoted investments at the end of the reporting period does not have material impact on the profit after tax and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

40. FINANCIAL INSTRUMENTS *cont'd*

40.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 365 days, which are deemed to have higher risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. This allowance represents specific expected loss that relates to individually significant exposures. Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides financial guarantee to financial institutions for credit facilities granted to a subsidiary. The Company monitors the results of this subsidiary regularly and repayments made by the subsidiary.

(i) Credit Risk Concentration Profile

The Company does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group after deducting any allowance for impairment losses (where applicable).

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

40. FINANCIAL INSTRUMENTS *cont'd*

40.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

(b) Credit Risk *cont'd*

(iii) Ageing Analysis

The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Carrying Value RM
2018			
Not past due	11,365,970	-	11,365,970
Past due:			
- less than 3 months	13,105,867	-	13,105,867
- 3 to 6 months	2,377,049	-	2,377,049
- over 6 months	1,426,182	-	1,426,182
- more than 1 year	1,210,836	(1,159,081)	51,755
	29,485,904	(1,159,081)	28,326,823
2017			
Not past due	11,129,686	-	11,129,686
Past due:			
- less than 3 months	10,320,045	-	10,320,045
- 3 to 6 months	3,363,343	-	3,363,343
- over 6 months	1,459,975	-	1,459,975
- more than 1 year	2,163,367	(1,709,510)	453,857
	28,436,416	(1,709,510)	26,726,906

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with strong fundamentals.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

40. FINANCIAL INSTRUMENTS *cont'd*

40.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2018						
Non-derivative Financial Liabilities						
Trade payables	-	8,747,587	8,747,587	8,747,587	-	-
Other payables and accruals	-	6,012,740	6,012,740	6,012,740	-	-
Bankers' acceptances	4.89 to 5.85	4,517,024	4,517,024	4,517,024	-	-
Bank overdraft	7.00	1,728,291	1,728,291	1,728,291	-	-
Hire purchase payables	4.52 to 5.04	742,034	810,815	247,577	563,238	-
Term loans	4.45 to 6.47	73,511,059	92,500,450	14,073,995	52,433,446	25,993,009
		95,258,735	114,316,907	35,327,214	52,996,684	25,993,009
2017						
Non-derivative Financial Liabilities						
Trade payables	-	5,405,248	5,405,248	5,405,248	-	-
Other payables and accruals	-	7,624,106	7,624,106	7,624,106	-	-
Bankers' acceptances	4.52 to 4.84	2,715,000	2,715,000	2,715,000	-	-
Bank overdraft	6.75	3,178,257	3,178,257	3,178,257	-	-
Hire purchase payables	4.56 to 5.04	472,857	518,279	160,356	357,923	-
Term loans	4.32 to 6.22	67,437,289	83,379,352	11,879,449	41,998,020	29,501,883
		86,832,757	102,820,242	30,962,416	42,355,943	29,501,883

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

40. FINANCIAL INSTRUMENTS *cont'd*

40.1 FINANCIAL RISK MANAGEMENT POLICIES *cont'd*

(c) Liquidity Risk

Maturity Analysis cont'd

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- *cont'd*

The Company	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
2018			
Non-derivative Financial Liability			
Other payables and accruals	111,733	111,733	111,733
2017			
Non-derivative Financial Liability			
Other payables and accruals	155,153	155,153	155,153

40.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

	The Group	
	2018 RM	**2017 RM**
Bankers' acceptances (Note 25)	4,517,024	2,715,000
Bank overdraft (Note 26)	1,728,291	3,178,257
Hire purchase payables (Note 20)	742,034	472,857
Term loans (Note 21)	73,511,059	67,437,289
	80,498,408	73,803,403
Less: Fixed deposits with licensed banks (Note 16)	(24,121)	(24,121)
Less: Cash and bank balances	(6,749,449)	(9,687,991)
Net debt	73,724,838	64,091,291
Total equity	145,520,573	137,276,780
Debt-to-equity ratio	50.66%	46.69%

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

40. FINANCIAL INSTRUMENTS *cont'd*

40.2 CAPITAL RISK MANAGEMENT *cont'd*

There was no change in the Group's approach to capital management during the financial year/period.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) more than 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

40.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Financial Assets				
Loans and Receivables Financial Assets				
Trade receivables (Note 12)	28,326,823	26,726,906	-	-
Other receivables and deposits (Note 13)	6,586,721	2,787,835	2,500	2,500
Amount owing by subsidiaries (Note 14)	-	-	36,770,690	31,495,021
Fixed deposits with licensed banks (Note 16)	24,121	24,121	-	-
Cash and bank balances	6,749,449	9,687,991	229,719	3,647,210
	41,687,114	39,226,853	37,002,909	35,144,731
Fair value through Profit or Loss				
Short-term investment (Note 15)	-	1,617,046	-	1,617,046
Financial Liabilities				
Other Financial Liabilities				
Trade payables (Note 23)	8,747,587	5,405,248	-	-
Other payables and accruals (Note 24)	6,012,740	7,624,106	111,733	155,153
Bankers' acceptances (Note 25)	4,517,024	2,715,000	-	-
Bank overdraft (Note 26)	1,728,291	3,178,257	-	-
Hire purchase payables (Note 20)	742,034	472,857	-	-
Term loans (Note 21)	73,511,059	67,437,289	-	-
	95,258,735	86,832,757	111,733	155,153

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2018
cont'd

40. FINANCIAL INSTRUMENTS *cont'd*

40.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Not Carried at Fair Value				
	Level 1	Level 2	Level 3	Total Fair Value	Carrying Amount
The Group	**RM**	**RM**	**RM**	**RM**	**RM**
2018					
Financial Liabilities					
Hire purchase payables	-	734,405	-	734,405	742,034
Term loans	-	73,511,059	-	73,511,059	73,511,059
2017					
Financial Liabilities					
Hire purchase payables	-	471,715	-	471,715	472,857
Term loans	-	67,437,289	-	67,437,289	67,437,289

(a) The fair values of the Company's terms loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(b) The fair values of hire purchase payables are determined by discounting the relevant future cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2018	**2017**
	%	**%**
Hire purchase payables	4.52 to 4.70	4.68 to 4.70

41. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 6 July 2018, Xin Hwa Trading & Transport Sdn. Bhd. ("XHTT"), the Company's subsidiary incorporated a subsidiary in Indonesia under the name of "PT. Xin Hwa Situ" ("PTXHS"). The issued and paid-up capital of PTXHS comprising 250,000 ordinary shares with a total issued capital of USD250,000 and XHTT holds 175,000 ordinary shares. The intended principal activity of PTXHS is provision of freight forwarding service.

LIST OF PROPERTIES
As at 31 March 2018

No.	Location	Description	Existing use	Tenure	Land area/ Gross floor area sq. ft.	Net book value as at 31 March 2018 RM'000	Approximate age of building	Date of last revaluation/ *acquisition
1.	No. 2, Jalan Permatang 2, Kempas Baru, 81200 Johor Bahru, Johor Darul Takzim	A single-storey warehouse with two-storey office and store and three-storey office annexes, a double-storey warehouse and other ancillary buildings	Head office and warehouse	Freehold	245,007/ 220,483	40,090	9 years	16 March 2015
2.	PTD 107511, Jalan Seelong Jaya 13, Kampung Seelong Jaya, 81400 Senai, Johor Darul Takzim	A single-storey detached factory with a double-storey office annex, a single-storey open-sided detached factory and other ancillary buildings	Manufacturing and fabrication yard	Freehold	348,480/ 50,494	13,430	4 years	16 March 2015
3.	GM 586, Lot 1823, Mukim of Tebrau, District of Johor Bahru, State of Johor	A piece of agricultural land	Vacant	Freehold	137,780	3,300	-	16 March 2015
4.	PLO 823, Jalan Nikel 2, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor Darul Takzim	A single-storey warehouse with three-storey office	Branch office and warehouse	Leasehold expiring on 30 November 2074	362,898/ 220,000	29,895	3 years	16 March 2015
5.	GM 1694, Lot 1822, Mukim of Tebrau, District of Johor Bahru, State of Johor	A piece of agricultural land	Vacant	Freehold	134,764	6,592	-	7 March 2016
6.	PLO 828, Jalan Nikel 2, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor Darul Takzim	A single-storey warehouse with three-storey office	Branch office and warehouse	Leasehold expiring on 20 December 2076	344,015/ 170,976	28,384	1 year	17 June 2016
7.	No. 1, Persiaran Jubli Perak, Taman Perindustrian Subang, Seksyen 22, 40000 Shah Alam, Selangor Darul Ehsan	A single-storey warehouse with double-storey office	Vacant	Freehold	190,769/ 22,916	26,469	24 years	1 July 2016

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2018

Issued Share Capital	:	RM107,999,999 represented by 215,999,998 shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per shareholder on a show of hands or one vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 JUNE 2018

	No. of Holders		No. of Shares		%	
Size of Holdings	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**
1 – 99	26	-	881	-	0.000	0.000
100 – 1,000	104	-	50,020	-	0.023	0.000
1,001 – 10,000	370	4	1,904,060	10,200	0.881	0.004
10,001 – 100,000	231	2	7,597,260	55,500	3.517	0.025
100,001 and above	57	1	203,777,397	2,124,680	94.341	0.983
Directors' holdings	4*	-*	480,000	-	0.222	0.000
TOTAL	**792**	**7**	**213,809,618**	**2,190,380**	**98.984**	**1.012**

Note:

* *These numbers reflect the number of CDS A/C registered in the directors' name and held through nominee companies without any consolidation. Kindly take note that you need to adjust the number of directors above according to information maintained by you in the register of directors.*

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 JUNE 2018

	Direct		Indirect	
	No. of Shares Held	**% of Issued Share Capital**	**No. of Shares Held**	**% of Issued Share Capital**
NF Capital Management Sdn. Bhd.	155,239,537	71.87	-	-
Eng Peng Lam @ Ng Peng Lam	-	-	155,239,537[(1)]	71.87
Ng Aik Chuan	-	-	155,239,537[(1)]	71.87
Ng Yam Pin	-	-	155,239,537[(1)]	71.87

Note:

[(1)] *Deemed interested by virtue of his shareholding in NF Capital Management Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2018
cont'd

DIRECTORS' SHAREHOLDINGS
AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS at 30 JUNE 2018

	Direct		Indirect	
	No. of Shares Held	% of Issued Share Capital	No. of Shares Held	% of Issued Share Capital
Tan Sri Dr. Suleiman Bin Mohamed	120,000	0.056	-	-
Ng Aik Chuan	-	-	155,359,537[(1)]	71.93
Ng Yam Pin	-	-	155,239,537[(2)]	71.87
Jory Leong Kam Weng	120,000	0.056	-	-
Datin Rahmah Binti Mahmood	120,000	0.056	-	-
Liew Chek Leong	120,000	0.056	-	-

Notes:

[(1)] *Deemed interested by virtue of his shareholding in NF Capital Management Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and interest of his spouse, Teo Siok Kee, pursuant to Section 59 of the Companies Act 2016.*

[(2)] *Deemed interested by virtue of his shareholding in NF Capital Management Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.*

DIRECTORS' SHAREHOLDING IN RELATED CORPORATION
AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 30 JUNE 2018

	Direct		Indirect	
	No. of Ordinary Shares Held in NF Capital Management Sdn. Bhd.	%	No. of Ordinary Shares Held in NF Capital Management Sdn. Bhd.	%
Ng Aik Chuan	31	30.69	-	-
Ng Yam Pin	30	29.70	-	-

THIRTY LARGEST SHAREHOLDERS
AS AT 30 JUNE 2018

No.	Name	Holdings	%
1	NF CAPITAL MANAGEMENT SDN BHD	119,999,997	55.555
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR NF CAPITAL MANAGEMENT SDN BHD (PBCL-0G0344)*	17,560,800	8.130
3	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR NF CAPITAL MANAGEMENT SDN BHD*	13,639,540	6.314
4	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD *CIMB ISLAMIC TRUSTEE BHD FOR BIMB I DIVIDEND FUND*	6,360,000	2.944

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2018
cont'd

THIRTY LARGEST SHAREHOLDERS *cont'd*
AS AT 30 JUNE 2018

No.	Name	Holdings	%
5	CARTABAN NOMINEES (TEMPATAN) SDN BHD *PBTB FOR TAKAFULINK DANA EKUITI*	5,700,000	2.638
6	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	5,206,000	2.410
7	CARTABAN NOMINEES (TEMPATAN) SDN BHD *PAMB FOR PRULINK DANA UNGGUL*	5,000,000	2.314
8	YAYASAN GURU TUN HUSSEIN ONN	4,896,600	2.266
9	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR NF CAPITAL MANAGEMENT SDN BHD (PB)*	4,039,200	1.870
10	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)*	3,235,900	1.498
11	TEY BOON KIANG	2,920,800	1.352
12	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14) SFS-DCC MY*	2,124,680	0.983
13	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD *HONG LEONG ASSET MANAGEMENT BHD FOR HONG LEONG ASSURANCE BERHAD (LP FUND ED102)*	1,620,400	0.750
14	MOHD MAHATHIR BIN YACOB	1,419,200	0.797
15	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ONG SIEW ENG @ ONG CHAI (8040800)*	1,372,000	0.642
16	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR BALLAN A/L KANNAN (E-TSA)*	939,000	0.434
17	CARTABAN NOMINEES (TEMPATAN) SDN BHD *SCBMB TRUSTEE BERHAD FOR BIMB DANA AL-MUNSIF*	722,000	0.334
18	LAU CHER LIANG	500,000	0.231
19	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TANG FANG FANG (E-TSA)*	484,200	0.224
20	PANG TIN @ PANG YON TIN	452,000	0.209
21	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	440,000	0.203
22	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *HONG LEONG ASSET MANAGEMENT BERHAD FOR PROGRAM PERTUKARAN FELLOWSHIP PERDANA MENTERI MALAYSIA (1085)*	392,000	0.181
23	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR WONG AH FAH (MY1339)*	352,200	0.163
24	ENG CHING KIAW	300,000	0.138
25	LIM CHIN FAI	299,900	0.138
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD *LIM WAN WEI*	298,800	0.138
27	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD *CIMB ISLAMIC TRUSTEE BERHAD-MANULIFE SHARIAH-DANA EKUITI*	283,600	0.131
28	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *HONG LEONG ASSET MANAGEMENT BERHAD FOR YAYASAN USAHAWAN BUMIPUTRA (1084)*	255,000	0.118
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD *MAYBANK TRUSTEES BERHAD FOR BIMB I GROWTH FUND (940160)*	251,600	0.116
30	MOHD MAHATHIR BIN YACOB	250,780	0.116
	TOTAL	**201,316,197**	**93.350**

NOTICE OF THE FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting of the Company will be held at Emerald 3, Level 3, Grand Paragon Hotel Johor Bahru, 18 Jalan Harimau, Taman Century, 80250 Johor Bahru, Johor Darul Takzim on 28 August 2018 at 11.30 a.m. to transact the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2018 together with the Reports of Directors and Auditors thereon. ***(Please refer to Note 1)***

2. To approve the payment of Directors' fees up to an amount of RM350,000 from 29 August 2018 until the next annual general meeting of the Company. ***Ordinary Resolution 1***

3. To approve the payment of Directors' benefits (excluding Directors' fees) to Non-Executive Directors up to an amount of RM60,000 from 29 August 2018 until the next annual general meeting of the Company. ***Ordinary Resolution 2***

4. To re-elect the following Directors who retire in accordance with the Company's Constitution:

   (a) Tan Sri Dr. Suleiman Bin Mohamed ***Ordinary Resolution 3***
   (b) Datin Rahmah Binti Mahmood ***Ordinary Resolution 4***

5. To appoint Crowe Horwath as Auditors of the Company under the new practice name of Crowe Malaysia for the ensuing year and to authorise the Directors to fix their remuneration. ***Ordinary Resolution 5***

6. As Special Business:

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

   AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016 ***Ordinary Resolution 6***

   "THAT subject always to the Companies Act 2016 ("Act") and the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Section 75 of the Act, to allot shares in the Company at any time until the conclusion of the next Annual General Meeting 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 pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being."

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

BY ORDER OF THE BOARD

SEOW FEI SAN
MOK MEE KEE
Secretaries

Petaling Jaya

30 July 2018

NOTICE OF THE FIFTH ANNUAL GENERAL MEETING
cont'd

NOTES TO THE NOTICE OF THE FIFTH ANNUAL GENERAL MEETING:

1. The shareholders' approval on the Audited Financial Statements is not required pursuant to the provision of Section 340(1) of the Companies Act 2016 ("Act") and hence, the matter will not be put for voting.

2. Only depositors whose names appear in the Record of Depositors as at 20 August 2018 shall be regarded as members and entitled to attend, speak and vote at the Meeting.

3. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his/her behalf. A proxy may but need not be a member of the Company.

4. A member may appoint up to two (2) proxies to attend the Meeting. Where a member appoints two (2) proxies, he/she shall specifies the proportions of his/her holdings to be represented by each proxy.

5. Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

6. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

7. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.

8. The instrument appointing a proxy must be deposited at the Company's Share Registrar's office at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

9. Explanatory Notes:

   Ordinary Resolutions 1 and 2: Directors' fees and benefits payable to Non-Executive Directors

   Pursuant to Section 230(1) of the Act, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board of Directors ("Board") agreed that the shareholders' approval shall be sought at the Fifth Annual General Meeting ("AGM") on the Directors' fees and benefits in two (2) separate resolutions as follows:

   - Ordinary Resolution 1 on payment of Directors' fees from 29 August 2018 until the next AGM; and

   - Ordinary Resolution 2 on payment of Directors' benefits (excluding Directors' fees) from 29 August 2018 until the next AGM.

   The total amount of Directors' fees payable to the Non-Executive Directors from 29 August 2018 until the next AGM tabled for the shareholders' approval is RM350,000. The figure is calculated with the assumption that there is no adjustment to the Directors' fees and no change in the Board size during the aforesaid period.

   The Directors' benefits payable to the Non-Executive Directors are essentially the meeting allowance for attendance of meetings of the Board, Board Committees and general meetings. The Directors' benefits from 29 August 2018 until the conclusion of next AGM is estimated not to exceed RM60,000.

   The Board will seek shareholders' approval at the next AGM in the event the amount of Directors' fees and benefits is insufficient due to an increase in Board size and/or number of meetings.

NOTICE OF THE FIFTH ANNUAL GENERAL MEETING
cont'd

Ordinary Resolution 6: Authority to Allot Shares Pursuant to Section 75 of the Companies Act 2016

The Proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to allot not more than 10% of the total number of issued shares of the Company subject to approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company. This authorisation will, unless revoked or varied by the Company in general meeting, expire at the next AGM of the Company.

As at the date of printing of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the Fourth AGM held on 29 August 2017 and which will lapse at the conclusion of the Fifth AGM.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisitions, repayment of bank borrowings, etc.

XIN HWA®

Xin Hwa Holdings Berhad (1032102-P)
(Incorporated in Malaysia)

CDS Account No.	No. of Shares Held

FORM OF PROXY

I/We .... (BLOCK LETTERS)

NRIC No./Company No. .... of

....

being (a) Member(s) of **XIN HWA HOLDINGS BERHAD (1032102-P)** hereby appoint the following person(s):

Name & NRIC No. of proxy	No. of shares to be represented by proxy
1.	
2.	

or failing him/her,

1.	
2.	

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Fifth Annual General Meeting of the Company to be held at Emerald 3, Level 3, Grand Paragon Hotel Johor Bahru, 18 Jalan Harimau, Taman Century, 80250 Johor Bahru, Johor Darul Takzim on 28 August 2018 at 11.30 a.m. and at any adjournment thereof and to vote as indicated below:-

RESOLUTION NO.		FOR	AGAINST
1.	To approve Directors' fees		
2.	To approve Directors' benefits		
3.	To re-elect Tan Sri Dr. Suleiman Bin Mohamed as Director of the Company		
4.	To re-elect Datin Rahmah Binti Mahmood as Director of the Company		
5.	To appoint auditors		
6.	To approve authority to allot shares		

Please indicate with an "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Signed this .... day of ...., 2018

Signature/Seal of Member

Notes:

1. *The shareholders' approval on the Audited Financial Statements is not required pursuant to the provision of Section 340(1) of the Companies Act 2016 ("Act") and hence, the matter will not be put for voting.*
2. *Only depositors whose names appear in the Record of Depositors as at 20 August 2018 shall be regarded as members and entitled to attend, speak and vote at the Meeting.*
3. *A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend, speak and vote on his/her behalf. A proxy may but need not be a member of the Company.*
4. *A member may appoint up to two (2) proxies to attend the Meeting. Where a member appoints two (2) proxies, he/she shall specifies the proportions of his/her holdings to be represented by each proxy.*
5. *Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
6. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
7. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.*
8. *The instrument appointing a proxy must be deposited at the Company's Share Registrar's office at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.*

Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

Xin Hwa Holdings Berhad
c/o Tricor Investor & Issuing House Services Sdn. Bhd.

Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

1st Fold Here

www.xinhwa.com.my

XIN HWA HOLDINGS BERHAD (1032102-P)

No. 2, Jalan Permatang 2, Kempas Baru, 81200 Johor Bahru, Johor Darul Takzim

TEL : (607) 231 6999 FAX : (607) 232 5519