



HING YIAP GROUP BERHAD

(formerly known as Hing Yiap Knitting Industries Berhad)

COMPANY NO. 22414-V

INCORPORATED IN MALAYSIA

ANNUAL REPORT 2010





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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 35th Annual General Meeting of the Members will be held at Greens II, Main Wing, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 21 December 2010 at 10.30 a.m. for the following purposes:

- | | |
|---|---------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 30 June 2010 together with the Reports of the Directors and Auditors thereon. | Resolution 1 |
| 2. To declare a Final Dividend of 10% less income tax for the financial year ended 30 June 2010. | Resolution 2 |
| 3. To approve Directors' Fees of RM 240,000 for the financial year ended 30 June 2010. | Resolution 3 |
| 4. To consider and if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:

"THAT Y. Bhg. Professor Emeritus Dato' Dr. Khairuddin bin Mohamed Yusof, who is over the age of seventy years and retiring in accordance with Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company." | Resolution 4 |
| 5. To re-elect Y. Bhg. Tan Sri Dato' Ahmad bin Mohd Don who retires as a Director of the Company pursuant to Article 102 of the Company's Articles of Association. | Resolution 5 |
| 6. To re-elect Mr. Khoo Henn Kiew who retires as a Director of the Company pursuant to Article 84 of the Company's Articles of Association. | Resolution 6 |
| 7. To re-appoint Messrs Ernst & Young as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors. | Resolution 7 |
| 8. Special Business: | Resolution 8 |

To consider and if thought fit, to pass the following ordinary resolution:

ORDINARY RESOLUTION

AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"THAT subject always to the approvals of the relevant authorities, the Directors of the Company be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors of the Company may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company as at the date of this Annual General Meeting and that the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Notice of Annual General Meeting (cont'd)

9. To transact any other business for which due notice shall have been given.

By Order of the Board

Lim Boon Siang (MACS 00872)
Chen Keow Ching (MAICSA 7001905)
Company Secretaries

Kuala Lumpur
29 November 2010

NOTES

1. A member entitled to attend and vote at the Meeting is not entitled to appoint more than one (1) proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If a proxy is granted to a non-member of the Company, he need not be any of the person described in Section 149(1)(b) of the Companies Act, 1965.

Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint only one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

2. If the appointor is a corporation, the proxy form should be executed under its common seal or under the hand of an officer or attorney duly authorised in that behalf.
3. The instrument appointing a proxy must reach the Registered Office of the Company at Lots 59-60, Lorong Kuang Bulan, Taman Kepong, 52100 Kuala Lumpur not less than forty-eight (48) hours before the time set for the Meeting or any adjournment thereof.
4. Explanatory note for ordinary resolution no. 8

Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution No. 8, if passed, will give the Directors of the Company, from the date of this Annual General Meeting, authority to issue and allot ordinary shares from the unissued share capital of the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors of the Company may consider to be in the interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting of the Company.

The general mandate will provide flexibility to the Company for any possible fund raising activities including but not limited to placing of shares, for the purposes of funding future investment project(s), working capital, acquisition or such other applications as the Directors deem fit.

There were no issuance of new ordinary shares by the Company since the mandate from the previous Annual General Meeting and the Directors of the Company do not intend to raise funds from the general mandate sought last year.

Notice of Annual General Meeting (cont'd)

Notice of dividend entitlement

NOTICE IS HEREBY GIVEN that the Final Dividend of 10% less tax in respect of the financial year ended 30 June 2010, if so approved by the shareholders at the 35th Annual General Meeting, will be paid on 1 March 2011 to shareholders appearing in the Register of Members or Record of Depositors as at the close of business on 11 February 2011.

Further notice is given that a Depositor shall qualify for entitlement only in respect of:

- (1) Shares deposited into the depositor's securities account before 12.30 pm on 9 February 2011 (in respect of shares which are exempted from mandatory deposit);
- (2) Shares transferred into the depositor's securities account before 4.00 pm on 11 February 2011 in respect of ordinary transfers; and
- (3) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

Statement Accompanying Notice of Annual General Meeting

pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

1. Directors who are standing for re-election at the 35th Annual General Meeting of the Company:

Pursuant to Section 129(6) of the Companies Act, 1965

- Y. Bhg. Prof. Emeritus Dato' Dr. Khairuddin Yusof

Pursuant to Article 102 of the Company's Articles of Association

- Y. Bhg. Tan Sri Dato' Ahmad bin Mohd Don

Pursuant to Article 84 of the Company's Articles of Association

- Mr. Khoo Henn Kiew

Further details of Directors who are standing for re-election are set out in the Directors' Profile appearing on pages 8 to 10 of the Annual Report.

Corporate Information

BOARD OF DIRECTORS

Chi Oi Meng *(Executive Chairperson)*

Khoo Henn Kuan *(Managing Director)*

Khoo Henn Kiew *(Executive Director)*

Y. Bhg. Prof. Emeritus Dato' Dr. Khairuddin Yusof *(Senior Independent Non-Executive Director)*

Lee Chaing Huat *(Independent Non-Executive Director)*

Y. Bhg. Tan Sri Dato' Ahmad bin Mohd Don *(Independent Non-Executive Director)*

AUDIT COMMITTEE

Y. Bhg. Prof. Emeritus Dato' Dr. Khairuddin Yusof
(Chairman, Senior Independent Non-Executive Director)

Lee Chaing Huat *(Independent Non-Executive Director)*

Y. Bhg. Tan Sri Dato' Ahmad bin Mohd Don *(Independent Non-Executive Director)*

SECRETARIES

Lim Boon Siang
Chen Keow Ching

REGISTERED AND BUSINESS OFFICE

Lot 59-60, Lorong Kuang Bulan
Taman Kepong
52100 Kuala Lumpur
Tel: 03-62766633
Fax: 03-62767780
Email: mail@hingyiap.com
Website: www.hingyiap.com

REGISTRAR

Lawco Corporate Services Sdn Bhd
Suite 16-10, Level 16
Wisma UOA II (Lobby B)
21 Jalan Pinang
50450 Kuala Lumpur
Tel: 03-21702622
Fax: 03-21630763

AUDITORS

Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

SOLICITORS

Azhar & Goh
Skrine

BANKERS

Malayan Banking Berhad
Ambank Berhad
United Overseas Bank (Malaysia) Bhd
Public Bank Berhad

STOCK EXCHANGE

Bursa Malaysia Main Market (21 February 1997)

STOCK CODE AND STOCK NAME

7722 (International Securities Identification Number (ISIN):
MYL772200001); Hingyap

Group Financial Information

RM'000	2010	2009	2008	2007	2006
Revenue	134,827	137,020	141,661	132,402	135,853
Profit/(Loss) Before Taxation	17,003	13,349	11,470	7,333	3,161
Earnings before interest, taxation, depreciation and amortisation	20,502	17,407	15,352	12,264	8,360
Net Profit/(Loss)	12,426	9,354	7,852	4,520	1,432
Paid-up Share Capital	41,787	41,787	41,787	41,787	41,787
Shareholders' Funds	89,503	80,472	74,252	67,946	64,341
share	2010	2009	2008	2007	2006
Basic Earnings/(Loss) (sen)	29.74	22.38	18.79	10.82	3.43
Gross Dividend (sen)	10.0	7.5	-	5.0	3.0
Tax Exempt Final Dividend (sen)	-	-	5.0		
Tax Exempt Special Dividend (sen)	-	2.5	2.5		
Net Tangible Assets (RM)	1.96	1.75	1.71	1.57	1.48

The Company was listed on the Main Market of Bursa Malaysia on 21 February 1997.

Financial Calendar And Share Price Movement

Quarterly results announcement

- First quarter ended 30.9.2009	25.11.2009
- Second quarter ended 31.12.2009	25.02.2010
- Third quarter ended 31.3.2010	27.05.2010
- Fourth quarter ended 30.6.2010	26.08.2010

Share Prices on Bursa Malaysia

	10 months 31.10.2010	2009	Calendar year 2008	2007	2006
Highest - RM	1.65	1.28	0.84	0.92	0.60
Lowest - RM	1.05	0.56	0.48	0.45	0.38
Closing - RM	1.65	1.27	0.68	0.70	0.50

Profile of Directors and Chief Executive Officer

Chi Oi Meng

Chi Oi Meng, aged 53, Malaysian, was appointed to the Board on 18 March 1988 and is the Executive Chairperson of the Company. She graduated with a Bachelor of Commerce degree from the University of Melbourne, Australia and is a member of the Certified Practising Accountants of Australia. She joined the Company in 1984 as the Accountant cum Personal Assistant to the then Managing Director. Ms Chi rose through the ranks in the Company and was the Managing Director prior to assuming the post of Executive Deputy Chairperson. She was appointed to the current position in February 2004.

She has had no conviction for any offences in the past. She attended all five (5) Board meetings held during the financial year. She is not a director of other public companies.

Ms. Chi is the spouse of Mr. Khoo Henn Kuan, sister in law to Mr. Khoo Henn Kiew and is also a substantial shareholder of the Company. Her shareholdings in the Company and subsidiary companies are disclosed in page 35 of the Directors' Report. Save for certain recurrent related party transactions of a revenue nature disclosed in Note 35 to the financial statements, Ms. Chi does not have any conflict of interest with the Company.

Khoo Henn Kuan

Khoo Henn Kuan, aged 55, Malaysian, was appointed as the Chief Executive Officer and Executive Director of the Company on 6 November 1995 and 20 February 1989 respectively. On 1 July 2010, he relinquished the position of Chief Executive Officer and was appointed as the Managing Director of the Company. He graduated with a Bachelor of Architecture degree from the University of Melbourne in 1981. He also holds a Master degree in Town and Country Planning from the University of Sydney and is a member of the Malaysian Institute of Management and the Malaysian Institute of Architects.

Mr. Khoo started his career as an Architect-Town Planner in 1983 in Australia. Upon his return to Malaysia in 1984, he continued his career as an Architect-Town Planner in a professional architecture and town planning firm in Kuala Lumpur before joining the Company as General Manager in 1988. He was appointed to the Board on 20 February 1989.

Mr. Khoo has had no conviction for any offences in the past and has attended all five (5) Board meetings held during the financial year. He is not a director of other public companies.

Mr. Khoo is the spouse of Ms Chi Oi Meng, brother to Mr. Khoo Henn Kiew and is also a substantial shareholder of the Company. His shareholdings in the Company and subsidiary companies are disclosed in page 35 of the Directors' Report. Save for certain recurrent related party transactions of a revenue nature disclosed in Note 35 to the financial statements, Mr. Khoo does not have any conflict of interest with the Company.

Profile of Directors and Chief Executive Officer (cont'd)

Khoo Henn Kiew

Khoo Henn Kiew, aged 52, Malaysian, has been appointed as the Executive Director of the Company on 1 July 2010. He holds a Higher School Certificate and a member of Associate Malaysian Institute of Management.

Mr. Khoo has been with the Group since 1992 and is currently the Senior General Manager in charge of Operations and Procurement of the Group. He joined BUM Singapore, which was a wholly owned subsidiary of Hing Yiap Group Berhad in 1992 as Operation Manager until in 1997, he moved to head the other subsidiaries as Assistant General Manager. He was subsequently in 1997 promoted to General Manager and in 2004 to Senior General Manager. Mr Khoo has depth knowledge in Merchandising, Procurement, Inventory Management, Operations and Marketing and Retailing in the Group.

Mr. Khoo has had no conviction for any offences in the past and has attended all two (2) Board meetings held subsequent to his appointment as Executive Director on 1 July 2010. He is not a director of other public companies.

Mr. Khoo is the brother to Mr. Khoo Henn Kuan and brother in law of Ms. Chi Oi Meng. His shareholdings in the Company is disclosed in page 95. Save for certain recurrent related party transactions of a revenue nature disclosed in Note 35 to the financial statements, Mr. Khoo does not have any conflict of interest with the Company.

Y.Bhg. Professor Emeritus Dato' Dr. Khairuddin Yusof

Y.Bhg. Professor Emeritus Dato' Dr. Khairuddin Yusof, aged 71, Malaysian, is the Senior Independent Non-Executive Director and was appointed to the Board on 5 October 1989. He graduated with a MBBS degree from Sydney University, Australia in 1964 and became a Member of the Royal College of Obstetrics and Gynaecology (Sydney) in 1972. He was made a Fellow of the Royal College of Obstetrics and Gynaecology (United Kingdom) and a Fellow of the Institute and College of Surgeons (United Kingdom) in 1984. He was a senior consultant in clinical obstetrics and gynaecology at Universiti Malaya Medical Centre (then known as Universiti Hospital), while at the same time holding the post of Professor of Social Obstetrics and Gynaecology in Universiti Malaya. He was awarded a lifetime achievement award by the Asia Pacific Academic Consortium for Public Health. For a time he was an Honorary Professor at the School of Public Health, University of Hawaii.

Y.Bhg. Professor Emeritus Dato' Dr. Khairuddin has had a distinguished career in medicine and tertiary education, having served Universiti Malaya in various capacity, starting as a lecturer and then progressing through the ranks to Dean, Faculty of Medicine in 1986. He was also the Deputy Vice-Chancellor (Finance and Development) from 1986 to 1989. He was conferred Professor Emeritus award by Universiti Malaya in 2004 for his outstanding contributions to the nation and university.

He is very active in community service, having served at various times as a consultant in his field of expertise to the Malaysian Government and international organisations such as the World Bank, UNICEF, Rand Corporation, Asia Pacific Academic Consortium for Public Health and the World Health Organisation. He was actively involved as a consultant to SIRIM on artificial intelligence, and is currently a Director of Biosis Group Berhad and WorldCare Health (Malaysia) Sdn. Bhd. (Telemedicine Services). He has published textbooks and academic papers during his career. A sports and dance enthusiast, Y.Bhg. Professor Emeritus Dato' Dr. Khairuddin actively participates in dancing, mountaineering, marathon, running, triathlon and the iron-man challenge.

He is the Chairman of the Audit Committee of the Company. He is also the director of Biosis Group Berhad, Worldcare Health (Malaysia) Sdn Bhd and Telemedicine Services.

Y.Bhg. Professor Emeritus Dato' Dr. Khairuddin does not have any family relationship with any Director and/or major shareholder nor have any conflict of interest with Hing Yiap Group Berhad and does not hold any shares in the Company and subsidiary companies. He has had no conviction for any offences in the past. Y.Bhg. Professor Emeritus Dato' Dr. Khairuddin attended all five (5) Board meetings held during the financial year.

Profile of Directors and Chief Executive Officer (cont'd)

Y.Bhg. Tan Sri Dato' Ahmad Bin Mohd Don

Y.Bhg. Tan Sri Dato' Ahmad Bin Mohd Don, aged 63, Malaysian, was appointed as a Non-Independent and Non-Executive Director of the Company on 1 January 2004. On 19 December 2007, he was redesignated as Independent Non-Executive Director. He graduated with a Summa Cum Laude degree in Economics and Business from the University of Wales, Aberystwyth, United Kingdom in 1969 and is a Fellow of The Institute of Chartered Accountants in England and Wales and a Member of The Malaysian Institute of Certified Public Accountants.

Y.Bhg. Tan Sri Dato' Ahmad started his career with the Corp of Accountants, Government of Malaysia between 1972 and 1973 before joining the private sector. He served as the financial controller between 1973 and 1980 in companies such as Syarikat Jengka Sdn Bhd, Mansfield Berhad and Pernas Securities Sdn Bhd where he was also the company secretary. In November 1980, he joined Permodalan Nasional Berhad as the Deputy General Manager and was involved in the planning and launching of the National Unit Trust Scheme in 1981. Subsequently in April 1982, he joined Malayan Banking Berhad as General Manager, Treasury. During his service with Malayan Banking Berhad, he rose through the ranks of Senior General Manager and Board Member, then as Executive Director and in January 1991, appointed as the Group Managing Director and Chief Executive Officer, a position which he held until 1994.

In May 1994, Y.Bhg. Tan Sri Dato' Ahmad was appointed the Governor of Bank Negara Malaysia, initially for a period of 3 years and in May 1997 was re-appointed for a further period of 3 years. He resigned as the Governor of Bank Negara in August 1998.

Currently, Y.Bhg. Tan Sri Dato' Ahmad serves as a director in an accounting firm. He is also a director of J.P. Morgan Chase Bank Berhad, KAF Investment Bank Berhad, United Malacca Berhad, MAA Holdings Berhad and Hap Seng Plantations Holdings Berhad.

Y.Bhg. Tan Sri Dato' Ahmad does not have any family relationship with any Director and/or major shareholder nor have any conflict of interest with Hing Yiap Group Berhad and does not hold any shares in the Company and subsidiary companies. He has had no conviction for any offences in the past. Y.Bhg. Tan Sri Dato' Ahmad attended all five (5) Board meetings held during the financial year.

Lee Chaing Huat

Lee Chaing Huat, aged 57, Malaysian, was appointed as the Independent & Non-Executive Director of the Company on 31 July 2006. Mr Lee is a Fellow of The Association of Chartered Certified Accountants, United Kingdom and is a chartered accountant with the Malaysian Institute of Accountants.

Mr Lee was the Senior General Manager/Head of Banking Group in Kwong Yik Bank Berhad and was appointed Head of Commercial Banking under the merged RHB Bank Berhad ("RHB"). During his tenure with RHB, he was promoted to Executive Vice President/Head of Special Assets Management. He led the Technical Management team in the acquisition and merger of Sime Bank Berhad with RHB and thereafter was a key member of various corporate acquisition projects in the expanding RHB Bank Group. He then joined Hong Leong Credit Berhad as its Group Chief Financial Officer and shortly moved to Hong Leong Bank Berhad as its Chief Operating Officer/Head of Business Banking Division. He has since December 2005, started his own consultancy company. Currently, Mr Lee Chaing Huat is the Chairman/Director of MBF Holdings Berhad and a Director of MBF Cards (Malaysia) Sdn Bhd, Megasteel Sdn Bhd and TSM Global Berhad.

Mr Lee Chaing Huat does not have any family relationship with any Director and/or major shareholder nor have any conflict of interest with Hing Yiap Group Berhad and does not hold any shares in the Company and subsidiary companies. He has had no conviction for any offences in the past. Mr Lee Chaing Huat attended all five (5) Board meetings held during the financial year.

Profile of Directors and Chief Executive Officer (cont'd)

Saw Kheng Lim

Saw Kheng Lim, aged 54, Malaysian, joined the Company on 23 July 2007 as Chief Operating Officer and was subsequently appointed as Chief Executive Officer on 1 July 2010.

Mr Saw holds a Diploma in Marketing from the Chartered Institute of Marketing, London. He started his career as Sales Manager with Calan Duty Free Shoppers (M) Sdn Bhd in 1985. In 1987, he joined Blubell Group as its Resident Manager, which was involved in the retailing and wholesale of luxury brands like Louis Vuitton, Moschino and Givenchy. From 1994 to 1997, he joined Guthrie Malaysia Trading Company Sdn Bhd as their Divisional General Manager involved in apparel. In 1997, he moved to head the Retailing and Wholesale of fashion, apparels and accessories at Arab-Malaysian Corporation as General Manager until 1999. In 1999, he joined MCL Corporation Berhad as General Manager/Director to assist in the restructuring and relisting of the financially distressed company. In 2001, he was engaged by Meda Inc. Bhd as a consultant. In 2003, he joined Berjaya Corporation Berhad as General Manager. Currently, as the Chief Executive Officer of the company, he oversees the operations, strategic direction on merchandising development, branding, marketing communication and F&B division of the Group.

Mr Saw does not hold directorship in any other public listed companies. He does not have any family relationship with any Director and/or major shareholder nor have any conflict of interest with Hing Yiap Group Berhad and does not hold any shares in the Company and subsidiary companies. He has had no conviction for any offences in the past.

Message from the Executive Chairperson

Dear Fellow Shareholders,

“ On behalf of the Board of Directors of Hing Yiap Group Berhad (“Hing Yiap”) , I am pleased to present the Thirty Fifth Annual Report of the Group and the Company for the financial year ended 30 June 2010. ”

Review of Performance

During the year 2009, the world economy experienced the effects of global financial crisis with economic contractions across the globe. However, the global economy has since been steadily recovering from the financial crisis with the aid of concerted government fiscal and monetary policies implemented across the world. Evidently, the Malaysian economy has seen impressive recovery with a gross domestic growth of 10% in the first half of 2010.

I am pleased to report that despite the uncertainties in the global economy, Hing Yiap’s businesses continue to improve and achieved better performance from the previous year. Our Group achieved a 27.4% increase in its pre-tax profit of RM17.003 million for the financial year against a pre-tax profit of RM 13.349 million in the previous financial year. Our Group has proven its resilience as reflected by improvements in our bottom line, reduction in borrowings and a stronger cash-flow position.

The Group’s financial well-being was a consequence of our ongoing brand building programmes, improvement in merchandise designs, rationalization and consolidation of our retail outlets. These measures have enhanced the group’s productivity and efficiency which resulted in higher gross profit margins. In this trend of improvement of our financial health, we would also like to record here our appreciation for the good work by our loyal staff and employees who have been in alignment with senior management and the Board in the pursuit of excellence for the Group.

Outlook for 2011

Moving forward, the question of whether a sustained global recovery can be achieved as Western Economies’ policymakers are trying to deal with high unemployment rates, whilst our Asian Economies’ policymakers balance their policies to curb rising inflation and the emergence of asset bubbles. These have given rise to a degree of uncertainty in the growth direction of the global economy. Nevertheless, the Group will continue to operate prudently. We will continue to put emphasis on improving operational efficiency, enhance productivity and better manage our costs, inventory and cash positions. Prominence will be given to branding and meeting customer needs which will expand our business volume after two years of consolidation. We are confident that our management and staff are adequately prepared and ready to take on any challenges and new opportunities that lie ahead.

Dividend

The Board recommends a first and final dividend of 10% less Malaysian income tax, for the approval of the shareholders in the forthcoming Annual General Meeting.

Appreciation

Lastly, on behalf of the Board of Directors, I would like to offer my sincere appreciation to the staff and employees of Hing Yiap for their continuing hard work, loyalty and support which are essential to the future growth of our group of companies.

I would also like to thank our customers, shareholders, business associates and financial institutions for their continuing support and confidence in our company.

Thank you.

Chi Oi Meng (Ms)
Executive Chairperson
Kuala Lumpur
10 November 2010

Statement of Corporate Social Responsibility

At the Hing Yiap Group, we believe that Corporate Social Responsibility should be a standard commitment for all corporations. Not only should companies practice accountability, honesty and transparency in the conduct of their businesses, they should also uphold a fair degree of social responsibility in contributing towards the well being of their staff as well as the welfare of the community as a whole.

WORKPLACE

Staff Training and Welfare

The Group recognizes the importance of employees as their most valuable asset. The company constantly conducts various in-house and external training programs to enhance technical competencies as well as supervisory leadership skills in order to develop a competent workforce. Throughout the year, the company provides training to staffs not only in areas relating to their job skills alone but also towards their character and mental development. These courses include team building, leadership training and mental motivation. We believe such trainings benefit the Group's productivity as well as the wellbeing of the staff and the community they are in.

The Group also actively promotes work-life balance by contributing financially towards the Staff Sports Club which enables the staff to enjoy various events such as sports meets, social gatherings and annual company trips. These activities were carried out with the full support and commitment of the employees throughout the financial year. We believe such events encourage unity, harmony and team spirit within the organization. They also promote mental-balance, staff contentment at work and positive values in the community they live.

Safe and Healthy Working Environment

The Group strives to maintain a safe and healthy working environment for all our employees. Our factory operations comply strictly to rules set by the Occupational Safety and Health Act, 1994. We have a Safety and Fire Committee team that oversees the safety measures in the company. The Safety and Fire Committee team conducts occupational safety and awareness programmes for our employees. Numerous measures such as providing First Aid assistance and encouraging employees to participate in fire drills are designed to mitigate risks in the work environment. Preventive procedures and programs such as fire evacuation exercise and safety trainings are conducted from time to time to create a high level of safety awareness among the employees. Inspection of the factory premise and office building is conducted regularly to prevent fire and industrial accident.

In our manufacturing plant, we are accredited and operate according to the MS ISO 9001:2008 quality standards. We use chemicals and dyeing materials according to the Oeko-Tex Standard with minimal hazard and harm to our staff. We also adhere strictly to production standards and operating procedures to ensure the safety of our workers. The use of protective gears such as ear plugs, gloves, masks, shoes and safety boots are implemented wherever necessary. Medical and hospitalization insurance are subscribed annually to cover workers health needs.

Statement of Corporate Social Responsibility (cont'd)

COMMUNITY

Environment

The Group recognizes the importance of environmental conservation. We undertake various environmental management measures to ensure that our factory operates in an environmental friendly and responsible manner.

As a manufacturer of textile and apparel, our Group adheres to procedures that minimize any negative impact on the environment. Our factory waste water discharges are treated in accordance with standards set by the Department of Environment and Alam Sekitar. We have over the years invested and upgraded in machines which are more and more environmentally friendly and our staff regularly attends training in effective waste disposal and management.

Social Responsibilities

On the community front, we believe being involved in communal projects that give back to the community is an integral part of our social responsibility. The Group has over the years contributed towards numerous charitable organizations for the purpose of giving assistance to the less fortunate in times of need.

The Group has raised RM 20,000 to the PRIDE Foundation through a campaign that ran for two months. For every transaction made in any of our Theobroma Chocolate Lounge cafes, RM1 was donated to the foundation. The Group has also made donations in kind such as T-shirts to the Kiwanis Charity FunFair; where proceeds from the sale of the clothing were donated to the Kiwanis Centre for handicapped children. We made this occasion a company social where our staff took part by assisting in the selling of the donated T-shirts to raise fund.

Throughout the year, our Managing Director, Mr Khoo Henn Kuan, has also participated as special guest speaker in numerous "Society Molding Speaking Forum" such as the "Napoleon Hill International Convention 2010" and the "My Law of Success" seminar. These seminars seek to drive young aspirants to achieve balance success in business and life through a good mix of family, work and play.

This Statement of Corporate Governance is made in accordance with a resolution of the Board dated 21 October 2010.

Statement of Corporate Governance

The Board of Directors of Hing Yiap Group Berhad (“Hing Yiap” or the “Company”) is pleased to report on the manner in which the Principles set-out in Part 1 of the Malaysian Code on Corporate Governance (the “Code”) are applied and the extent of compliance with the Best Practices in Corporate Governance set-out in Part 2 of the said Code, pursuant to paragraph 15.26 of the Bursa Malaysia (“BM”) Listing Requirements (the “Listing Rules”).

The Board recognises the importance of adopting a good corporate governance culture in the organisation. The Board takes cognisance of the fact that appropriate standards of corporate governance should be practised throughout the Group, based on the Group’s culture and business, as a fundamental part of discharging its responsibilities towards the protection and enhancement of shareholder value and financial performance of the Group.

The Board recognises that cost competitiveness and effective management remain key considerations in the Group’s operating environment.

The Principles of the Code applicable to the Company are as follows:

- Part A: Directors
- Part B: Directors’ Remuneration
- Part C: Shareholders
- Part D: Accountability and Audit

The manner in which the Group has applied the foregoing Principles is described in the following paragraphs.

Part A: Directors

The Board

The Board of Directors of Hing Yiap provides the leadership and control for the Group. The Board meets at regular intervals and is responsible for the proper management of the Group. All Board members bring an independent judgement to bear on the issues of strategy, performance and resources, including appointments and standards of conduct.

The Board meets at least four (4) times a year and additional Board meetings are convened where necessary. Sufficient notices are given to the Board prior to each meeting. During the financial year, the Board has convened five (5) meetings, as follows:

Meeting No.	Date
3/2009	Thursday, 27 August 2009
4/2009	Thursday, 22 October 2009
5/2009	Wednesday, 25 November 2009
1/2010	Thursday, 25 February 2010
2/2010	Thursday, 27 May 2010

The Board meetings were all held at the Registered Office at Lots 59-60, Lorong Kuang Bulan, Taman Kepong, 52100 Kuala Lumpur.

The Company Secretary records minutes of meetings and conclusions by the Board in the discharge of their duties and responsibilities.