



vision

- To be A-Class company of the same category in a broad bandwidth.

mission

■ We specialize in the manufacturing of tight tolerances in metal forming parts. Kein Hing has one of the most comprehensive combinations of manufacturing capabilities ranging from Prototype, Dies Designing, Metal Stamping, CNC Machined (Induction Hardening) Parts, Precision Fine Grinding and Super-finishing to production quantities.



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BOARD OF DIRECTORS

Y.A.M. Tengku Syarif Temenggong Perlis
Dato' Seri Diraja Syed Amir Abidin Jamalullail

Yap Toon Choy

Shingo Muramoto

Yong Elaine

Liew Choon Fong

Swee Soo Mang

Darsan Singh a/l Balwant Singh

Tan Teik Soon

AUDIT COMMITTEE

Swee Soo Mang (*Chairman*)

Yap Toon Choy

Liew Choon Fong

Darsan Singh a/l Balwant Singh

Tan Teik Soon

COMPANY SECRETARY

Ng Yim Kong (LS 0008343)

REGISTERED OFFICE

Lot 1863, Jalan Kolej
43300 Seri Kembangan
Selangor Darul Ehsan
Tel : 03 – 8942 4650
Fax : 03 – 8948 9261
website: www.keinhing.com

AUDITORS

Messrs KPMG
Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur
Tel : 03 – 2095 3388
Fax : 03 – 2095 0971

SOLICITORS

Messrs Darshan Chong & Co.
No.1, Jalan Perkasa 8
Taman Maluri, Cheras
55100 Kuala Lumpur
Tel : 03 – 9284 4694
Fax : 03 – 9284 6895

PRINCIPAL BANKERS

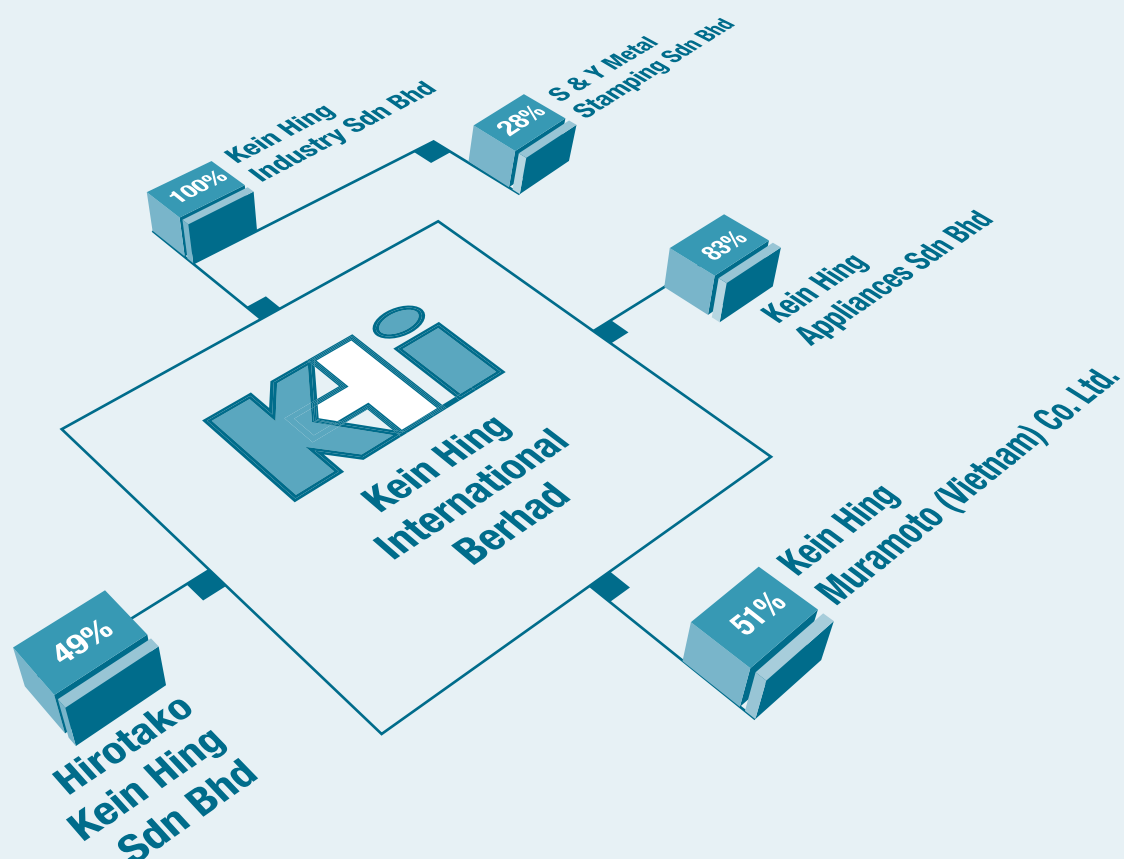
OCBC Bank (Malaysia) Berhad
Public Bank Berhad

REGISTRAR

Epsilon Registration Services Sdn Bhd
312, 3rd Floor
Block C, Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03 – 7803 1126
Fax : 03 – 7806 1261

STOCK EXCHANGE LISTING

Second Board of
Bursa Malaysia Securities Berhad



Principal activities

SUBSIDIARIES

Kein Hing Industry Sdn Bhd (KHI)	Sheet metal forming, precision machining and components assembly
Kein Hing Appliances Sdn Bhd (KHA)	Trading in electrical and electronic products, and home appliances
Kein Hing Muramoto (Vietnam) Co. Ltd. (KHMV)	Sheet metal forming, precision machining and components assembly

ASSOCIATED COMPANY

Hirotako Kein Hing Sdn Bhd (HKH)	Car components manufacturer
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ASSOCIATED COMPANY OF KHI

S & Y Metal Stamping Sdn Bhd (S & Y)	Precision metal stamping
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Y.A.M. Tengku Syarif Temenggong Perlis

Dato' Seri Diraja Syed Amir Abidin Jamalullail (Y.A.M. Tengku Syarif), 55,
Non-Independent Non-Executive Chairman

Y.A.M. Tengku Syarif, a Malaysian, was appointed to the Board of Directors of Kein Hing International Berhad (KHIB) on 9 August 2004. He obtained a Diploma in Automobile Engineering from Exeter College, England in 1970.

He began his career with Cycle & Carriage Bintang Berhad, an automobile sales company as an Engineer in workshop production, spare parts and sales of specialised vehicles. In 1981, he joined Maju Ria Sdn Bhd, a company specialising in defence equipment as a Director. Thereafter, he was Chairman and Director of Taylors College, Subang Jaya, Selangor Darul Ehsan. In 1987, he was also made the Chairman of Garden International School.

At present, he sits on the Boards of Directors of several other private limited companies. He does not have any family relationship with any Director and/or substantial shareholder of KHIB. He does not have any conflict of interest with KHIB. He has no conviction for any offence within the past ten years other than traffic offences, if any.

He is currently a member of the Remuneration Committee and Nomination Committee of KHIB.

Yap Toon Choy, 49,
Group Managing Director

Yap Toon Choy, a Malaysian, was appointed to the Board of Directors of KHIB on 9 August 2004. He obtained a Bachelor of Science degree cum laude majoring in Mechanical Engineering from Washington State University, USA in 1980.

In 1981, he became a Director of Kein Hing Industry Sdn Bhd and was subsequently appointed as the Managing Director in 1983. Since his involvement in 1981, he has envisioned that the metal stamping/forming industry would form the basic foundation of any developed country and this has spurred his dedication in this industry. Over the years in KHI, he gained valuable experience and technical know-how especially through dealings with his Japanese counterparts. With approximately 20 years of experience in the metal stamping/forming industry, he is the driving force of the Group and is actively involved in various key aspects of the Group's management.

He currently sits on the Board of Directors of several other private limited companies. Yap Toon Choy is the spouse of Yong Elaine, who is a Director and substantial shareholder of KHIB. He does not have any conflict of interest with KHIB, save as disclosed in the Circular to Shareholders of KHIB dated 14 September 2005. He has no conviction for any offence within the past ten years other than traffic offences, if any.

He is currently a member of the Audit Committee and Remuneration Committee of KHIB.



Shingo Muramoto, 58,
Non-Independent Non-Executive Director

Shingo Muramoto, a Japanese, was appointed to the Board of Directors of KHIB on 1 April 2005. He began his career with IBM Corp. Tokyo, Japan in Marketing Department in 1970. He has held various positions throughout the twenty years with IBM Corp. Tokyo, Japan. His last position held is IT Manager before he left IBM Corp. Tokyo, Japan in 1990. Thereafter, he joined Muramoto Group in its headquarter in Kobe, Japan and was appointed Director. In the year 2000, he was appointed as Managing Director of the Muramoto Group.

His vast experience and supreme business acumen has contributed to the future and growth of the KHIB group, whilst Muramoto Group is one of the KHIB major customers and Strategic Partner in every aspect of ventures and operations.

At present, he is a Director of Muramoto Electron (Thailand) Public Co. Ltd., a company listed on the Thailand Stock Exchange. He also sits on the Boards of Directors of several other private limited companies. He does not have any family relationship with any Director and/or substantial shareholder of KHIB. He does not have any conflict of interest with KHIB, save as disclosed in the Circular to Shareholders of KHIB dated 14 September 2005. He has no conviction for any offence within the past ten years other than traffic offences, if any.

Yong Elaine, 46,
Executive Director

Yong Elaine, a Singaporean, was appointed to the Board of Directors of KHIB on 9 August 2004. She obtained a Bachelor of Arts degree in Business Administration majoring in Banking and Finance from Washington State University, USA in 1981.

During her stay in the USA, she has participated in the provision of management counselling services to the business community in Washington State, USA. She started her career in 1982 as an administrative executive trainee at Wing On Life Assurance (H.K.) Pte Ltd in Singapore.

She currently sits on the Boards of Directors of several other private limited companies. Yong Elaine is the spouse of Yap Toon Choy, who is a Director and substantial shareholder of KHIB. She does not have any conflict of interest with KHIB. She has no conviction for any offence within the past ten years other than traffic offences, if any.



Liew Choon Fong, 37,
Executive Director

Liew Choon Fong, a Malaysian, was appointed to the Board of Directors of KHIB on 9 August 2004. She obtained a Bachelor of Arts (Honours) degree majoring in Economics from Universiti Malaya, Kuala Lumpur in 1992.

She joined KHI as Information Technology Executive in June 1992 and rose to the rank and was later promoted Information Technology General Manager. She has more than 10 years of experience and knowledge in information technology and has contributed towards the implementation of the information technology system of the Group over the years.

She currently sits on the Boards of Directors of several other private limited companies within the Group. She does not have any family relationship with any Director and/or substantial shareholder of KHIB. She does not have any conflict of interest with KHIB. She has no conviction for any offence within the past ten years other than traffic offences, if any.

She is currently a member of the Audit Committee of KHIB.

Darsan Singh a/l Balwant Singh, 50,
Independent Non-Executive Director

Darsan Singh a/l Balwant Singh, a Malaysian, was appointed to the Board of Directors of KHIB on 9 August 2004. He obtained a Bachelor of Law (Honours) degree from the University of Buckingham, United Kingdom in 1980 and went on to complete his bar at Grays Inn, London, United Kingdom. He was called to the Bar of England and Wales, United Kingdom in 1981 and was admitted to the Malaysian Bar the following year.

He began his career in Balwant Singh & Co in 1982 and later joined Othman Hashim, Chen & Co in 1985. He has been an active practising lawyer in various areas such as corporate and commercial, conveyancing and litigation. In 1987, he set up Darshan, Chong & Co and is currently the senior partner of the firm.

At present, he sits on the Boards of Directors of several other private limited companies. He does not have any family relationship with any Director and/or substantial shareholder of KHIB. He does not have any conflict of interest with KHIB. He has no conviction for any offence within the past ten years other than traffic offences, if any.

He is currently the Chairman of both the Nomination Committee and Remuneration Committee, and a member of the Audit Committee of KHIB.



Swee Soo Mang, 53,
Independent Non-Executive Director

Swee Soo Mang, a Malaysian, was appointed to the Board of Directors of KHIB on 9 August 2004. He obtained a Diploma in Accounting from the London Chamber of Commerce Institution in 1973.

He began his career with Chan & Folk as in 1971. He then joined Hong Leong Management Co. Sdn Bhd in 1976 and subsequently joined Hong Leong Leasing Sdn Bhd as a Marketing Executive. Between 1980 and 1990, he was attached to Supreme Leasing Sdn Bhd and later left as a Senior Business Manager. In 1990, he joined MBF Finance Berhad as a Senior Manager of the Credit Department in its headquarters and was later promoted to General Manager. He left MBF Finance Berhad in 1998 and is presently a financial adviser and corporate financial adviser to various private commercial firms.

At present, he sits on the Boards of Directors of several other private limited companies. He does not have any family relationship with any Director and/or substantial shareholder of KHIB. He does not have any conflict of interest with KHIB. He has no conviction for any offence within the past ten years other than traffic offences, if any.

He is currently the Chairman of the Audit Committee and a member of Nomination Committee of KHIB.

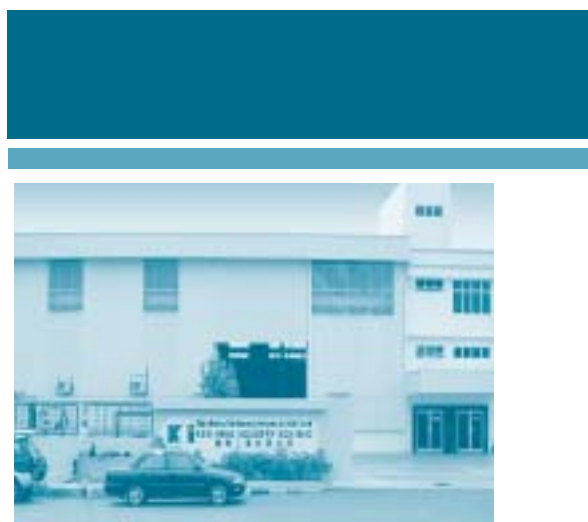
Tan Teik Soon, 31,
Independent Non-Executive Director

Tan Teik Soon, a Malaysian, was appointed to the Board of Directors of KHIB on 9 August 2004. He obtained a Bachelor of Business degree majoring in Accountancy from the Royal Melbourne Institute of Technology University, Australia in 1996. He is also a member of the Australian Society of Certified Practising Accountants and the Malaysian Institute of Accountants.

He began his career with Frank Small & Associates, a market research company. He then joined Chew Wai Khoo & Co in 1997 prior to joining PricewaterhouseCoopers as a Senior Associate later the same year. In 2001, he joined First Mobile Group Sdn Bhd as an Accountant. Currently, he is an Accounting Manager in Wyeth (Malaysia) Sdn Bhd.

He does not have any family relationship with any Director and/or substantial shareholder of KHIB. He does not have any conflict of interest with KHIB. He has no conviction for any offence within the past ten years other than traffic offences, if any.

He is currently a member of the the Audit Committee of KHIB.



On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Audited Financial Statements of the Group for the financial year ended 30 April 2005.

CORPORATE DEVELOPMENT

The Company implemented a restructuring exercise which was approved by the Securities Commission (SC) (including Foreign Investment Committee (FIC)) on 7 May 2004, Ministry of International Trade and Industry (MITI) on 31 October 2003 and 19 January 2004 and Bank Negara Malaysia (BNM) on 16 June 2004 in conjunction with the listing of the Company on the Second Board of Bursa Malaysia Securities Berhad.

The Company proceeded with the initial public offering ("IPO") and launched its Prospectus on 17 September 2004, and ultimately on 6 October 2004, the Company's shares were listed and quoted on the official list of the Second Board of Bursa Malaysia Securities Berhad.

On top of that, I am pleased to reveal that the Group had managed to obtain the ISO 9001:2000 certification in November 2004, in addition to the ISO 14001 Certification, the Enterprise 50 awards, and numerous other achievements obtained in the preceding years.

THE YEAR UNDER REVIEW

During the year under review, the Group continued to expand and develop its business both locally and in Vietnam.

With the new factory on Lot 1866 & 1867, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan comprising 8,179 square meters and commencing operation in December 2004, we could look forward to immediate savings from outsourced works, improving our capacity and re-aligning our operation to be more streamlined in the long run. The new factory has also enabled us to secure relevant technological transfer from our customers and hence, enhancing our competitive performance and know-how.



The year under review 2004/2005 had also been a great challenge as the oil price had surged close to USD 60 per barrel in April 2005, while world steel/metal prices had been moving steadily in tandem. The surge of prices in these commodities coupled with tough competition in the metal forming industry and the China factor, have resulted in a number of metal stamping companies' failure in the local scene, while other players in the industry have also been affected to a certain extent.

It is always the Group policy to exercise prudence and due care in all its businesses and ventures. Despite the adverse environment and stiff competition in the year under review, the Group had managed to weather through with resilience and emerged stronger in its industry. I am pleased to report that the Group was able to meet its forecasted profit for the financial year ended 30 April 2005.

FINANCIAL REVIEW

The Group achieved a post-acquisition revenue of RM91.09 million for the financial year ended 30 April 2005. No comparative figures are available as the Group's financial statements are drawn up for the first time. The Group has been in operation for only 9 months as at 30 April 2005. Pre-tax post-acquisition profit was RM8.29 million while net post acquisition profit after tax was RM8.02 million.

The performance was attributable to a number of new products/customers whilst the Group also continues to undertake measures to produce high productivity, operational efficiency and financial performance of its business and to constantly enhance its technology and competitive advantage.

DIVIDENDS

The Board has recommended a first and final tax-exempt dividend of 2 sen per share for the financial year ended 30 April 2005 for the approval of shareholders at the forthcoming Annual General Meeting.

The Board values the great support from, amongst others, its investors and shareholders who have largely contributed to the success of the Company's IPO. The Board would like to show its deep appreciation by recommending a dividend distribution of RM1.98 Million. Similarly, the amount recommended is consistent with the Company's policy of being mindful in striking a balance between the Company's funding needs for future expansion and growth, and the enhancement of shareholders' value.



OUTLOOK & GROWTH PROSPECT

The year under review of 2004/2005 has seen great challenges to the industry especially in the local scene. Several prominent players in the industry have left the scene, while others are still reeling from this “knock-out” phase in the industry. Going into 2006, the stability of oil and steel/metal prices is somewhat crucial in the overall health of the industry. Nonetheless, the Directors are confident that the Company's performance and prospect will likely be maintained with the increased capacity from the new factory and through streamlining the Group's operation utilising the Toyota Production System concept.

The Group's long term strategy has always been to identify business opportunities and to strive hard to be ahead of the competition. The strategy works well and is duly demonstrated by the Company's consistent growth even in the face of tough operating environment.

On the other hand, the Group has also nurtured the establishment and growth of Kein Hing Muramoto (Vietnam) Co. Ltd., the Company's Vietnam venture, Together with our partner, the Muramoto Group, the Group has strived to spearhead the development of metal forming industry in Vietnam. Generally, the industry is still in its infancy in Vietnam and the Board believes that the Group has broad growth prospect in the country for at least the next 10 years.

Meanwhile, the Board is also confident of the future growth prospects of the Group and has looked into various investments and business opportunities in the related industries such as Electroplating, Silk Screen Printing and Insert Moulding Decoration (IMD), Moving forward this may involve forming strategic alliances for overseas ventures and value-added acquisitions in Malaysia, which will ultimately complement or increase its involvement in the core business of the Group.

SOCIAL RESPONSIBILITY, ENVIRONMENT AND EMPLOYEE WELL-BEING

On top of the shareholder's value, the Group is committed to being a responsible and caring corporate citizen. During the year under review, it continues with its ongoing support for social and community causes.



On the education front, the Group has been contributing to the improvement and beautification of schools in the Seri Kembangan area, while our employees have also carried out their annual "gotong-royong" activities in some of the schools; namely S.M.K Seri Kembangan and S.M. Seri Serdang.

It is the Group's policy to be environmental friendly and we regularly seek ways to reduce pollution and minimise waste output. The setting up of the Environment Management Department (EMD) is a testimony of the Group's dedication towards its operating environment. Since its inception, EMD has been assigned with the task of implementing the various environment and safety program in the Group.

The Group has always believes that employees are its biggest assets and thus various programs and activities have been implemented to retain these talents. One of the more notable successes is the Child Care Center which is professionally operated and is open to all employees with children.

The Board truly believes that being socially responsible, environmentally conscious and caring for employees' well being are some of the positive elements that will set the Group in a solid foundation to face future challenges and to achieve the Group's vision.

APPRECIATION & ACKNOWLEDGEMENTS

On behalf of the Board, I wish to express my heartfelt thanks and deep appreciation of the efforts and perseverance of the Management and staff whose endeavours for excellence have yielded a year of worthy achievements.

Tengku Syarif Temenggong Perlis
Dato' Seri Diraja Syed Amir Abidin Jamalullail
Chairman

Date: 14 September 2005



1. MANAGEMENT WITH INTEGRITY, TRANSPARENCY AND ACCOUNTABILITY

The Board is committed to adopt high standards of corporate governance throughout KHIB and its subsidiary companies (the Group). The Group appreciates the importance of corporate governance in discharging its responsibility and promoting corporate accountability with the ultimate objective of enhancing shareholders' value. The Board has embarked, as far as practicable, towards compliance of key principles of the Malaysian Code on Corporate Governance (the Code).

As such, the Board strives to practice the substances over forms in adopting the underlying principle of the Code. In preparing this report, the Board has considered the manner in which it has applied the Principles of the Code and Best Practices.

2. DIRECTORS

The Board Balance and Responsibility

The Board is comprised of Eight (8) members, of which three (3) are Executive Directors and five (5) are Non-Executive Directors. The background of the Directors are diversified and together they bring along a wealth of experience and expertise in areas such as accountancy, banking, law, marketing, R&D and business. The profile of each Director is set out on pages 4 to 7 of this Annual Report. The Board is satisfied that no individual or group of individuals dominates the Board's decision-making process. Presently there are three (3) independent Directors on the Board.

Both the Non-Executive Chairman and the Managing Director have distinct and separate roles. The Non-Executive Chairman is responsible for running the Board and ensures that all Directors receive sufficient relevant information on financial and operational matters to enable them to participate actively in Board discussions and decisions. On the other hand, the executive management of the Company's is led by the Group Managing Director, Mr. Yap Yoon Choy. He is responsible for the day to day management of the business as well as the implementation of Board's policies and decisions.

With the right mix of size, experience, knowledge and expertise, the Board provided the means for effective management and perspectives, which are vital for the strategic success of the Group.

The three (3) Independent Non-Executive Directors play a crucial role in reviewing decisions that are made by the Board to ensure that they are made in the best interests of the Group, after having taken into consideration the interest of the public shareholders and other stakeholders. They also furnish a balanced and independent view to the Board.

The Board recognises the need to appoint a Senior Independent Non-Executive Director, as prescribed under the Best Practices of the Code. As such, Mr. Swee Soo Mang was appointed as Senior Independent Non-Executive Director to facilitate effective communication with shareholders, private investors, institutional investors and others.

Certain responsibilities of the Board has been delegated to three committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee, which operate within clearly defined terms of reference and finally reports to the Boards. Ultimately, the decisions and responsibilities lie with the Board.

Apart from statutory, strategic, policy, investment, performance and control responsibilities, the Board has a pivotal role in adopting the Corporate Governance in the Group, which include strategic directions and review of key initiatives and decisions of the Group.

The Board conducts regular meetings for full financial and business reviews and discussions.

The Board met four (4) times during the financial year ended 30 April 2005 and details of the Directors' attendance are as appended below:-

Directors	Number of Meetings Attended
Y.A.M. Tengku Syarif	3/4
Yap Toon Choy	4/4
Yong Elaine	4/4
Liew Choon Fong	4/4
Shigeaki Sugiyama [#]	2/4
Shingo Muramoto ^{##}	0/0
Swee Soo Mang	4/4
Darsan Singh a/l Balwant Singh	4/4
Tan Teik Soon	4/4

[#] Resigned on 25 July 2005

^{##} Appointed on 1 April 2005

Supply of information

Reports and Board papers on operational, financial and corporate issues as well as minutes of Board Committees' meetings are circulated to all Board members prior to the meetings. Sufficient time is provided to enable the Directors to be properly briefed and well informed before the meetings.

All the Directors have direct access to the advice and services of Senior Management and the Company Secretary in carrying out their duties. Independent professional advice can be sought if circumstances necessitate it, and with the consent of the Board.

Directors' Training

All Directors have successfully completed the Mandatory Accreditation Programme (MAP) as prescribed by Bursa Malaysia Securities Berhad. The Directors will continue to undergo other relevant training programme to further enhance their skill and knowledge where relevant.

Appointment to the Board

A Nomination Committee was set up on 6 December 2004 and comprises of three (3) Directors, majority of whom are Independent Directors. They are as follows:-

Nomination Committee Members	Directorship
Darsan Singh a/l Balwant Singh (<i>Chairman</i>)	Independent Non-Executive Director
Y.A.M. Tengku Syarif	Non-Independent Non-Executive Chairman
Swee Soo Mang	Independent Non-Executive Director



The functions of the Nomination Committee include:

- review and recommend to the Board the optimal size of the Board.
- review and recommend the required mix of skills, experience and other attributes, including core competencies of all the Director.
- consider candidates for directorship proposed by the Group Managing Directors, by other senior executive, Directors or shareholders, in making its recommendation.
- assess the transparency of procedures for proposing new nominees to the Board and committees of the Board
- assess the effectiveness of the Board as a whole and the contribution made by each individual Director and Committee member.

Re-election of The Directors

In accordance with Articles of Association of the Company, one-third (1/3) of the Directors are required by rotation to submit themselves for re-election by shareholders at every Annual General Meeting (AGM).

All Directors are required to submit themselves for re-election by shareholders at the AGM, at least once for every three (3) years to comply with the Code.

Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next annual general meeting and shall then be eligible for re-election.

3. DIRECTORS' REMUNERATION

In compliance with the Code, a Remuneration Committee was set-up on 6 December 2004 and is entrusted with the following responsibility:-

- a) Recommend to the Board the remuneration packages for the Executive and Non-Executive Directors.
- b) Assist the Board in assessing the responsibility and commitment undertaken by the Board membership.
- c) Assist the Board in ensuring the remuneration packages for the Directors reflect the responsibility and commitment of the Director concerned.

The members of the Committee, which comprise a majority of Non-Executive Directors, are as follows:

Member	Directorship
Darsan Singh a/l Balwant Singh (<i>Chairman</i>)	Independent Non-Executive Director
Y.A.M. Tengku Syarif	Non-Independent Non-Executive Chairman
Yap Toon Choy	Group Managing Director

Details of the remuneration for the Directors of the Company for the financial year ended 30 April 2005 are as follows:-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Fees	-	80
Emoluments	1,200	-
Benefit-in-kind	145	-



The number of Directors of the Company whose total remuneration falls within the following Bands:-

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	-	5
RM100,001 to RM150,000	1	
RM150,001 to RM200,000	1	-
RM300,001 to RM350,000	1	-
RM700,001 to RM750,000	1	-

4. SHAREHOLDERS

The Company recognises the importance of accountability and timely communication with its shareholders and stakeholders.

The annual reports and quarterly announcements are the main channel of communication providing shareholders with an overview of the Group's activities and performance. The principle forum for dialogue with shareholders remains at the Annual General Meeting. The Board encourages active participation by the shareholders at General Meeting or to raise questions pertaining to the operations or financials of the Group. Alternatively, shareholders can seek additional information through the Group's website: www.keinhing.com

5. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible to present a balanced and fair assessment of the Group financial performance and to ensure that due care and reasonable steps taken in regards to the compliance of the applicable accounting standards in all material aspect.

A statement by the Directors of their responsibilities for preparing the financial statements is set out under the Statement on Directors' Responsibility on page 24 of this Annual Report.

Internal Control

The Code requires the Board to maintain a sound system of internal control to safeguard shareholders' investment and the Company's assets. The Statement on Internal Control furnished on page 23 of this Annual Report.

Relationship with Auditors

Through the Audit Committee, the Group has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.



6. OTHERS

Utilisation of proceeds

As at 30 April 2005, the proceeds raised by the Company from its floatation exercise have been utilised in the following manner:

	Total Proceeds (RM'000)	Utilised (RM'000)	Unutilised (RM'000)
Working capital	3,070	2,932	138
Listing expenses	2,000	1,573	427
Total	5,070	4,505	565

Material Contracts

During the financial year under review, there were no material contracts, including those related to loans, entered into by the Company and/or subsidiary companies, which involved Directors' and substantial shareholders' interests.

Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on our Group, Directors or Management by the relevant regulatory bodies.

Revaluation Policy of Landed Properties

The revaluation policy of the Group in relation to its landed properties is set out in Note 1 (d) to the Financial Statements on page 37 of this Annual Report.

American Depositary Receipt (ADR) of Global Depositary Receipt (GDR) Programme

During the financial year, the company did not sponsor any ADR or GDR programme.

Profit Guarantee

There was no profit guarantee given by the Company during the financial year under review.

Options, Warrants or Convertible Securities

No option, warrants or convertible securities were issued during the financial year under review.

Non-Audit Fees

The amount of non-audit fees paid to the External Auditors during the financial year ended 30 April 2005 was RM73,352 for work done on the Corporate Exercise.

Recurrent Related Party Transaction

The Recurrent Related Party Transactions entered into by the Group during the financial year ended 30 April 2005 are disclosed in Note 25 to the Financial statements on page 54 of the Annual Report.

Share Buy-Back

There were no share buy-backs by the Company during the financial year under review.



Variation of Results

In the prospectus dated 17 September 2004, the Directors have forecasted a consolidated profit after taxation of RM5.88 million for the year ended 30 April 2005. The Group has achieved an audited profit after taxation of RM8.02 million.

The variance is as tabulated below

	Audited RM'000	forecast RM'000	Variance RM'000	%
Net profit for the year	8,002	5,888	2,114	36

The preference variance of RM2.11 million is mainly contributed by negative goodwill of RM2.70 million recognized in the current year net off of higher pre-acquisition profit of RM0.59 million.



COMPOSITION

The Audit Committee comprises the following Directors:

Members	Directorships
Swee Soo Mang (<i>Chairman</i>)	Independent Non-Executive Director
Liew Choon Fong	Executive Director
Tan Teik Soon	Independent Non-Executive Director
Yap Toon Choy*	Group Managing Director
Darsan Singh a/l Balwant Singh*	Independent Non-Executive Director

* Appointed on 6 December 2004

TERMS OF REFERENCE OF THE AUDIT COMMITTEE.

1) Appointment/Composition:

1.1 The members of the Committee shall be appointed by the Board.

1.2 The Audit Committee shall consist of not less than three (3) members of whom:

- a) a majority shall be Independent Directors;
- b) at least one (1) member of the Committee:
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants,
 - a) he must have at least three (3) years' working experience; and
 - he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
 - he must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
 - b) he must have a degree/masters/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or
 - c) he must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

1.3 No Alternate Director shall be appointed as a member of the Committee.

1.4 A quorum shall be two (2) members and composed of a majority of Independent Directors.



- 1.5 The Chairman of the Committee shall be appointed by the members of the Committee among their number who is an Independent Director.
- 1.6 The Board must review the term of office and performance of the Committee and each of its members at least once every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.
- 1.7 The Board shall, within three (3) months of a vacancy occurring in the Audit Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

2) Meetings:

- 2.1 Meetings shall be held not less than four (4) times in a year. In addition, the Chairman may call a meeting of the Committee if a request is made by any Committee members, the Company's Chairman/CEO or the internal or external Auditors if they consider it necessary.
- 2.2 Meeting will be attended by the members of the Committee and the Company Secretary who shall act as the Secretary, or any representative of the Secretary.
- 2.3 Participants may be invited from time to time to attend the meeting depending on the nature of the subject under review. These participants may include the Directors, General Managers, Division Heads, representatives from the Finance and Internal Audit Departments and external Auditors.

3) Authority:

- 3.1 The Committee is authorised by the Board to carry out the duties mentioned below and the Board and Management shall give all assistance that is necessary to enable the Committee to discharge its duties.
- 3.2 The Committee shall, whenever necessary and reasonable for the performance of its duties and in accordance with a procedure to be determined by the Board and at the Company's cost:
 - (a) have authority to investigate any matter within its terms of reference;
 - (b) have the resources which are required to perform its duties;
 - (c) have full and unrestricted access to any information pertaining to the Company;
 - (d) have direct communication channels with the external Auditors and person(s) carrying out the internal audit function or activity (if any);
 - (e) be able to obtain independent professional or other advice; and
 - (f) be able to convene meetings with the external Auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.



4) Functions and Responsibilities:

The functions and responsibilities of the Committee shall include the following:

- a) to discuss and liaise with the external Auditors to ensure the smooth implementation of the audit plan, review and forward the evaluation of the system of internal controls and audit report to the Board;
- b) to review the assistance given by employees of the Group to the external Auditors;
- c) to review the external Auditor's management letter and management's response;
- d) to do the following where an internal audit function exists:-
 - to review the adequacy of the scope, functions and resources of the internal audit functions, and that it has the necessary authority to carry out its work;
 - to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- e) to review quarterly report and annual financial statements prior to the approval of the Board, focusing particularly on:
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements;
- f) to review any related party transactions and conflict of interest situation that may rise within the Company and the Group including any transaction, procedure or course of conduct that raise questions of management integrity;
- g) to review and report to the Board any letter of resignation from the external Auditors of the Company as well as whether there is any reason (supported by grounds) to believe that the Company's external Auditors are not suitable for re-appointment;
- h) to make recommendations concerning the appointment of the external Auditors and their remuneration to the Board;

The reports of the Committee and the external and internal Auditors and corrective action taken shall be tabled for discussion by the Board of Directors.

5) Minutes:

The Secretary shall maintain minutes of the proceedings of the meetings and circulate such minutes to all members of the Committee and the Board of Directors.

**6) Audit Committee Report:**

The Committee shall ensure that an audit committee report is prepared at the end of each financial year that complies with subparagraph (6.1) and (6.2) below:

6.1 The audit committee report shall be clearly set out in the Annual Report of the Company;

6.2 The audit committee report shall include the following:

- a) the composition of the Committee, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);
- b) the terms of reference of the Committee;
- c) the number of Committee meetings held during the financial year end and details of attendance of each member;
- d) a summary of the activities of the Committee in the discharge of its functions and duties for that financial year of the Company; and
- e) the existence of an internal audit function or activity and where there is such a function or activity, a summary of the activities of the function or activity. Where such a function or activity does not exist, an explanation of the mechanism that exist to enable the Committee to discharge its functions effectively.

7) Reporting of Breaches to the Bursa Malaysia Securities Berhad

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of the Bursa Malaysia Securities Berhad, the Committee shall promptly report such matter to the Bursa Malaysia Securities Berhad.



SUMMARY OF ACTIVITIES

During the year under review, the Committee carried out its duties in accordance with its Terms of Reference. These include:

- i) Reviewed the quarterly financial result announcements of the Group prior to the Board of Directors' approval and releasing the results to Bursa Securities Berhad.
- ii) Reviewed Audited Financial Statements and Auditors' Report for the financial year ended 30 April 2005.
- iii) Reviewed external auditors' scope of work and plan.
- iv) Reviewed the extent of application and compliance of principles and best practices set out in Malaysian Code of Corporate Governance.
- v) Reviewed related party transactions of the Group.
- vi) Reviewed the internal audit functions and the recommendations of the internal auditors' findings.

During the financial year ended 30 April 2005, the Audit Committee met four (4) times and the details of the attendance are as follows:-

	Attendance
Swee Soo Mang	4/4
Tan Teik Soon	4/4
Liew Choon Fong	4/4
Yap Toon Choy#	1/2
Darsan Singh a/l Balwant Singh#	2/2

Appointed on 6 December 2004

INTRODUCTION

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies should maintain a sound system of internal control to safeguard shareholders' investment and Group assets. Set out below is the Board's Internal Control Statement made in compliance with Paragraph 15.27(b) of Bursa Malaysia Security Berhad Listing Requirements and the Statement on Internal Control - Guidance for Directors of Public Listed Companies

RESPONSIBILITY

The Board of Directors had responsibility for the Group's system of internal control and for reviewing its adequacy, integrity and effectiveness. The Board has delegated the responsibility of reviewing the adequacy and integrity of the internal control system to the Audit Committee.

Due to inherent limitation in any system of internal control, such system put into effect can only manage and control risk rather than eliminates all risks that may impede the achievement of the Group's business objectives. As such, the internal control system will only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT FRAMEWORK

The key processes that the Directors have established in reviewing the adequacy and integrity of the system of internal control are as follow:

The Audit Committee reviews the Group's accounting and reporting policies and practices, and the adequacy and effectiveness of the systems of internal control. The Group outsourced its internal audit function to BDO Governance Advisory Sdn Bhd at end of the financial year to assist the Audit Committee in discharging its duties in all aspect of internal control within the Group.

The Internal Auditor assists the Company to conduct risk assessment exercise to monitor and improve the adequacy and effectiveness of the Group's risk management process. Subsequent to the financial year, an audit plan has been approved by Audit Committee and the review of the internal control is currently on-going in accordance to the approved plan. Internal audit reports highlighting observation, recommendations and management action plans to improve the system of internal control will be formally tabled at the Audit Committee meetings.

The Audit Committee reviews the quarterly results of the Group and recommends adoption of the results to the Board before an announcement to Bursa Securities is made.

CONCLUSION

The review of internal control will be an on-going process. The Audit Committee will report any weaknesses discovered to the Board and appropriate action will be taken upon weighing the pro and con of such rectification.

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company for that period. As required by the Companies Act, 1965 ("the Act") and Listing Requirements of Bursa Securities, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Acts.

The Directors have assured that the financial statements for the year ended 30 April 2005 have been prepared in accordance with:

- Appropriate accounting policies which have been consistently applied;
- Reasonable and prudent judgements and estimates; and
- All applicable accounting standards, which are strictly adhered to.

The Directors are responsible for ensuring that the Group maintains accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that financial statements comply with the Act.

The Directors have the general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to detect fraud and other irregularities.



The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 30 April 2005.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries, which were acquired during the financial year, are stated in Note 4 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Net profit/(loss) for the year	8,022,700	(116,855)

RESERVES AND PROVISIONS

There were no material movements to or from reserves and provisions during the year except as disclosed in the financial statements.

DIVIDEND

The final dividend recommended by the Directors in respect of the year ended 30 April 2005 is 4.0% tax exempt totalling RM1,980,000.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

- Tengku Syarif Temenggong Perlis Dato'
Seri Diraja Syed Amir Abidin Jamalullail (Appointed on 9 August 2004)
- Yap Toon Choy (Appointed on 9 August 2004)
- Yong Elaine (Appointed on 9 August 2004)
- Liew Choon Fong (Appointed on 9 August 2004)
- Shigeaki Sugiyama (Appointed on 9 August 2004 and resigned on 25 July 2005)
- Darsan Singh A/L Balwant Singh (Appointed on 9 August 2004)
- Swee Soo Mang (Appointed on 9 August 2004)
- Tan Teik Soon (Appointed on 9 August 2004)
- Shingo Muramoto (Appointed on 1 April 2005)
- Gan Chee Tsong (Resigned on 9 August 2004)
- Ching Lee Tian (Resigned on 9 August 2004)



DIRECTORS OF THE COMPANY (cont'd)

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

Company	At 1.5.2004/ Date of appointment	Number of ordinary shares of RM0.50 each		At 30.4.2005
		Bought	Sold	
Direct interest				
Tengku Syarif Temenggong Perlis Dato' Seri Diraja Syed Amir				
Abidin Jamalullail	-	19,813,200	(14,431,000)	5,382,200
Yap Toon Choy	-	32,841,620	-	32,841,620
Yong Elaine	-	20,400,820	-	20,400,820
Liew Choon Fong	-	363,250	-	363,250
Shigeaki Sugiyama	-	363,250	-	363,250
Indirect interest*				
Shingo Muramoto	-	4,134,600	-	4,134,600

	At 1.5.2004	Legal capital of USD1 each		At 30.4.2005
		Bought	Sold	
Kein Hing Muramoto (Vietnam) Co.,Ltd				
Indirect interest*				
Shingo Muramoto	-	588,000	-	588,000

* Deemed interest in shares held by virtue of Section 6A(4)(c) of the Companies Act, 1965

By virtue of their interest in the shares of the Company, the Directors are also deemed interested in the shares of all subsidiaries of the Company to the extent that the Company has an interest.

None of the other Directors holding office at 30 April 2005 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) 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, other than certain Directors who have significant financial interests in a company, which traded with the Company in the ordinary course of business and rental income receivable from a company in which the Directors have significant financial interests.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**ISSUE OF SHARES AND DEBENTURES**

During the financial year, the Company increased its authorised share capital from RM100,000 to RM50,000,000 by the creation of an additional 99,800,000 ordinary shares of RM0.50 each.

The Company also increased its issued and fully paid-up share capital from RM1 to RM49,500,000 by way of:

- i) issuance of 91,199,998 new ordinary shares of RM0.50 each at an issue price of approximately RM0.53 per share for the acquisition of the entire issued and paid-up share capital of Kein Hing Industry Sdn. Bhd. comprising 4,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM48,672,315; and
- ii) issuance of 7,800,000 new ordinary shares of RM0.50 each at an issue price of RM0.65 per share to the Malaysian public and eligible employees of the Company.

The shares were issued in conjunction with the restructuring and flotation of the Company's shares on the Second Board of Bursa Malaysia Securities Berhad.

There were no other changes in the issued and paid-up share capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take-up unissued shares of the Company during the year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

Directors' Report

for the year ended
30 April 2005
(cont'd)

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OTHER STATUTORY INFORMATION (cont'd)

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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 as and when they fall due.

In the opinion of the Directors, except for the recognition of negative goodwill from the acquisition of subsidiaries amounting to RM2,697,419, the results of the operations of the Group and of the Company for the financial year ended 30 April 2005 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:

.....
Yap Toon Choy

.....
Yong Elaine

Selangor Darul Ehsan,

Date: 25 August 2005

In the opinion of the Directors, the financial statements set out on pages 31 to 58 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 30 April 2005 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

.....
Yap Toon Choy

.....
Yong Elaine

Selangor Darul Ehsan,

Date: 25 August 2005

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

I, **Loong Ding Tong**, the officer primarily responsible for the financial management of Kein Hing International Berhad, do solemnly and sincerely declare that the financial statements set out on pages 31 to 58 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 25 August 2005.

.....
Loong Ding Tong

Before me:

Barathan a/l Sinniah @ Chinniah
No. W202
Commissioner for Oaths
Kuala Lumpur

We have audited the financial statements set out on pages 31 to 58. The preparation of the financial statements is the responsibility of the Company's Directors.

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

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 30 April 2005 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiary in respect of which we have not acted as auditors is identified in Note 4 to the financial statements and we have considered its financial statements and the auditors' report thereon.

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

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment under subsection (3) of Section 174 of the Act.

KPMG

Firm Number: AF 0758
Chartered Accountants

Kuala Lumpur,

Date: 25 August 2005

Foong Mun Kong

Partner
Approval Number: 2613/12/06(J)



	Note	Group 2005 RM	Company 2005 RM	2004 RM
Property, plant and equipment	2	85,167,396	-	-
Intangible assets	3	3,483,854	-	-
Investments in subsidiaries	4	-	51,329,850	-
Investments in associates	5	1,134,930	310,661	-
Other investments	6	621,000	-	-
Current assets				
Inventories	7	15,217,323	-	-
Trade and other receivables	8	22,163,724	90,496	-
Share issue expenses	9	-	-	585,508
Cash and cash equivalents	10	12,047,491	564,676	1
		49,428,538	655,172	585,509
Current liabilities				
Trade and other payables	11	27,796,647	248,108	590,070
Borrowings	12	22,038,560	-	-
Taxation		97,021	-	-
		49,932,228	248,108	590,070
Net current (liabilities)/assets		(503,690)	407,064	(4,561)
		89,903,490	52,047,575	(4,561)
Financed by:				
Capital and reserves				
Share capital	13	49,500,000	49,500,000	1
Reserves/(Accumulated losses)		10,661,741	2,547,575	(4,562)
Surplus/(Deficit) in shareholders' funds		60,161,741	52,047,575	(4,561)
Minority shareholders' interests	14	1,573,590	-	-
Long term and deferred liabilities				
Borrowings	12	19,619,159	-	-
Deferred tax liabilities	15	8,549,000	-	-
		89,903,490	52,047,575	(4,561)

The financial statements were approved and authorised for issue by the Board of Directors on 25 August 2005.

The notes set out on pages 36 to 58 form an integral part of, and should be read in conjunction with, these financial statements.

Income Statements

for the year ended
30 April 2005



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	Note	Group Year ended 30.4.2005 RM	Company Year ended 30.4.2005 RM	23.5.2003 to 30.4.2004 RM
Revenue	16	91,089,670	-	-
Operating profit/(loss)	16	9,344,700	(119,958)	(4,562)
Interest expense	18	(1,687,291)	-	-
Interest income		51,306	3,103	-
Share of profit of associates		576,335	-	-
Profit/(Loss) before taxation		8,285,050	(116,855)	(4,562)
Tax expense - Subsidiaries	19	(710,286)	-	-
- Associates	19	(21,146)	-	-
Profit/(Loss) after taxation		7,553,618	(116,855)	(4,562)
Minority interest		469,082	-	-
Net profit/(loss) for the year/period		8,022,700	(116,855)	(4,562)
Basic earnings per ordinary share (sen)	20	12.00	-	-
Dividends per ordinary share (sen)	21	2.00	-	-

The notes set out on pages 36 to 58 form an integral part of, and should be read in conjunction with, these financial statements.

Statement of Changes in Equity

for the year ended
30 April 2005

Group	Note	-- Non-Distributable --			Distributable (Accumulated loss)/ Retained profit	Total RM
		Share capital RM	Share premium RM	Translation reserve RM	RM	
At 1 May 2004		1	-	-	(4,562)	(4,561)
Issue of shares	13	49,499,999	4,242,316	-	-	53,742,315
Expenses not recognised in income statement - Share issue expenses		-	(1,573,324)	-	-	(1,573,324)
Net profit for the year		-	-	-	8,022,700	8,022,700
Exchange differences on translation of the financial statements of a foreign subsidiary		-	-	(25,389)	-	(25,389)
At 30 April 2005		49,500,000	2,668,992	(25,389)	8,018,138	60,161,741

Note 13

Company	Note	Non-Distributable			Total RM
		Share capital RM	Share premium RM	Accumulated losses RM	
At 23 May 2003 (date of incorporation)		1	-	-	1
Net loss for the period		-	-	(4,562)	(4,562)
At 30 April 2004/1 May 2004		1	-	(4,562)	(4,561)
Issue of shares	13	49,499,999	4,242,316	-	53,742,315
Expenses not recognised in income statement - Share issue expenses		-	(1,573,324)	-	(1,573,324)
Net loss for the year		-	-	(116,855)	(116,855)
At 30 April 2005		49,500,000	2,668,992	(121,417)	52,047,575

Note 13

The notes set out on pages 36 to 58 form an integral part of, and should be read in conjunction with, these financial statements.

Cash Flow Statements

for the year ended
30 April 2005



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	Group Year ended 30.4.2005 RM	Company Year ended 30.4.2005 RM	23.5.2003 to 30.4.2004 RM
Cash flows from operating activities			
Profit/(Loss) before taxation	8,285,050	(116,855)	(4,562)
Adjustments for:			
Depreciation	5,531,210	-	-
Amortisation of land use rights	83,363	-	-
Negative goodwill on acquisition	(2,697,419)	-	-
Gain on disposal of property, plant and equipment	(55,476)	-	-
Interest expense	1,687,291	-	-
Interest income	(51,306)	(3,103)	-
Property, plant and equipment written off	2,349	-	-
Share of profits of associates	(576,335)	-	-
Operating profit/(loss) before working capital changes	12,208,727	(119,958)	(4,562)
(Increase)/Decrease in working capital:			
Inventories	(517,337)	-	-
Trade and other receivables	(1,962,279)	(90,496)	-
Trade and other payables	5,402,383	(341,962)	590,070
Cash generated from/(used in) operations	15,131,494	(552,416)	585,508
Tax paid	(258,975)	-	-
Net cash generated from/(used in) operating activities	14,872,519	(552,416)	585,508
Cash flows from investing activities			
Acquisition of shares in associates	(269,080)	(310,661)	-
Acquisition of subsidiaries, net of cash acquired (Note 28)	836,377	(51,329,850)	-
Proceeds from disposal of property, plant and equipment	567,996	-	-
Purchase of intangible assets	(3,567,217)	-	-
Proceeds from disposal of other investments	17,680	-	-
Purchase of property, plant and equipment (ii)	(9,804,289)	-	-
Interest received	51,306	3,103	-
Net cash used in investing activities	(12,167,227)	(51,637,408)	-

Cash Flow Statementsfor the year ended
30 April 2005
(cont'd)**35**

	Group Year ended 30.4.2005 RM	Company Year ended 30.4.2005 RM	23.5.2003 to 30.4.2004 RM
Cash flows from financing activities			
Deferred expenditure	(987,816)	(987,816)	(585,508)
Proceeds from term loans	1,000,000	-	-
Repayments of term loans	(1,249,128)	-	-
Proceeds from other borrowings	8,407,474	-	-
Repayments of hire purchase liabilities	(3,983,071)	-	-
Proceeds from issuance of shares	5,070,000	53,742,315	1
Interest paid	(1,687,291)	-	-
Net cash generated from/(used in) financing activities	6,570,168	52,754,499	(585,507)
Net increase in cash and cash equivalents	9,275,460	564,675	1
Cash and cash equivalents at beginning of year/period	1	1	-
Cash and cash equivalents at end of year/period (i)	9,275,461	564,676	1

(i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group 30.4.2005 RM	Company 30.4.2005 RM	30.4.2004 RM
Cash and bank balances	11,003,231	564,676	1
Deposits placed with licensed banks (excluding deposits pledged)	958,860	-	-
Bank overdrafts	(2,686,630)	-	-
	9,275,461	564,676	1

(ii) Purchase of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM15,999,506 of which RM6,195,217 was acquired by means of hire purchases.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and the Company

a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investment.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or negative goodwill as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

c) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies.

The consolidated financial statements include the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence effectively commences until the date that significant influence effectively ceases.

Unrealised profits arising on transactions between the Group and its associates which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

Goodwill on acquisition is calculated based on the fair value of net assets acquired.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**d) Property, plant and equipment**

Freehold land and building under construction are stated at cost less impairment loss, if any. All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The Group revalues its property comprising land and buildings every 5 years and at shorter intervals whenever the fair value of the revalued assets are expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the property revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statement.

Property, plant and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

Depreciation

Freehold land is not amortised and building under construction is not depreciated. Leasehold land is amortised in equal instalments over the lease period of 99 years. The straight line method is used to write off the cost of the other assets over the term of their estimated useful lives at the following principal annual rates:

Freehold and leasehold buildings	2%
Plant and machinery, electrical installations and factory equipment	7% - 25%
Office equipment, furniture and fittings and renovation	5% - 20%
Motor vehicles	10% - 20%

e) Intangible assets*i) Goodwill*

Goodwill represents the excess of the cost of acquisition over the fair values of the net identifiable assets acquired and is stated at cost less accumulated amortisation and accumulated impairment loss.

In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associates.

Goodwill is amortised from the date of initial recognition over its estimated useful life of 10 years.

Negative goodwill represents the excess of the fair values of the net identifiable assets acquired over the cost of acquisition.

Negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the weighted average useful life of those assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the income statement.

To the extent that negative goodwill relates to expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which are not identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the income statement when the future losses and expenses are recognised.

ii) Land use rights

Land use rights are stated at cost less accumulated depreciation. The initial cost of a land use right comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use right. Amortisation is computed on a straight-line basis over 43 years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

f) Investments

Long term investments other than in subsidiaries and associates, are stated at cost. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

Long term investments in subsidiaries and associates are stated at cost in the Company, less impairment loss where applicable.

g) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of raw materials is determined on the first-in first-out (FIFO) method and includes all direct expenditure incurred in bringing the inventories to their present location and condition. For work-in-progress and manufactured inventories, cost consists of materials, direct labour and an appropriate proportion of fixed and variable production overheads.

h) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits placed with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

j) Impairment

The carrying amount of assets, other than inventories and financial assets (other than investments in subsidiaries and associates), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement.

k) Liabilities

Borrowings and trade and other payables are stated at cost.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**l) Accounting for hire purchase**

Property, plant and equipment held under hire purchase are capitalised and depreciated over their estimated useful lives, and the corresponding obligation relating to the remaining capital payments are treated as liability.

m) Employee benefits*(i) Defined contribution plan*

Obligations for contributions to defined contribution plan are recognised as an expense in the income statement as incurred.

ii) Short term benefits

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

n) Capitalisation of borrowing costs

Borrowing costs incurred on building under construction is capitalised. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

o) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

p) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

(ii) Financial statements of foreign operations

The Group's foreign operations are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are recognised directly in equity.

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows:

1USD	RM3.80
1SGD	RM2.28
100Yen	RM3.55
1000VND	RM0.24

q) Revenue

i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

ii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

iii) Dividend income

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

r) Expenses

i) Financing costs

All interest and other costs incurred in connection with borrowings, other than that capitalised in accordance with Note 1(n), are expensed as incurred. The interest component of hire purchase payments are recognised in the income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period.

2. PROPERTY, PLANT AND EQUIPMENT

Group Cost	Freehold land RM	Freehold buildings RM	Leasehold land RM	Leasehold buildings RM	Plant and machinery, electrical installations and factory equipment RM	Office equipment, furniture and fittings and renovation RM	Motor vehicles RM	Building under construction RM	Total RM
At 1 May 2004	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	7,591,881	5,780,408	2,039,332	4,678,403	38,583,673	3,770,652	4,596,120	8,173,500	75,213,969
Additions	-	-	-	1,933,542	10,757,108	1,341,326	1,104,287	863,243	15,999,506
Transfer	-	9,036,743	-	-	-	-	-	(9,036,743)	-
Disposals	-	-	-	-	(315,256)	(1,505)	(665,834)	-	(982,595)
Written off	-	-	-	-	(5,668)	(14,413)	(31,502)	-	(51,583)
At 30 April 2005	7,591,881	14,817,151	2,039,332	6,611,945	49,019,857	5,096,060	5,003,071	-	90,179,297
Accumulated depreciation									
At 1 May 2004	-	-	-	-	-	-	-	-	-
Charge for the year	-	179,185	16,295	103,290	4,231,453	458,994	541,993	-	5,531,210
Disposals	-	-	-	-	(58,606)	(890)	(410,579)	-	(470,075)
Written off	-	-	-	-	(3,960)	(13,773)	(31,501)	-	(49,234)
At 30 April 2005	-	179,185	16,295	103,290	4,168,887	444,331	99,913	-	5,011,901
Net book value									
At 30 April 2005	7,591,881	14,637,966	2,023,037	6,508,655	44,850,970	4,651,729	4,903,158	-	85,167,396

- a) Certain property, plant and equipment of the Group costing RM52,684,005 (2004 - Nil) are charged to banks as security for borrowings (Note 12).
- b) The net book values of property, plant and equipment acquired under hire purchase arrangements are as follows:

	Group 2005 RM
Plant and machinery, electrical installations and factory equipment	11,127,332
Motor vehicles	2,603,582
	13,730,914

3. INTANGIBLE ASSETS

	Group 2005 RM
Land use rights	
Cost	
Opening balance	-
Addition	3,567,217
Closing balance	3,567,217
Accumulated amortisation	
Opening balance	-
Addition	83,363
Closing balance	83,363
Net book value	
As at 30 April 2005	3,483,854

4. INVESTMENTS IN SUBSIDIARIES

	Company 2005 RM	2004 RM
Unquoted shares, at cost	51,329,850	-

The principal activities of the subsidiaries, their places of incorporation and the interest of Kein Hing International Berhad are as follows:

Name of company	Principal activities	Country of incorporation	Effective equity interest 2005 %	2004 %
Kein Hing Industry Sdn. Bhd.	Sheet metal forming, precision machining and component assembly	Malaysia	100	-
Kein Hing Appliances Sdn. Bhd.	Trading in electrical and electronics products and home appliances	Malaysia	83	-
Kein Hing Muramoto (Vietnam) Co.,Ltd*	Sheet metal forming, precision machining and assembly of components for electronic, automotive and other industries	Vietnam	51	-

* Audited by a member firm of KPMG International

5. INVESTMENTS IN ASSOCIATES

	Group 2005 RM	Company 2005 RM	2004 RM
Unquoted shares, at cost	579,741	310,661	-
Share of post-acquisition reserves	555,189	-	-
	1,134,930	310,661	-
Represented by: Group's share of net assets	1,134,930		

The associates of the Group are as follows:

Name of company	Principal activities	Country of incorporation	Effective equity interest 2005 %	2004 %
Hirotaiko Kein Hing Sdn. Bhd.	Manufacturer of car components	Malaysia	49	-
S&Y Metal Stamping Sdn. Bhd.	Precision metal stamping	Malaysia	28	-

6. OTHER INVESTMENTS

	Group 2005 RM
At cost:	
Transferable club memberships	646,580
Less: Allowance for diminution in value of club memberships	(25,580)
	621,000

The market value of the transferable club memberships is shown in Note 26.

7. INVENTORIES

	Group 2005 RM
At cost	
Raw materials	6,027,128
Work-in-progress	5,708,582
Manufactured inventories	3,481,613
	15,217,323

8. TRADE AND OTHER RECEIVABLES

	Group 2005 RM	Company 2005 RM	2004 RM
Trade receivables	20,474,872	-	-
Less : Allowance for doubtful debts	(282,026)	-	-
	20,192,846	-	-
Other receivables, deposits and prepayments	1,837,316	90,496	-
Amount due from an associate - trade	133,562	-	-
	22,163,724	90,496	-

The amount due from an associate is unsecured, interest free and is repayable within the next twelve months.

9. SHARE ISSUE EXPENSES

	Group 2005 RM	Company 2005 RM	2004 RM
Share issue expenses, at cost	-	-	585,508

The share issue expenses were written off against share premium upon completion of the Initial Public Offering exercise during the year.

10. CASH AND CASH EQUIVALENTS

	Group 2005 RM	Company 2005 RM	2004 RM
Deposits placed with licensed banks	1,044,260	-	-
Cash and bank balances	11,003,231	564,676	1
	12,047,491	564,676	1

Deposits placed with licensed banks of the Group amounting to RM85,400 are pledged for credit facilities granted to the Group.

11. TRADE AND OTHER PAYABLES

	Group 2005 RM	Company 2005 RM	2004 RM
Trade payables	19,108,532	-	-
Other payables and accrued expenses	2,752,231	98,562	590,070
Amount owing to Directors	5,245,560	-	-
Amount due to a subsidiary – non trade	-	149,546	-
Amount due to an associate – trade	690,324	-	-
	27,796,647	248,108	590,070

The amount owing to Directors is in respect of advances, which are unsecured, interest free and are repayable within the next twelve months.

The amount due to a subsidiary and an associate are unsecured, interest free and are repayable within the next twelve months.

12. BORROWINGS

	Group 2005 RM
Current	
Bills payable (secured)	2,402,793
Bankers' acceptances (secured)	7,652,000
Bank overdrafts (secured)	2,686,630
Term loans (secured)	5,551,519
Hire purchase liabilities	3,745,618
	22,038,560
Non-current	
Term loans (secured)	13,931,227
Hire purchase liabilities	5,687,932
	19,619,159

12. BORROWINGS (cont'd)

Terms and debt repayment schedule

	Total RM	Under 1 year RM	1-2 years RM	2-5 years RM	After 5 years RM
Bills payable					
- variable at 0.7% to 1.5% above BLR	2,402,793	2,402,793	-	-	-
Bankers' acceptances					
- variable at 0.7% to 1.0% above the Inter Bank Rate	7,652,000	7,652,000	-	-	-
Bank overdrafts					
- variable at 1.0% to 1.5% above BLR	2,686,630	2,686,630	-	-	-
Secured term loans					
- fixed at 6.3% to 7.8%	3,877,537	2,654,021	1,136,428	87,088	-
- variable at 1.0% to 1.8% above BLR	15,605,209	2,897,498	3,015,444	6,456,432	3,235,835
Hire purchase liabilities					
- flat at 3.3% to 6.0%	9,433,550	3,745,618	2,888,797	2,799,135	-
	41,657,719	22,038,560	7,040,669	9,342,655	3,235,835

Bills payable and bankers' acceptances

Bills payable and bankers' acceptances are secured by fixed charges over the Group's fixed and other assets and are guaranteed by the Company and Directors of the Company.

Bank overdrafts

The bank overdrafts are secured by the following::

- i) fixed charge over the landed properties of the Group;
- ii) corporate guarantee by the Company;
- iii) personal guarantee by Directors of the Company.

12. BORROWINGS (cont'd)**Term loans**

The term loans are secured by the following:

- i) personal guarantee by Directors of the Company;
- ii) fixed charge over the property, plant and equipment of the Group;
- iii) fixed deposits pledged by the subsidiaries;
- iv) first party second legal charge over the landed property of the Group;
- v) specific debenture covering the fixed charge over the Group's fixed assets;
- vi) guarantee by a related party.

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	Payments 2005 RM	Interest 2005 RM	Principal 2005 RM
Less than one year	4,235,040	489,422	3,745,618
Between one and two years	3,264,493	375,696	2,888,797
Between two and five years	2,999,087	199,952	2,799,135
	10,498,620	1,065,070	9,433,550

13. SHARE CAPITAL

	Group and Company 2005 RM	2004 RM
Ordinary shares of RM0.50 each		
Authorised		
Balance at 1 May	100,000	100,000
Created during the year	49,900,000	-
Balance at 30 April	50,000,000	100,000
Issued and fully paid up		
Balance at 1 May	1	1
Issued during the year via:		
- Acquisition of subsidiaries	45,599,999	-
- Public issue	3,900,000	-
Balance at 30 April	49,500,000	1

14. MINORITY SHAREHOLDERS' INTERESTS

This consists of the minority shareholders' proportion of share capital and reserves of the subsidiaries.

It also includes the minority shareholders' interests in Class B ordinary shares of a subsidiary. The Class B ordinary shares rank pari passu in all respects to the other ordinary shares of the subsidiary except that the holder of Class B ordinary shares does not have voting rights in meetings.

15. DEFERRED TAX LIABILITIES

The recognised deferred liabilities are as follows:

	Group 2005 RM
Property, plant and equipment	8,400,000
Provisions	(77,000)
Other taxable temporary differences	226,000
	8,549,000

No deferred tax has been recognised for the following items:

	Group 2005 RM
Deductible temporary differences	2,469
Unabsorbed capital allowances	54,271
Unutilised tax losses	1,330,091
	1,386,831

The unutilised tax losses expire under the foreign tax legislations as follows:

	RM	VND '000	Expiry date
2004	317,992	1,324,270	30 April 2009
2005	941,112	3,919,238	30 April 2010
	1,259,104	5,243,508	

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

16. OPERATING PROFIT/(LOSS)

	Group Year ended 30.4.2005 RM	Company Year ended 30.4.2005 RM	23.5.2003 to 30.4.2004 RM
Revenue			
- sale of manufactured goods	89,861,320	-	-
- sale of trading goods	1,228,350	-	-
Cost of manufactured goods	91,089,670	-	-
Cost of trading goods	(74,761,177)	-	-
	(1,083,871)	-	-
Gross profit	15,244,622	-	-
Other operating income	3,419,163	-	-
Distribution costs	(376,856)	-	-
Administration expenses	(8,708,947)	(119,958)	(4,562)
Other operating expenses	(233,282)	-	-
Operating profit/(loss)	9,344,700	(119,958)	(4,562)
Operating profit/(loss) is arrived at after charging:			
Allowance for doubtful debts	40,430	-	-
Auditors' remuneration			
- holding company auditors	60,000	15,000	1,000
- other auditors	19,000	-	-
Amortisation of land use rights (Note 3)	83,363	-	-
Depreciation of property, plant and equipment (Note 2)	5,531,210	-	-
Directors' remuneration:			
Fees	80,000	80,000	-
Salaries and other emoluments	1,200,000	-	-
Property, plant and equipment written off	2,349	-	-
Rental of premises	401,273	-	-
Hire of equipment	30,058	-	-
and after crediting:			
Gain on disposal of property plant and equipment	(55,476)	-	-
Negative goodwill on acquisition	(2,697,419)	-	-
Rental income	(478,768)	-	-
Realised foreign exchange gain	(23,715)	-	-

The estimated monetary value of Directors' benefits-in-kind is RM144,500 (2004 – Nil).

17. EMPLOYEE INFORMATION

	Group Year ended 30.4.2005 RM
Staff costs	4,674,654
Defined contribution plan – Employees' Provident Fund	407,314
	5,081,968

The number of employees of the Group and of the Company (including Directors) at the end of the year was 765 (2004 - Nil) and Nil (2004 - Nil) respectively.

18. INTEREST EXPENSE

	Group Year ended 30.4.2005 RM
Interest:	
Bank overdrafts	151,818
Hire purchase	539,398
Term loans	876,682
Others	119,393
	1,687,291

19. TAX EXPENSE

	Group Year ended 30.4.2005 RM	Company Year ended 30.4.2005 RM	23.5.2003 to 30.4.2004 RM
Current tax expense			
- Current	501,587	-	-
- Prior year	32,699	-	-
	534,286	-	-
Deferred tax expense			
- Origination and reversal of temporary differences	176,000	-	-
	710,286	-	-
Tax expense on share of profit of associates	21,146	-	-
	731,432	-	-

19. TAX EXPENSE (cont'd)

	Group Year ended 30.4.2005 RM	Company Year ended 30.4.2005 RM	23.5.2003 to 30.4.2004 RM
Reconciliation of tax expense			
Profit/(Loss) before taxation	8,285,050	(116,855)	(4,562)
Income tax using Malaysian tax rates	2,319,814	(32,719)	(1,277)
Non deductible expense	158,625		
Effect of difference in tax rates of foreign jurisdictions	168,297	-	-
Non taxable items	(898,115)	-	-
Unrecognised deferred tax assets	100,594	-	-
Tax incentive	(1,151,595)	-	-
Tax expense on share of profit of associates	21,146	-	-
Other items	(20,033)	-	-
Under provision in prior year	698,733	-	-
	32,699	-	-
Tax expense	731,432	-	-

20. EARNINGS PER ORDINARY SHARE - GROUP**Basic earnings per share**

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of RM8,022,700 and the weighted average number of ordinary shares outstanding during the year of 65,350,001.

Weighted average number of ordinary shares

	2005
Issued ordinary shares at beginning of the year	2
Effect of shares issued in August 2004	60,799,999
Effect of shares issued in October 2004	4,550,000
Weighted average number of ordinary shares	65,350,001

21. DIVIDENDS

The proposed final dividend of 4.0% per share tax exempt totalling RM1,980,000 has not been accounted for in the financial statements.

The net dividend per ordinary share as disclosed in the Income Statement takes into account the proposed final dividends for the financial year.

22. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group comprises the following main business segments:

Manufacturing Sheet metal forming, precision machining and component assembly

Trading Traders in electrical and electronic products and home appliances

Geographical segments

The trading segment is operated solely in Malaysia. The manufacturing segment is operated mainly in Malaysia and Vietnam

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are also based on the geographical location of assets.

	Manufacturing 2005 RM	Trading 2005 RM	Other operation 2005 RM	Adjustment 2005 RM	Consolidated 2005 RM
Business segments					
Revenue from external customers	89,861,320	1,228,350	-	-	91,089,670
Inter-segment	-	221,646	-	(221,646)	-
Total revenue	89,861,320	1,449,996	-	(221,646)	91,089,670
Segment result	6,827,313	(63,177)	(116,855)	-	6,647,281
Unallocated income					2,697,419
Operating profit					9,344,700
Interest expense					(1,687,291)
Interest income					51,306
Share of profit of associates					576,335
Profit before taxation					8,285,050
Tax expense					(731,432)
Minority interests					469,082
Net profit for the year					8,022,700

22. SEGMENTAL INFORMATION (cont'd)

	Manufacturing 2005 RM	Trading 2005 RM	Other operation 2005 RM	Adjustment 2005 RM	Consolidated 2005 RM
Segment assets	135,344,094	694,615	655,172	341,647	137,035,528
Investment in associates	857,087	-	277,843	-	1,134,930
Unallocated assets					1,665,260
Total assets					139,835,718
Segment liabilities	27,613,540	111,680	98,562	(27,135)	27,796,647
Unallocated liabilities					50,303,740
Total liabilities					78,100,387
Capital expenditure	15,999,122	384	-	-	15,999,506
Depreciation and amortisation	5,488,041	43,169	-	-	5,531,210
Amortisation of land use rights	83,363	-	-	-	83,363
Non cash expense other than depreciation and amortisation	2,349	-	-	-	2,349

	Malaysia 2005 RM	Singapore 2005 RM	Vietnam 2005 RM	Europe 2005 RM	Thailand 2005 RM	Others 2005 RM	Adjustment 2005 RM	Consolidated 2005 RM
Geographical segments								
Revenue from external customers by location of customers	84,618,686	2,086,227	695,086	2,001,272	1,334,355	354,044	-	91,089,670
Segment assets by location of assets	120,812,243	-	15,881,638	-	-	-	341,647	137,035,528
Capital expenditure by location of asset	8,466,589	-	7,532,917	-	-	-	-	15,999,506

23. CONTINGENT LIABILITIES (UNSECURED)

	Group 2005 RM	Company 2005 RM
Corporate guarantee given to a licensed bank for:		
- housing loans granted to staff	500,000	-
- banking facilities granted to a subsidiary	-	34,000,000
- banking facilities granted to companies in which certain Directors have interests	114,816	-
	614,816	34,000,000

24. COMMITMENTS

	Group 2005 RM	Company 2005 RM	2004 RM
Capital commitments:			
Approved and contracted for			
- machinery	893,650	-	-
- building	288,000	288,000	-
Approved but not contracted for			
- machinery	2,283,250	-	-
	3,464,900	288,000	-

25. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Controlling related party relationships are as follows:

- Its related companies.
- Companies in which certain Directors are deemed to have significant financial interest.

Significant transactions with related parties are as follows:

	2005 RM
Associate	
Hirotaiko Kein Hing Sdn. Bhd.	
Management fees	80,000
Sales	7,056,820
Rental income	124,768
S&Y Metal Stamping Sdn. Bhd.	
Sub-contract tooling and metal tooling	3,017,139
Company in which the Directors have significant financial interests:	
TC Yap Holdings Sdn. Bhd.	
Rental of premises	39,200
Muramoto Technics (M) Sdn. Bhd.	
Sales of component	26,056,488
Rental income	234,000

The above transactions have been entered into in the normal course of business and have been established under negotiated terms.

26. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group and the Company's activities expose them to a variety of financial risks, including foreign currency exchange, interest rate, credit, liquidity and cash flow risks. The Group and the Company's overall financial risk management objective is to ensure that the Group and the Company create value for its shareholders. Financial risk management is carried out through risk reviews, internal control system and adherence to the Group and the Company's financial risk management policies. The Board regularly reviews these risks and approves such policies that cover the management of these risks.

Foreign currency exchange risk

The Group and the Company are exposed to currency risk as a result of the foreign currency transactions entered into. The Group and the Company do not engage in foreign currency hedging on their foreign currency exposures but the management monitors these exposures on an ongoing basis.

Interest rate risk

The Group and the Company's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group and the Company's borrowings and deposits, and is managed through the use of fixed and floating rate debts. The Group and the Company do not use derivative financial instruments to hedge their debt obligations.

Credit risk

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

At balance sheet date, there were no significant concentrations of credit risk other than 56% (2004 - Nil) of trade receivables owed by four debtors. The maximum exposure to credit risk is represented by the carrying amount of the receivables presented in the balance sheet.

Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and available funds through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group and the Company aim at maintaining the flexibility in funding by keeping committed credit lines available. In addition, the objective for debt maturities is to ensure that the amount of debt maturing in any one year is not beyond the Group and the Company's means to repay and/or refinance.

26. FINANCIAL INSTRUMENTS (cont'd)

The following table shows information about the Group's exposure to interest rate risk

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

Group	Effective interest rate per annum %	Total RM	2005		
			Within 1 year RM	1 - 5 years RM	After 5 years RM
Financial assets					
Deposits placed with licensed banks	3.0	1,044,260	1,044,260	-	-
Financial liabilities					
Secured bills payable	7.1	2,402,793	2,402,793	-	-
Secured bank overdrafts	7.3	2,686,630	2,686,630	-	-
Secured term loans	7.3	19,482,746	18,259,230	1,222,516	-
Secured bankers' acceptances	4.1	7,652,000	7,652,000	-	-

Fair values

Recognised financial instruments

The carrying amount of trade and other receivables, cash and cash equivalents and trade and other payables and short term borrowings approximate their fair values due to the relatively short term nature of these financial instruments.

The aggregate fair values of other financial assets and liabilities carried on the balance sheet as at 30 April are shown below:

Group	2005 Carrying amount RM	2005 Fair value RM
Financial assets		
Transferable club memberships	621,000	1,580,500
Financial liabilities		
Secured term loans	19,482,746	19,482,746

The fair value of the secured term loans is deemed to approximate its carrying amounts as there have been no significant changes in the subsidiaries' credit standing.

27. RESTRUCTURING EXERCISE

The fair value of the secured term loans is deemed to approximate its carrying amounts as there have been no significant changes in the subsidiaries' credit standing.

The Company completed the following restructuring exercise in conjunction with the listing and quotation of the entire issued and paid-up share capital of the Company on the Second Board of the Bursa Malaysia Securities Berhad.

27.1 Acquisition of subsidiaries

- i) On 23 August 2004, the Company completed the acquisition of the entire equity interest in Kein Hing Industry Sdn. Bhd. for a total purchase consideration of RM48,672,315, satisfied by the issuance of 91,199,998 new ordinary shares of RM0.50 each.
- ii) On 25 August 2004, the Company acquired 415,000 ordinary shares in Kein Hing Appliances Sdn. Bhd. (comprising 255,000 ordinary class A share of RM1.00 each and 160,000 ordinary class B share of RM1.00 each) for a total purchase consideration of RM331,742, satisfied by cash.
- iii) On 6 September 2004, the Company acquired 51% of the equity interest in Kein Hing Muramoto (Vietnam) Co., Ltd for a total purchase consideration of RM2,325,793, satisfied by cash.

27.2 Public issue

Public issue of 7,800,000 new ordinary shares of RM0.50 each in the Company at RM0.50 per ordinary share. The public issue was completed on 6 October 2004.

28. ACQUISITION OF SUBSIDIARIES - GROUP

As stated in Note 27, during the year, the Company acquired shares in its subsidiaries for a total purchase consideration of RM51,329,850, satisfied by the issuance of 91,199,998 new ordinary shares of RM0.50 each and RM2,657,535 cash.

The fair values of assets and liabilities assumed in the acquisition of subsidiaries and the cash flow effects are as follows:

	Acquisition 2005 RM
Non current assets	
Property, plant and equipment	75,213,969
Investments in subsidiaries	2,161,541
Investments in associates	310,661
Other investments	638,680
	78,324,851
Current assets	38,248,500
Current liabilities	(36,309,775)
Long term liabilities	(24,193,634)
	56,069,942
Net assets	(2,042,673)
Minority interest	(2,697,419)
Negative goodwill on acquisition	
Purchase consideration	51,329,850
- Satisfied by issuance of shares	(48,672,315)
	2,657,535
Satisfied by cash	(3,493,912)
Cash acquired	
Net cash inflow on acquisition, net of cash acquired	(836,377)

The above acquisitions of subsidiaries were accounted for using the acquisition method of accounting.

28. ACQUISITION OF SUBSIDIARIES - GROUP (cont'd)

Effect of acquisition

The acquisition of subsidiaries had the following effect on the Group's operating results for the year ended 30 April 2005 and on the Group's assets and liabilities as at 30 April 2005:

	From date of acquisition to 30.4.2005 RM
Income statement:	
Revenue	91,089,670
Operating costs	(85,961,522)
Profit before taxation	5,128,148
Tax expense	(710,286)
Profit after taxation	4,417,862
Add: Minority interest	469,082
Increase in the Group's net profit at the end of financial year	4,886,944
	2005 RM
Balance sheet:	
Property, plant and equipment	85,167,396
Intangibles assets	3,483,854
Investments in associates	857,087
Other investments	621,000
Current assets	90,129,337
Current liabilities	48,773,366
Long term liabilities	(49,684,120)
Net assets acquired	(28,168,159)
Minority interest	61,050,424
Increase in the Group's net assets	(469,082)
	60,581,342

29. COMPARATIVE FIGURES

There are no comparative figures for the consolidated financial statements as this is the first set of consolidated financial statements prepared by the Group.



Authorised Share Capital	: RM50,000,000.00 (100,000,000 Ordinary Shares of RM0.50 each)
Issued and fully paid-up	: RM49,500,000.00 (99,000,000 Ordinary Shares of RM0.50 each)
Class of Shares	: Ordinary Shares of RM0.50 each
Voting Rights	: One Vote per Ordinary Share

ANALYSIS BY SIZE OF SHAREHOLDINGS As At 8 August 2005

Size of Holdings	No of shareholders	No of Shares	Percentage (%)
1 – 99	4	200	0.00
100 – 1,000	262	225,500	0.23
1,001 – 10,000	1,018	5,113,400	5.17
10,001 – 100,000	466	14,558,500	14.70
100,001 – 4,949,999 (*)	59	20,477,760	20.68
4,950,000 and above (**)	3	58,624,640	59.22
TOTAL	1,812	99,000,000	100.00

Remark: * Less than 5% of the issued and paid-up share capital

** 5% and above of the issued and paid-up capital

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS As At 8 August 2005

Directors	Direct Shareholdings		Indirect Shareholdings	
	No. of Shares	%	No. of Shares	%
1. Y.A.M. Tengku Syarif	5,382,200	5.44	-	-
2. Shingo Muramoto	-	-	4,372,600*	4.42
3. Yap Toon Choy	32,841,620	33.17	-	-
4. Yong Elaine	20,400,820	20.61	-	-
5. Liew Choon Fong	363,250	0.37	-	-
6. Swee Soo Mang	-	-	-	-
7. Darsan Singh a/l Balwant Singh	-	-	-	-
8. Tan Teik Soon	-	-	-	-

* Deemed interested by virtue of his interest in Muramoto Asia (S) Pte Ltd pursuant to Section 6A of the Companies Act, 1965.

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS As At 8 August 2005

Substantial Shareholders	Direct Shareholdings		Indirect Shareholdings	
	No. of Shares	%	No. of Shares	%
1. Y.A.M. Tengku Syarif	5,382,200	5.44	-	-
2. Yap Toon Choy	32,841,620	33.17	-	-
3. Yong Elaine	20,400,820	20.61	-	-

Analysis of Shareholdings

as at 8 August 2005

(cont'd)

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LIST OF TOP THIRTY (30) SHAREHOLDERS As At 8 August 2005

No. Name	No. of Shares	Percentage %
1. Yap Toon Choy	32,841,620	33.17
2. Yong Elaine	20,400,820	20.61
3. Y.A.M. Tengku Syarif	5,382,200	5.44
4. Muramoto Asia Pte Ltd	4,372,600	4.42
5. Soh Tik Siew	1,482,800	1.50
6. TA Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Lee Chee Siong	1,072,100	1.08
7. Chong Chin Fook	661,100	0.67
8. Citicorp Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Lim Chou Bu	649,000	0.66
9. Yee Tien Soon	510,000	0.52
10. Sim Kooi Wah	455,640	0.46
11. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For How Kim Chai	438,600	0.44
12. Wong Fook Sum	390,000	0.39
13. CIMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Chan Wai Kheong	390,000	0.39
14. Yee Ah Ming	370,000	0.37
15. Shigeaki Sugiyama	363,250	0.37
16. Liew Choon Fong	363,250	0.37
17. Ramanathan A/L Kulanthaivelan	350,000	0.35
18. Ghan Ah Kooi	335,000	0.34
19. Ng Nai Waing	330,000	0.33
20. Yu Kuan Yeng	320,900	0.32
21. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Lim Kim Song	313,000	0.32
22. Ana Low	305,500	0.31
23. Law Tien Seng	300,000	0.30
24. Chee Wei Kong	279,000	0.28
25. Chai Kin Loong	272,300	0.28
26. How Sin Son	264,000	0.27
27. Citicorp Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Low Kien Feui	260,000	0.26
28. Chong Mong Yuen	260,000	0.26
29. Lee Lai Len	253,000	0.26
30. Citicorp Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Ramanathan A/L Kulanthaivelan	250,000	0.25

Location	Registered/ Beneficial Owner	Existing use/ Description of property	Tenure/ Expiry date	Age of Building years	Land area/ Built-up area sq. m.	Date of last Revaluation/ Acquisition	Net Book Value RM
Lot 1863 and 1864 Jalan Kolej 43300 Seri Kembangan Selangor Darul Ehsan	KHI	Factory/Industrial; Single-storey factory with a 3-storey office and factory annexe	Freehold	8	7,891/ 6,116	18-2-2004 (Revalued)	8,568,730
No. 2 and 4, 6 and 8, Jalan Indah 2/16 Taman Universiti Indah 43300 Seri Kembangan Selangor Darul Ehsan	KHI	Factory/Industrial; 1½ storey terrace factories	Freehold	12	734/ 563	18-2-2004 (Revalued)	764,497
Lot 44, Jalan 6/2 43300 Seri Kembangan Selangor Darul Ehsan	KHI	Factory/Industrial; Single storey semi- detached factory with a 2-storey office annexe	Leasehold expiring on 7-11-2099	9	988/ 795	18-2-2004 (Revalued)	1,018,316
Lot 33, Jalan 6/2, 43300 Seri Kembangan Selangor Darul Ehsan	KHI	Manufacturing/ Industrial; Single storey factory with 2½ storey office annexe	Leasehold expiring on 10-1-2089	4	4,086/ 2,123	18-2-2004 (Revalued)	3,972,971
Lot 1866 and 1867 Jalan Kolej 43300 Seri Kembangan Selangor Darul Ehsan	KHI	Factory/Industrial; 3-storey factory with 4-storey office cum car park block	Freehold	1	8,195/ 8,179	1-12-2004	12,660,194
Tempat Batu 5 Jalan Kuala Lumpur Mukim Bentong Daerah Bentong Pahang Darul Makmur	KHI	Agriculture; Fruit orchard and vacant land	Freehold	N/A	3.4171 Hectares	8-1-2003	236,425
S153, Serdang Jaya 43300 Seri Kembangan Selangor	KHI	Residential; Single storey wooden house	Leasehold expiring on 28-10-2046	20	297.6/ 250	25-2-2003	144,482
Plot C3 Thang Long Industrial Park Dong Anh District Hanoi, Vietnam	KHMY	Factory/Industrial; Single-storey factory with a 2-storey office annexe	Leasehold expiring on 28-2-2047	1	15,693/ 3,564	1-11-2004	3,395,924

NOTICE IS HEREBY GIVEN THAT the Second Annual General Meeting of the Company will be held at Factory B, Lot 1863 and 1864, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan on Thursday, 6 October 2005 at 10.00 a.m. for the following purposes:-

AGENDA

- 1) To receive the Audited Financial Statements for the year ended 30 April 2005 together with the Directors' and Auditors' Reports thereon. **RESOLUTION 1**
- 2) To approve the payment of Directors' Fees for the year ended 30 April 2005. **RESOLUTION 2**
- 3) To approve a First and Final Tax-Exempt Dividend of 4% for the year ended 30 April 2005. **RESOLUTION 3**
- 4) To re-elect the following Directors who are retiring in accordance with Article 79 of the Company's Articles of Association:-
 - a) Ms. Yong Elaine **RESOLUTION 4**
 - b) Ms. Liew Choon Fong **RESOLUTION 5**
- 5) To re-elect Mr. Shingo Muramoto who is retiring in accordance with Article 84 of the Company's Articles of Association. **RESOLUTION 6**
- 6) To re-appoint Messrs. KPMG, the retiring Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **RESOLUTION 7**
- 7) **SPECIAL BUSINESS:-**

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

ORDINARY RESOLUTION NO. 1

RESOLUTION 8

- **AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

"**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to allot and issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed ten per centum (10%) of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on 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."

ORDINARY RESOLUTION NO. 2

RESOLUTION 9

- **PROPOSED RATIFICATION OF RECURRENT RELATED PARTY TRANSACTIONS WITH T.C. YAP HOLDINGS SDN BHD, HIROTAKO KEIN HING SDN BHD, MICROTECHNO PRECISION (M) SDN BHD, KEIN HING APPLIANCES SDN BHD AND S&Y METAL STAMPING SDN BHD**

"**THAT** subject always to the Companies Act, 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all the recurrent related party transactions of a revenue or trading nature entered into or to be entered into by the Company and its subsidiaries ("KHIB Group"), with T.C. Yap Holdings Sdn Bhd, Hirotako Kein Hing Sdn Bhd, Microtechno Precision (M) Sdn Bhd, Kein Hing Appliances Sdn Bhd and S&Y Metal Stamping Sdn Bhd as set out in Section 2.3.2 of the Circular to Shareholders of the Company dated 14 September 2005 from the date of listing i.e. 6 October 2004 up to the date of the Second Annual General Meeting ("AGM"), be and are hereby ratified, confirmed and approved."

ORDINARY RESOLUTION NO. 3**RESOLUTION 10**

• **PROPOSED RATIFICATION OF RECURRENT RELATED PARTY TRANSACTIONS WITH MURAMOTO TECHNICS (M) SDN BHD**

“**THAT** subject always to the Companies Act, 1965 and the Listing Requirements of Bursa Securities, all the recurrent related party transactions of a revenue or trading nature entered into or to be entered into by KHIB Group, with Muramoto Technics (M) Sdn Bhd as set out in Section 2.3.2 of the Circular to Shareholders of the Company dated 14 September 2005 from the date of listing i.e. 6 October 2004 up to the date of the Second AGM, be and are hereby ratified, confirmed and approved.”

ORDINARY RESOLUTION NO. 4**RESOLUTION 11**

• **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH T.C. YAP HOLDINGS SDN BHD, HIROTAKO KEIN HING SDN BHD, MICROTECHNO PRECISION (M) SDN BHD, KEIN HING APPLIANCES SDN BHD AND S&Y METAL STAMPING SDN BHD**

“**THAT** approval be and is hereby given to KHIB Group to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with T.C. Yap Holdings Sdn Bhd, Hirotako Kein Hing Sdn Bhd, Microtechno Precision (M) Sdn Bhd, Kein Hing Appliances Sdn Bhd and S&Y Metal Stamping Sdn Bhd as stated in Section 2.3.2 of the Circular to Shareholders of the Company dated 14 September 2005, being necessary for the day-to-day operations of KHIB Group, subject to the following:

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and is not to the detriment of the minority shareholders and that such transactions are made on an arm's length basis and on normal commercial terms; and
- (ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to this shareholders' mandate during the financial year; and
- (iii) the authority given shall continue to be in force until :
 - (a) the conclusion of the Third AGM of the Company, at which time it will lapse unless, by a resolution passed at the Third AGM, the authority is renewed; or
 - (b) the expiration of the period within which the Third AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
 - (c) it is revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

THAT the Directors be and are hereby authorised to complete and do all such acts, deeds and things necessary to give effect to the transactions contemplated or authorised by this resolution.”

ORDINARY RESOLUTION NO. 5**RESOLUTION 12**

• **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH MURAMOTO TECHNICS (M) SDN BHD**

“**THAT** approval be and is hereby given to KHIB Group to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with Muramoto Technics (M) Sdn Bhd as stated in Section 2.3.2 of the Circular to Shareholders of the Company dated 14 September 2005, being necessary for the day-to-day operations of KHIB Group, subject to the following:

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and is not to the detriment of the minority shareholders and that such transactions are made on an arm's length basis and on normal commercial terms; and
- (ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to this shareholders' mandate during the financial year; and
- (iii) the authority given shall continue to be in force until :
 - (a) the conclusion of the Third AGM of the Company, at which time it will lapse unless, by a resolution passed at the Third AGM, the authority is renewed; or
 - (b) the expiration of the period within which the Third AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
 - (c) it is revoked or varied by resolution passed by the shareholders in general meeting,whichever is earlier.

THAT the Directors be and are hereby authorised to complete and do all such acts, deeds and things necessary to give effect to the transactions contemplated or authorised by this resolution."

- 8) To transact any other business of the Company of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a First and Final Tax-Exempt Dividend of 4% in respect of the year ended 30 April 2005 will be payable on 21 November 2005 to Depositors registered in the Record of Depositors at the close of business on 11 October 2005.

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

- (a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 11 October 2005 in respect of ordinary transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order Of The Board

KEIN HING INTERNATIONAL BERHAD

NG YIM KONG (LS0008343)

Company Secretary

14 September 2005

Selangor Darul Ehsan

Notes:-

1. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy or Proxies to attend and vote on his (her) behalf. A Proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints more than one (1) Proxy, the appointment shall be invalid unless he (she) specifies the proportions of his (her) holdings to be represented by each Proxy.
3. The Form of Proxy shall be signed by the appointor or his (her) attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.
4. The instrument appointing a Proxy must be deposited at the Registered Office of the Company at Lot 1863, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan not less than 48 hours before the time for the Meeting or at any adjournment thereof.

Explanatory Notes on Special Business:-

a) Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

The proposed Resolution No. 8 under item 7 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, authority to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued capital of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

b) Proposed Ratification of Recurrent Related Party Transactions

The proposed Resolutions No. 9 and 10 under item 7 above, if passed, will allow the Company and its subsidiaries to ratify recurrent related party transactions that had been entered into during the period from 6 October 2004 (the date of listing) to the date of the forthcoming Second Annual General Meeting.

c) Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Resolutions No. 11 and 12 under item 7 above, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions provided that such transactions are in the ordinary course of business and undertaken at arm's length, on normal commercial terms of the Company and its subsidiaries which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders ("Proposed Shareholders' Mandate").

The Proposed Shareholders' Mandate would eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when potential recurrent related party transactions arise, thereby reducing substantially administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Company and its subsidiaries.

Further information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders of the Company which is despatched together with the Annual Report of the Company for the financial year ended 30 April 2005.



1. Directors who are standing for re-election in accordance with Article 79 of the Company's Articles of Association at the Second Annual General Meeting of the Company :-

a) Ms. Yong Elaine

Resolution 4

b) Ms. Liew Choon Fong

Resolution 5

The Profile of the Directors who are standing for re-election are set out on pages 5 and 6 of this Annual Report.

2. Director who is standing for re-election in accordance with Article 84 of the Company's Articles of Association at the Second Annual General Meeting of the Company:-

a) Mr. Shingo Muramoto

Resolution 6

The Profile of the Director who is standing for re-election is set out on page 5 of this Annual Report.

3. Details of attendance of Directors at Board Meetings

There were Four (4) Board Meetings held during the financial year ended 30 April 2005 and the details of attendance of the Directors are set out in the Corporate Governance Statement appearing on page 13 of this Annual Report.

4. Place, date and hour of the Second Annual General Meeting

The Second Annual General Meeting of the Company will be held at Factory B, Lot 1863 and 1864, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan on Thursday, 6 October 2005 at 10.00 a.m.



Kein Hing International Berhad
(616056-T)

FORM OF PROXY

I / We _____
of _____
being a member of **KEIN HING INTERNATIONAL BERHAD** hereby appoint * _____
of _____
or failing whom _____
of _____
or the Chairman of the meeting as my/our Proxy(ies) to vote for me/us and act on my/our behalf at the Second Annual General Meeting of the Company to be held at Factory B, Lot 1863 and 1864, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan on Thursday, 6 October 2005 at 10.00 a.m. and at any adjournment thereof for/against* the resolution(s) to be proposed thereat.

My/our Proxy(ies) is(are) to vote as indicated below:-

No.	Resolutions	For	Against
1.	Resolution 1		
2.	Resolution 2		
3.	Resolution 3		
4.	Resolution 4		
5.	Resolution 5		
6.	Resolution 6		
7.	Resolution 7		
8.	Resolution 8		
9.	Resolution 9		
10.	Resolution 10		
11.	Resolution 11		
12.	Resolution 12		

[Please indicate with (X) in the spaces provided how you wish your vote to be casted. If no specific direction as to voting is given, the Proxy will vote or abstain at his(her) discretion]

Dated this day of 2005

Number of shares held:

(Signature/Common Seal of Member)

Notes:-

- A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy or Proxies to attend and vote on his (her) behalf. A Proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
 - Where a member appoints more than one (1) Proxy, the appointment shall be invalid unless he (she) specifies the proportions of his (her) holdings to be represented by each Proxy.
 - The Form of Proxy shall be signed by the appointor or his (her) attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.
 - The instrument appointing a Proxy must be deposited at the Registered Office of the Company at Lot 1863, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan not less than 48 hours before the time for the Meeting or at any adjournment thereof.
- * Strike out whichever is not applicable

Fold this flap for sealing

Then fold here

Affix
Stamp

The Company Secretary
KEIN HING INTERNATIONAL BERHAD
(Company No. 616056-T)
Lot 1863, Jalan Kolej
43300 Seri Kembangan
Selangor Darul Ehsan

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