

The Most

Environmentally Conscious

And

Corporate Social

Responsible Company





Kein Hing Muramoto (Vietnam) Co., Ltd.

Vision

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

Mission

To Chase Against Time:
30% Organic Growth,
30% OEM Products and Own Brand Focus (Zenne),
40% Partner, Merger and Acquisition.



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BOARD OF DIRECTORS

Tengku Syarif Temenggong Perlis
Dato' Seri Diraja Syed Amir Abidin Jamalullail
Yap Toon Choy
Shingo Muramoto
Yong Elaine

Liew Choon Foong
Swee Soo Mang
Darsan Singh a/l Balwant Singh
Dato' Hairuddin Bin Mohamed
Gan Chee Tsong

AUDIT COMMITTEE

Swee Soo Mang (*Chairman*)
Yap Toon Choy
Liew Choon Foong
Darsan Singh a/l Balwant Singh
Gan Chee Tsong

SOLICITORS

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

COMPANY SECRETARY

Ng Yim Kong (LS 0008343)

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
Public Bank Berhad

REGISTERED OFFICE

Lot 1863, Jalan Kolej,
43300 Seri Kembangan,
Selangor Darul Ehsan.
Tel : 03 - 8942 4650
Fax : 03 - 8948 9261

REGISTRAR

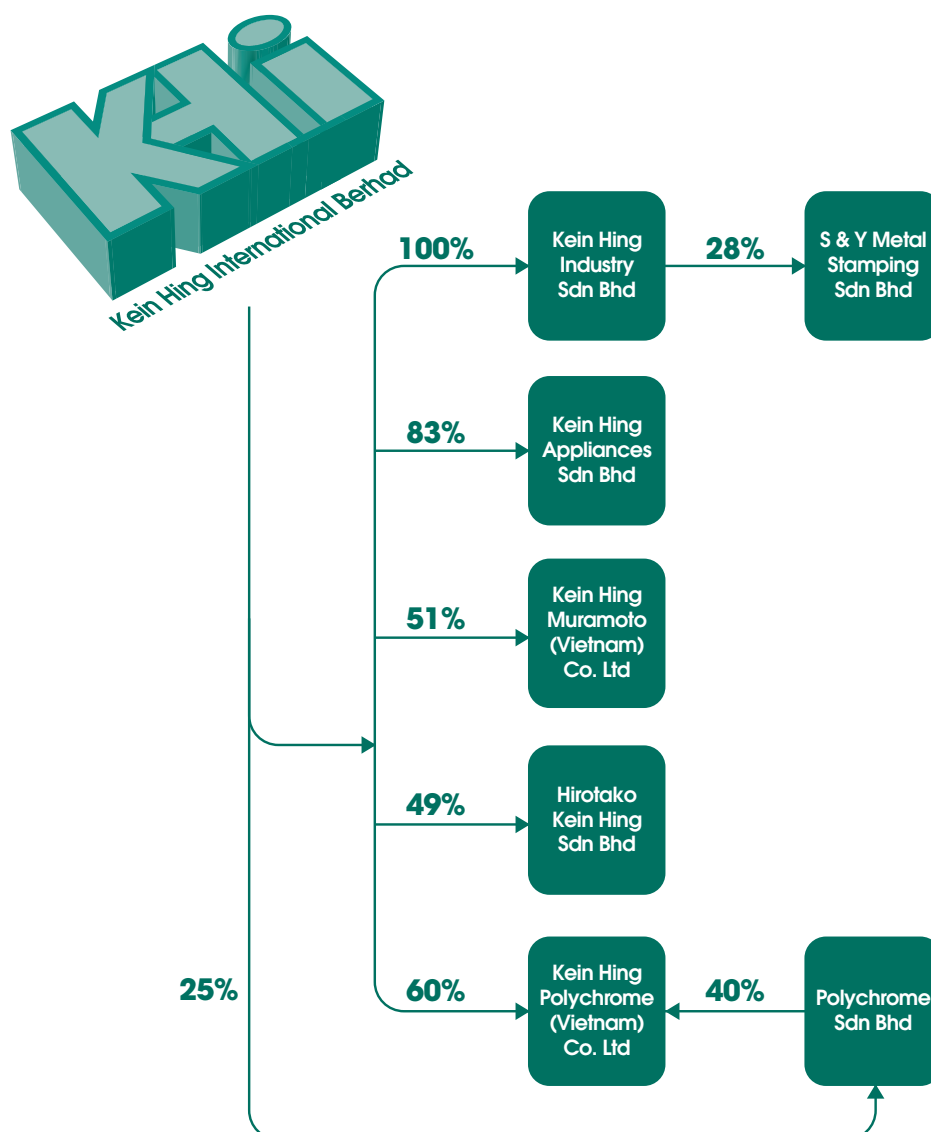
Epsilon Registration Services Sdn Bhd
G-01, Ground Floor,
Plaza Permata,
Jalan Kampar,
Off Jalan Tun Razak,
50400 Kuala Lumpur.
Tel : 03 - 4047 3999
Fax : 03 - 4042 6352

AUDITORS

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

STOCK EXCHANGE LISTING

Second Board of
Bursa Malaysia Securities Berhad
("Bursa Securities")



COMPANY	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 product, and home appliances
Kein Hing Muramoto (Vietnam) Co. Ltd (KHMV)	Sheet metal forming, precision machining and components assembly
Kein Hing Polychrome (Vietnam) Co. Ltd (KHPV)	Electroplating and Surface finishing
ASSOCIATED COMPANIES	
Hirofako Kein Hing Sdn Bhd (HKH)	Car components manufacturer
Polychrome Sdn Bhd (PSB)	Electroplating and Surface finishing
ASSOCIATED COMPANY OF KHI	
S & Y Metal Stamping Sdn Bhd (S & Y)	Precision metal stamping

Profile of Board of Directors

Y.A.M. Tengku Syarif Temenggong Perlis

Dato' Seri Diraja Syed Amir Abidin Jamalullail (Y.A.M. Tengku Syarif)

57, 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 Board of Directors of QSR Brands Bhd as well as several other private limited companies. He does not have any family relationships with any Director and/or substantial shareholders of KHIB. He does not have any conflict of interest with KHIB. He has no conviction for any offence within the past ten (10) years other than traffic offences, if any.

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

Yap Toon Choy

51, 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 (KHI) 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. He has no conviction for any offence within the past ten (10) years other than traffic offences, if any.

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

Shingo Muramoto

60, 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 position 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 sits on the Board of Directors of several other private limited companies. He does not have any family relationship with any Director and/or substantial shareholders of KHIB. He does not have any conflict of interest with KHIB. He has no conviction for any offence within the past ten (10) years other than traffic offences, if any.

Yong Elaine

48, 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 counseling 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 Board 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 (10) years other than traffic offences, if any.

Liew Choon Fong

39, 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 to 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 does not have any family relationship with any Director and/or substantial shareholders of KHIB. She does not have any conflict of interest with KHIB. She has no conviction for any offence within the past ten (10) years other than traffic offences, if any.

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

Profile of Board of Directors (cont'd)

Darsan Singh a/l Balwant Singh

53, 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 practicing 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 Board of Directors of several other private limited companies. He does not have any family relationships with any Director and/or substantial shareholders of KHIB. He does not have any conflict of interest with KHIB. He has no conviction for any offence within the past ten (10) 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

55, 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 Board of Directors of several other private limited companies. He does not have any family relationship with any Director and/or substantial shareholders of KHIB. He does not have any conflict of interest with KHIB. He has no conviction for any offence within the past ten (10) years other than traffic offences, if any.

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

Dato' Hairuddin Bin Mohamed*57, Independent Non-Executive Director*

Dato' Hairuddin Bin Mohamed, a Malaysian, was appointed to the Board of Directors of KHIB on 22 June 2006.

He began his career in the Criminal Investigation Department (CID) of the Royal Malaysian Police Force (RMPF) in 1970, and subsequently transferred to the Traffic Branch in Kuala Lumpur, of which he progressively promoted until he left for Kota Tinggi to become a OCPD in 1981, and subsequently transferred to Segamat in 1984.

In 1989, he moved to Commercial Crime Investigation Department (CCID) working from the headquarter in Bukit Aman, and later he was promoted to become OCCI of Sarawak. From 1996 onwards, he has worked as the Assistant Director of Management, Deputy Director Management, Chief Police Officer Kedah, TKP of National Anti Drug Agency, until his retirement as the Director of Commercial Crime Investigation Department. He has wide ranging experience in fraud detection and commercial crime investigation.

At present, he sits on the Board of Directors of BIMB Holdings Berhad, Formis Resources Berhad as well as several other private limited companies. He does not have any family relationship with any Director and/or substantial shareholders of KHIB. He does not have any conflict of interest with KHIB. He has no conviction for any offence within the past ten (10) years other than traffic offences, if any.

Gan Chee Tsong*32, Independent Non-Executive Director*

Gan Chee Tsong, a Malaysian, was appointed to the Board of Directors of KHIB on 26 July 2007. He obtained a Bachelor of Commerce degree with distinction majoring in Accounting and Finance from Curtin University of Technology in 1998. He is also a member of the Malaysian Institute of Accountants.

He began his career with Yeng & Co., an audit firm, in 1999, as an audit assistant and progressively promoted to Audit Senior until he left in 2003. Later in the same year, he joined another audit firm, Moores Stephen, as Audit Senior. In 2004, he joined Tenco Berhad as an Accountant. He has experience in servicing a wide spectrum of clients in varied industries.

He does not have any family relationship with any Director and/or substantial shareholders of KHIB. He does not have any conflict of interest with KHIB. He has no conviction for any offence within the past ten (10) years other than traffic offences, if any.

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



On behalf of the Board of Directors of Kein Hing International Berhad, I am pleased to present to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 30 April 2007.

OPERATING ENVIRONMENT

The year 2006 saw the Malaysian economy growing at a relatively higher pace of 5.9% as compared with 5.5% in 2005. The external economic environment remains challenging as ever. The enduring rally of world steel/metal prices coupled with keen competition from China have since adversely affected the metal forming industry with inevitable margin squeeze on the industry.

Real GDP growth is forecast to slow to 5.7% a year in 2007-2008, from 5.9% in 2006 and this would continue to be largely supported by domestic demand and led by the private sector. The outlook for investment activity is expected to improve with new projects coming on stream under the Ninth Malaysia Plan and the Iskandar Development Zone in Johor, thus contributing towards sustained economic activities and a continued robust domestic economy. The main thrust of the plan will be focused in increasing the value added of the three (3) economic pillars of the country, namely manufacturing, services and agriculture sectors. The manufacturing sector is projected to grow by 5.6% annually and to constitute 28.5% of GDP by 2020. This together with other Government's initiatives augur well for the long term future of the metal forming industry and would present a favourable operating environment for the Group.



FINANCIAL REVIEW

For the financial year ended 30 April 2007, our Group revenue decreased by 3.0% to RM122.3 million compared to RM125.9 million recorded in the previous year. The slight decrease in revenue is mainly due to the discontinuation of several products in Malaysia. However, the decrease has been mitigated by the increase in revenue of a subsidiary in Vietnam.

Group profit after tax ("PAT") was significantly higher at RM4.8 million which represented an increase of 161.1% over the previous year's PAT of RM1.8 million. This is mainly attributed to the improvement in profit margin as the results of re-organisation and streamlining of several production activities which were carried out by the management during the year under review.

Total net assets increased by 7.0% to RM67.7million from RM63.3 million of the preceding year.



The underlying business fundamentals remain sound and the Group is continuing with various ongoing value added measures to increase productivity, generate greater operational efficiency, improve its product range and upgrading its industry's technology and diversifying its customer base both locally and abroad.

BUSINESS OUTLOOK AND PROSPECTS

The Group believes that the competitive and challenging business environment for the local metal forming industry will continue into the next financial year. As early as 2002, the Group has anticipated the trend and has since taken various mitigating measures to negate any of its adverse effect on the Group.



The Group held the view that local players in the industry who are able to withstand the enduring challenges that has affected the industry and initiate steps to upgrade themselves in the value chain, will continue to dominate the local metal forming industry.

This constitutes the third straight year that stability of steel/metal and other commodities' prices turn out to be the main determinant of the overall health of the industry. Going into the next financial year, the Group foresees the commodities' prices will somewhat stabilize and in general, the industry is expected to cope well. The strategy of overseas expansion, increasing overall export percentage of our products and diversification into the automotive component sector that has been carried out over the last few years has, so far, enable us to mitigate some of the weaknesses as inherent in the industry.

As reported in the previous Annual Report, consumer product section of the Group that has started with Gas Cooker Products begun to contribute to the Group's bottom line.

The "Zenne" gas cooker range, which received keen interest from local and oversea distributors, has been steadily gaining acceptance and confidence. At the date of reporting, local sales have been encouraging and steady growth is in the cue. It is also noteworthy that the gas cooker range has penetrated the Vietnamese and Pakistan Market, with satisfactory repeat orders from these overseas customers thus far. Going forward, the Group believes that the Gas Cooker range will continue to perform well in these markets and the Group is currently planning a marketing presence in other Asian countries.



Barring any unforeseen circumstances, the Board expects the performance of the Group to remain satisfactory for the financial year ended 30 April 2008. The Group will continue to actively lookout for opportunities to strengthen its core business and to further expand its business overseas, which will include forming strategic alliances, mergers and acquisitions to complement its core business.

DIVIDENDS

The Group has proposed to declare a First and Final Tax-Exempt Dividend of 3% per ordinary share for the financial year ended 30 April 2007 subject to the approval of shareholders at the forthcoming Fourth Annual General Meeting to be held on 10 October 2007.

SOCIAL RESPONSIBILITY AND COMMUNITY DEVELOPMENT

Corporate Social Responsibilities and community welfare activities have always been given a high priority in the corporate culture and ethics of the Group. In the year under review, the "healthy lifestyle" theme was raised to prominence. Programs such as fitness challenge, landscaping activities, proper waste management competition, company wide blood donation and health checks were scheduled throughout the year.

For the past seven (7) consecutive years, the Group has provided Child Care Centre (CCC) facility for the employees. Following its overwhelming success, the CCC was officially open to the Seri Kembangan community as of 1 May 2006 and renamed "Tadika Keluarga Harmoni & Indah". The CCC now comprises fourteen (14) qualified teachers and helpers and has a total of fifty (50) children. The Group will always find ways to continue to contribute back to the society and we hope to play a much bigger role in the future.



The Group, through Environment Management Department (EMD) of Kein Hing Industry Sdn. Bhd., has continued to monitor the implementation of various environmental friendly systems and dissemination safety information in all its operating factories. The on-going improvement of environment protection and safety measures have greatly enhanced the environment of the factories for the workers and the Seri Kembangan community at large.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to convey my thanks and appreciation to all the Directors, management and employees of the Group for their strong commitment and contribution towards the continued success of our Group. I would also like to take this opportunity to thank our shareholders, customers, business associates, partners and the relevant governmental authorities for their continuing support to the Group.



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

Chairman

1. MANAGEMENT WITH INTEGRITY, TRANSPARENCY AND ACCOUNTABILITY

The Board of Kein Hing International Berhad (KHIB) remained committed to instill high standards of corporate governance throughout KHIB and its subsidiary companies (the Group). The Group believes the fundamental of corporate governance in discharging its responsibility and promoting corporate accountability with the ultimate objective of enhancing shareholders' value. The Board has adopted, as far as practicable, the compliance of key principles of the Malaysian Code on Corporate Governance (the Code).

Similarly, the Board strives to practice the substances over forms in adopting the underlying principle of the Code. Set out below are descriptions of how the Group applied the Principles of the Code and how the Board has complied with the Best Practices set out in the Code.

2. DIRECTORS

The Board

The Company is led by a proactive Board with a mix of management and entrepreneurial skills, supported by Independent Directors who bring to the Board their different fields of training and experiences. 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.

The Board is entrusted with the responsibility of setting the goals and the direction of the Group. It also oversees the conduct of the Group's businesses, ensuring various control systems are in place as well as regularly evaluating such systems to ensure its integrity. The controls are necessary to mitigate the risks associated with the businesses of the Group.

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

In order to efficiently manage the Company, the Board meets on a quarterly basis or as and when required. During the financial year under review, five (5) Board meetings were held while all the Directors had complied with the requirements in respect of Board meeting attendance as provided in the Listing Requirements of Bursa Securities. The Board collectively reviews and considers all corporate proposals prior to their implementation. Corporate proposals are put to vote after careful deliberation. The Chairman of the meeting has a second or casting vote in the event of a tie in votes for or against any particular proposal. The Board is updated on Group's affairs at Board meetings. The Directors are encouraged to obtain information on the Group's activities by consultation with senior management at anytime. This is to ensure and enable the Board members to discharge their duties and responsibilities competently and in an informed manner.

The Board Balance

The Board is comprised of nine (9) members, of which three (3) are Executive Directors, four (4) of the six (6) Non-Executive Directors are Independent. This is in compliance with Paragraph 15.02 of the Listing Requirements of Bursa Securities, where at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors. All Independent Non-Executive Directors are independent of management and free of any relationship that could interfere with their exercise of independent judgement.

Both the Non-Executive Chairman and the Managing Director have distinct and separate roles. The Non-Executive Chairman is responsible for effective operation and performance of the Board whilst the Managing Director is responsible for the management of the Group.

The four (4) Independent Non-Executive Directors fulfill an important role in corporate accountability as they furnish balanced and independent view to the Board, particularly on issues pertaining to shareholders, stakeholders and various communities in which the Group operates.

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 has been appointed Senior Independent Non-Executive Director to facilitate effective communication with other members and shareholders.

Statement on Corporate Governance (cont'd)

Certain responsibilities of the Board has been delegated to three (3) committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee, which operate within clearly defined terms of reference and finally report to the Board. Ultimately, the decisions and responsibilities will be assumed by the Board.

The Board conducts regular meetings for full financial and business reviews and discussions. The Board met five (5) times during the financial year ended 30 April 2007 and details of the Directors' attendance are as appended below:-

Directors	Number of Meetings Attended
Y.A.M. Tengku Syarif	4/5
Yap Toon Choy	5/5
Yong Elaine	5/5
Liew Choon Fong	5/5
Shingo Muramoto	3/5
Swee Soo Mang	5/5
Darsan Singh a/l Balwant Singh	4/5
Yap Chai Huat	3/5
Dato' Hairuddin Bin Mohamed	4/4

Supply of Information

All Directors are provided with an agenda and Board papers containing information relevant to the business of the Board meeting. Sufficient time is afforded to enable Directors to obtain further explanation where necessary, in order to be properly briefed before the meeting. Minutes of the Board committees are also tabled at the Board meetings for information and deliberation.

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 with the consent of the Board if circumstances necessitate it.

Directors' Training

All Directors have attended the Mandatory Accreditation Programme (MAP) as prescribed by Bursa Securities and they have been notified of the requirement to attend the Continuing Education Programme (CEP) recommended by Bursa Securities.

During the financial year, the Directors attended relevant training programme in areas of corporate governance, Listing Requirements and corporate social responsibilities in order to broaden their perspectives and to keep abreast with developments in the market place and with new statutory and governance requirements in order to enhance their knowledge in fulfilling their responsibilities.

Appointment to the Board

In compliance with the best practices of the Code, a Nomination Committee was set up on 6 December 2004 and is entrusted with the following responsibilities:-

The functions of the Nomination Committee include:-

- review and recommend to the Board the optimal size of the Board;
- review and recommend the requisite mix of skills, experience and other attributes, including core competencies of all the Directors;

- consider candidates for directorship proposed by the Group Managing Director, other senior executives, Directors or shareholders, in making its recommendation;
- assess the transparency of procedures for proposing new nominees to the Board and committees of the Board; and
- assess the effectiveness of the Board as a whole and the contribution made by each individual Director and Committee member.

The Nomination Committee comprises three (3) Non-Executive Directors, majority of whom are Independent Directors. The members of Nomination Committee are as follows:-

Nomination Committee Members	Directorship
Darsan Singh a/l Balwant Singh (Chairman)	Independent Non-Executive Director
Y.A.M. Tengku Syarif	Non-Independent Non-Executive Chairman
Swee Soo Mang#	Independent Non-Executive Director
Yap Chai Huat*	Independent Non-Executive Director

appointed 20 July 2007

* resigned on 26 July 2007

Re-election of 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 responsibilities:-

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

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

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

Statement on Corporate Governance (cont'd)

Details of the remuneration for the Directors of the Company for the financial year ended 30 April 2007 are as follows:-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Fees	-	150
Emoluments	880	-
Benefit-in-kind	95	-

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

Range of Remuneration	Executive Directors	Non-Executive Directors
RM50,000 and below	-	6
RM100,001 to RM150,000	1	-
RM150,001 to RM200,000	1	-
RM650,001 to RM700,000	1	-

4. SHAREHOLDERS

The Board recognised the importance of accountability and timely communication with its shareholders and stakeholders.

The annual reports and quarterly announcements are the primary modes of communication in providing shareholders with an overview of the Group's activities and performance. The AGM provides the principal platform for dialogue and avenue for direct interaction between the Board of Directors and the shareholders/investors who have the opportunity to raise questions on operations, financial and other major developments affecting the Group. The Board encourages active participation by the shareholders at general meetings or to raise questions pertaining to the operations or financials of the Group.

5. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board strives to provide 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. The Board is assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of its financial reporting.

A statement by the Directors of their responsibilities for preparing the financial statements is set out under the Statement on Directors' Responsibility on page 22 of this Annual Report.

Internal Control

The Board recognises their responsibilities for overall internal control of the Group including but not limited to financial, operation, compliance and risk management. The Statement of Internal Control are furnished on page 21 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.

Corporate Social Responsibilities

The Board of Directors of the Company, whilst pursuing the business objectives of growth in enhancing shareholder value, is also cognizant of the fact that it is an integral part of the society in which it operates. Hence, Corporate Social Responsibilities (CSR) and community welfare activities have always been an integral part of the corporate culture and ethics of the Group. Details of CSR activities have been set out in the Chairman Statement on page 10 of this Annual Report.

6. OTHERS

Utilisation of proceeds

There are no corporate proposals announced at the date of this Annual Report.

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 major 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 Group revalues its property comprising land and buildings every 5-years and/or at shorter intervals whenever the fair value on the revalued assets are expected to differ materially from the carrying value.

Profit Guarantee

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

Options, Warrants or Convertible Securities

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

Non-Audit Fees

There were no non-audit fees paid to the External Auditors during the financial year 2007.

Recurrent Related Party Transactions of A Revenue or Trading Nature ("RRPTs")

Details of the Group's RRPTs made during the financial year ended 30 April 2007 pursuant to the shareholders' mandate obtained by the Company at the Third Annual General Meeting held on 18 October 2006 are as follows:-

No.	Nature of Recurrent Related Party Transaction	Relationships	Names of Related Parties (Interested Director, Major Shareholder and Person Connected)	Aggregate value of the RRPTs during the financial year ended 30 April 2007 (RM)
1.	Kein Hing Industry Sdn. Bhd. ("KHI") purchased home appliances and electronics products from Kein Hing Appliances Sdn. Bhd. ("KHA").	KHA, person connected to Yap Toon Choy, Director and major shareholder of the Company	Yap Toon Choy and Yong Elaine	100,730.00
2.	KHI rented the residential premises and factory space located at the following addresses from T.C. Yap Holdings Sdn. Bhd. ("TCY Holdings"):- a) No. 7, Jalan Indah, 1/28, Taman Universiti Indah, 43300 Seri Kembangan, Selangor Darul Ehsan; b) 1, 3, 5, 7, 9, 11, 11A, 15A, 17 & 19, Jalan Indah, 2/16, Taman Universiti Indah, 43300 Seri Kembangan, Selangor Darul Ehsan; and c) Lot 1837, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan.	TCY Holdings, person connected to Yap Toon Choy and Yong Elaine, Director and major shareholder of the Company	Yap Toon Choy and Yong Elaine	7,200.00 171,450.00 Nil *

Statement on Corporate Governance (cont'd)

No.	Nature of Recurrent Related Party Transaction	Relationships	Names of Related Parties (Interested Director, Major Shareholder and Person Connected)	Aggregate value of the RRPTs during the financial year ended 30 April 2007 (RM)
3.	KHI produced electrical components for Muramoto Technics (Malaysia) Sdn. Bhd. ("MTM").	MTM, person connected to Yap Toon Choy, Director and major shareholder of the Company and Shingo Muramoto, Director and shareholder of the Company	Yap Toon Choy, Shingo Muramoto, Yong Elaine and Muramoto Asia Pte. Ltd. ("Muramoto Singapore")	25,980,945.00
4.	KHI rented the premises located at the following address to Microtechno Precision (M) Sdn. Bhd. ("MPSB"):- Lot 1866 and Lot 1867, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan.	MPSB, person connected to Yap Toon Choy, Director and major shareholder of the Company	Yap Toon Choy and Yong Elaine	180,000.00
5.	KHI rented part of the factory space located at the following address to MTM:- Lot 1863 and Lot 1864, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan.	MTM, person connected to Yap Toon Choy, Director and major shareholder of the Company and Shingo Muramoto, Director and shareholder of the Company	Yap Toon Choy, Shingo Muramoto, Yong Elaine and Muramoto Singapore	351,000.00
6.	KHI produced electrical components and products for KHA.	KHA, person connected to Yap Toon Choy, Director and major shareholder of the Company	Yap Toon Choy and Yong Elaine	255,839.00
7.	KHI rented five (5) apartment units located at the the following address from Mr. Yap Toon Choy for the use by its employees:- Units No. C2-2, C3-2, C4-2, C5-2 and C6-2, Excelsa Apartments, Jalan Indah 1/9, Taman Universiti Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.	Yap Toon Choy, Director and major shareholder of the Company and person connected to Yong Elaine, Director and major shareholder of the Company	Yap Toon Choy and Yong Elaine	60,000.00
8.	KHI produced metal components and tooling mould for Kein Hing Muramoto (Vietnam) Co. Ltd. ("KHMV").	KHMV, person connected to Yap Toon Choy, Director and major shareholder of the Company and Shingo Muramoto, Director and shareholder of the Company	Yap Toon Choy, Shingo Muramoto, Yong Elaine and Muramoto Singapore	162,246.00

Statement on Corporate Governance (cont'd)

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No.	Nature of Recurrent Related Party Transaction	Relationships	Names of Related Parties (Interested Director, Major Shareholder and Person Connected)	Aggregate value of the RRPTs during the financial year ended 30 April 2007 (RM)
9.	KHI sub-contracted tooling and metal stamping work to S & Y Metal Stamping Sdn. Bhd. ("S&Y").	S&Y, person connected to Sim Kooi Wah, shareholder of the Company and Director of KHMV	Sim Kooi Wah	4,963,588.00
10.	KHI sub-contracted electroplating work to Polychrome Sdn. Bhd. ("PSB").	PSB, person connected to Goh Hee Aing, Director and major shareholder of Kein Hing Polychrome (Vietnam) Co. Ltd. and shareholder of the Company	Goh Hee Aing and Puon Poh Chin	1,357,997.00
11.	KHI rented partial portion of the factory space located at the following address to Hirotako Kein Hing Sdn. Bhd. ("HKH"):- Lot 33, Jalan 6/2, Kawasan Perindustrian, 43300 Seri Kembangan, Selangor Darul Ehsan.	HKH, person connected to Yap Toon Choy, Director and major shareholder of the Company	Yap Toon Choy and Yong Elaine	16,000.00
12.	KHI produced automobile components for HKH.	HKH, person connected to Yap Toon Choy, Director and major shareholder of the Company	Yap Toon Choy and Yong Elaine	5,694,326.00
13.	KHI received management fees from HKH for the provision of administration services.	HKH, person connected to Yap Toon Choy, Director and major shareholder of the Company	Yap Toon Choy and Yong Elaine	80,000.00
14.	Rental received from HKH for production facilities provided by KHI.	HKH, person connected to Yap Toon Choy, Director and major shareholder of the Company	Yap Toon Choy and Yong Elaine	Nil

* TCY Holdings had waived the annual rental amounting to RM210,000.00.

Share Buy-Back

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

Variation of Results

There was no material variance between the results for the financial year and the unaudited results previously announced by the Group.

Audit Committee Report

COMPOSITION

The Audit Committee comprises the following Directors:-

Members	Directorships
Swee Soo Mang (Chairman)	Independent Non-Executive Director
Darsan Singh a/l Balwant Singh	Independent Non-Executive Director
Liew Choon Fong	Executive Director
Yap Toon Choy	Group Managing Director
Gan Chee Tsong#	Independent Non-Executive Director
Yap Chai Huat*	Independent Non-Executive Director

appointed on 26 July 2007

* resigned on 26 July 2007

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1) Appointment/Composition:-

- 1.1 The members of the Audit 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 Audit 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 Audit Committee.
- 1.4 A quorum shall be two (2) members and composed of a majority of Independent Directors.
- 1.5 The Chairman of the Audit Committee shall be appointed by the members of the Audit Committee among their number who is an Independent Director.
- 1.6 The Board must review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Audit 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 Audit Committee if a request is made by any Audit 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 Audit 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 Audit 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 Audit Committee to discharge its duties.
- 3.2 The Audit 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 Audit Committee, whenever deemed necessary.

4) Functions and Responsibilities:-

The functions and responsibilities of the Audit 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 arise 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 Audit 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 Audit Committee and the Board of Directors.

6) Audit Committee Report:-

The Audit 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 Audit 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 Audit Committee;
- (c) the number of Audit Committee meetings held during the financial year end and details of attendance of each member;
- (d) a summary of the activities of the Audit 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 Audit Committee to discharge its functions effectively.

7) Reporting of Breaches to the Bursa Malaysia Securities Berhad

Where the Audit 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 Audit Committee shall promptly report such matter to the Bursa Malaysia Securities Berhad.

SUMMARY OF ACTIVITIES

During the year under review, the Audit 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.
- ii) Reviewed audited accounts and Annual Report for the financial year ended 30 April 2007.
- 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 the Code.
- 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 2007, the Audit Committee met six (6) times and the details of the attendance are as follows:-

	Attendance
Swee Soo Mang	6/6
Liew Choon Fong	6/6
Yap Toon Choy	0/6
Darsan Singh a/l Balwant Singh	5/6
Yap Chai Huat*	4/6

* resigned on 26 July 2007

INTRODUCTION

The Malaysian Code on Corporate Governance requires the Board of Directors of listed companies to maintain a sound system of internal control so as to safeguard their respective assets and shareholders' interests. The Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") also require directors of listed companies to include a statement in their respective annual reports on the state of their internal controls. In pursuance thereof, the Board of Directors ("Board") of Kein Hing International Berhad ("Kein Hing") is pleased to set out below its Statement of Internal Control for Kein Hing and its subsidiary companies ("the Group") which was prepared in accordance with the Statement on Internal Control: Guidance for Directors of Public Companies issued by the Bursa Securities Task Force on Internal Control. The Board believes the practice of good corporate governance is an important continuous process and not just a matter to be covered as compliance in its annual report.

RESPONSIBILITY

The Board affirms its responsibility to maintain an adequate system of internal control in the Group. The Board has delegated the responsibility of reviewing the adequacy and integrity of the internal control system to the Audit Committee. However, the Board is aware that such a system cannot totally eliminate risks and thus there can never be an absolute assurance against the Group failing to achieve its objectives or making material losses.

The current system of internal control in the Group has the following key elements:-

- A Board which retains control over the Group and monitors the Management to ensure that the Group's operations are in accordance with the corporate objectives and strategies.
- The management structure is defined by means of organization charts.
- Financial results are reviewed quarterly by the Audit Committee and the Board.
- Key responsibilities are properly segregated.
- Periodic Board meetings to review business operations, performance and approve significant transactions.
- Periodic management meetings to review matters such as operation, business strategies and human resource development.
- An annual budget is prepared to facilitate monitoring of the Group's financial performance. The actual financial performance is reviewed on a monthly basis against the budget.

The current system of internal control has been in place for the year under review.

INTERNAL AUDIT AND RISK MANAGEMENT FRAMEWORK

The Group has outsourced its internal audit function to BDO Governance Advisory Sdn Bhd ("BDOGA") to assist the Audit Committee in discharging its duties in all aspect of internal control within the Group. BDOGA provides the Board with reasonable assurance it requires regarding the adequacy and integrity of the system on internal control. BDOGA reviews the Group's internal control system and reports to the Audit Committee on a quarterly basis. Internal audit reports have been tabled at the Audit Committee meeting. Where weaknesses are identified, recommended procedures have been or are being put in place to strengthen controls.

The Board and Management remain committed towards operating a sound system of internal control and therefore recognise that the system must continuously evolve to support the type of business and size of the Group. As such, the Board and Management, in striving for continuous improvement will put in place appropriate actions, when necessary, to further enhance the Group's system of internal control.

CONCLUSION

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. The Management of the Company continues to take measures to strengthen the internal control environment.

Statement on Directors' Responsibilities

in Relation to the Financial Statements

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 Act.

In preparing the financial statements for the year ended 30 April 2007, the Directors have ascertained that:-

- 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 of the financial position of the Group and the Company, and which enable them to ensure that financial statements comply with the Act.

The Directors are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of 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 2007.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are stated in Note 5 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 for the year	5,043,229	1,556,195

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

Since the end of the previous financial year, the Company paid a final tax exempt dividend of 1 sen per share totalling RM990,000 in respect of the year ended 30 April 2006 on 21 November 2006.

The final dividend recommended by the Directors in respect of the year ended 30 April 2007 is 1.5 sen per share tax exempt totalling RM1,485,000.

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
Shingo Muramoto
Yap Toon Choy
Yong Elaine
Liew Choon Fong
Darsan Singh A/L Balwant Singh
Swee Soo Mang
Yap Chai Huat (resigned on 26.07.2007)
Dato' Hairuddin Bin Mohamed

Directors' Report

for the year ended 30 April 2007 (cont'd)

DIRECTORS' INTERESTS

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:

Number of ordinary shares of RM0.50 each				
Company	At 1.5.2006	Bought	Sold	At 30.4.2007
Direct interest				
Tengku Syarif Temenggong Perlis				
Dato' Seri Diraja Syed Amir Abidin Jamalullail	5,382,200	-	-	5,382,200
Yap Toon Choy	32,841,620	20,000	-	32,861,620
Yap Chai Huat	90,000	-	-	90,000
Yong Elaine	20,400,820	469,250	-	20,870,070
Liew Choon Fong	363,250	-	-	363,250
Indirect interest*				
Shingo Muramoto	4,372,600	-	-	4,372,600

	Legal capital of USD1 each			At 30.4.2007
	At 1.5.2006	Bought	Sold	
Kein Hing Muramoto (Vietnam) Co., Ltd				
Indirect interest*				
Shingo Muramoto	833,000	-	-	833,000

* 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 2007 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 companies which traded with the Company in the ordinary course of business and rental income receivable from companies 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

There were no changes in the issued and paid-up 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 financial statements of the Group and of the Company 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.

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, the results of the operations of the Group and of the Company for the financial year ended 30 April 2007 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 on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Yap Toon Choy

.....
Yong Elaine

Selangor Darul Ehsan,
Date: 23 August 2007

Statement by Directors

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

In the opinion of the Directors, the financial statements set out on pages 28 to 65 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities, other than private entities, issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 30 April 2007 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: 23 August 2007

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 28 to 65 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 23 August 2007.

.....
Loong Ding Tong

Before me:
Raman Kunyapu
No. W476
Commissioner for Oaths
Kuala Lumpur.

Report of the Auditors

to the Members of Kein Hing International Berhad

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We have audited the financial statements set out on pages 28 to 65. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. 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 for entities, other than private entities, issued by the Malaysian Accounting Standards Board 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 2007 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 subsidiaries in respect of which we have not acted as auditors are identified in Note 5 to the financial statements and we have considered their financial statements and the auditors' reports 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

Foong Mun Kong

Partner
Approval Number: 2613/12/08(J)

Kuala Lumpur,

Date: 23 August 2007

Balance Sheets

at 30 April 2007

		GROUP		COMPANY	
	Note	2007 RM	2006 RM restated	2007 RM	2006 RM
Assets					
Property, plant and equipment	3	87,207,812	89,155,568	367,430	372,463
Intangible assets	4	3,927,656	3,239,097	-	-
Investments in subsidiaries	5	-	-	53,517,543	52,258,293
Investments in associates	6	3,126,359	2,640,297	811,383	811,383
Other investments	7	577,575	249,000	-	-
Amount due from subsidiary	9	-	-	5,917,419	-
Total non-current assets		94,839,402	95,283,962	60,613,775	53,442,139
Inventories	10	10,216,151	13,078,451	-	-
Receivables, deposits and prepayments	9	23,387,662	18,189,524	406,881	26,300
Tax recoverable		5,745	232,826	-	-
Cash and cash equivalents	11	6,645,514	5,519,633	343,872	146,158
Total current assets		40,255,072	37,020,434	750,753	172,458
Total assets		135,094,474	132,304,396	61,364,528	53,614,597
Equity					
Share capital	12	49,500,000	49,500,000	49,500,000	49,500,000
Reserves		15,201,542	11,325,007	2,634,254	2,068,059
Total equity attributable to shareholders of the Company		64,701,542	60,825,007	52,134,254	51,568,059
Minority interests	12	3,043,385	2,446,580	-	-
Total equity		67,744,927	63,271,587	52,134,254	51,568,059
Liabilities					
Loans and borrowings	13	20,741,438	19,866,726	6,149,950	101,060
Amount due to Directors	14	4,342,020	4,677,940	-	-
Deferred tax liabilities	8	7,000,000	8,045,000	-	-
Total non-current liabilities		32,083,458	32,589,666	6,149,950	101,060
Payables and accruals	14	17,166,058	17,029,852	2,986,964	1,852,118
Loans and borrowings	13	18,100,031	19,413,291	93,360	93,360
Total current liabilities		35,266,089	36,443,143	3,080,324	1,945,478
Total liabilities		67,349,547	69,032,809	9,230,274	2,046,538
Total equity and liabilities		135,094,474	132,304,396	61,364,528	53,614,597

The notes on pages 34 to 65 are an integral part of these financial statements.

Income Statements

for the year ended 30 April 2007

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		GROUP		COMPANY	
	Note	2007 RM	2006 RM	2007 RM	2006 RM
Revenue		122,269,818	125,930,532	2,000,000	1,980,000
Cost of sales		(100,758,480)	(108,739,585)	-	-
Gross profit	15	21,511,338	17,190,947	2,000,000	1,980,000
Other income		877,255	1,153,297	45,307	-
Distribution expenses		(1,412,952)	(815,547)	-	-
Administrative expenses		(13,959,817)	(12,355,905)	(551,436)	(209,251)
Other expenses		(314,553)	(559,022)	-	(252,845)
Results from operating activities		6,701,271	4,613,770	1,493,871	1,517,904
Interest income		165,747	53,942	380,492	-
Interest expense		(2,719,292)	(2,703,931)	(318,168)	(16,595)
Operating profit	16	4,147,726	1,963,781	1,556,195	1,501,309
Share of associates' net results		486,061	(54,547)	-	-
Profit before tax		4,633,787	1,909,234	1,556,195	1,501,309
Tax expense	17	135,152	(82,558)	-	(825)
Net profit for the year		4,768,939	1,826,676	1,556,195	1,500,484
Attributable to:					
Shareholders of the Company		5,043,229	1,918,150	1,556,195	1,500,484
Minority interests		(274,290)	(91,474)	-	-
Net profit for the year		4,768,939	1,826,676	1,556,195	1,500,484
Basic/diluted earnings per ordinary share (sen):	18	5.09	1.94		
Dividends per ordinary share (sen):	19	1.50	1.00		

The notes on pages 34 to 65 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 30 April 2007

----- Attributable to shareholders of the Company -----								
----- Non-distributable ----- Distributable								
Group	Note	Share capital RM	Share premium RM	Translation reserve RM	Retained profits RM restated	Total RM restated	Minority interests RM	Total equity RM restated
At 1 May 2005								
As previously reported		49,500,000	2,668,992	(25,389)	8,018,138	60,161,741	1,573,590	61,735,331
Effect of adopting FRS 3	26	-	-	-	839,192	839,192	-	839,192
At 1 May 2005, restated		49,500,000	2,668,992	(25,389)	8,857,330	61,000,933	1,573,590	62,574,523
Exchange differences on translation of the financial statements of foreign subsidiaries		-	-	(114,076)	-	(114,076)	(109,603)	(223,679)
Net loss recognised directly in equity		-	-	(114,076)	-	(114,076)	(109,603)	(223,679)
Net profit/(loss) for the year		-	-	-	1,918,150	1,918,150	(91,474)	1,826,676
Total recognised income and expense for the year		-	-	(114,076)	1,918,150	1,804,074	(201,077)	1,602,997
Issuance of shares to minority shareholders		-	-	-	-	-	1,074,067	1,074,067
Dividend paid	19	-	-	-	(1,980,000)	(1,980,000)	-	(1,980,000)
At 30 April 2006, restated		49,500,000	2,668,992	(139,465)	8,795,480	60,825,007	2,446,580	63,271,587
Exchange differences on translation of the financial statements of foreign subsidiaries		-	-	(176,694)	-	(176,694)	(156,400)	(333,094)
Net loss recognised directly in equity		-	-	(176,694)	-	(176,694)	(156,400)	(333,094)
Net profit/(loss) for the year		-	-	-	5,043,229	5,043,229	(274,290)	4,768,939
Total recognised income and expense for the year		-	-	(176,694)	5,043,229	4,866,535	(430,690)	4,435,845
Issuance of shares to minority shareholders		-	-	-	-	-	1,027,495	1,027,495
Dividend paid	19	-	-	-	(990,000)	(990,000)	-	(990,000)
At 30 April 2007		49,500,000	2,668,992	(316,159)	12,848,709	64,701,542	3,043,385	67,744,927
		Note 12			Note 12			

Statement of Changes in Equity

for the year ended 30 April 2007 (cont'd)

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Company	Note	----- Non-distributable -----			Total RM
		Share capital RM	Share premium RM	Accumulated losses RM	
At 1 May 2005		49,500,000	2,668,992	(121,417)	52,047,575
Net profit for the year		-	-	1,500,484	1,500,484
Dividend paid	19	-	-	(1,980,000)	(1,980,000)
At 30 April 2006		49,500,000	2,668,992	(600,933)	51,568,059
Net profit for the year		-	-	1,556,195	1,556,195
Dividend paid	19	-	-	(990,000)	(990,000)
At 30 April 2007		49,500,000	2,668,992	(34,738)	52,134,254

Note 12

The notes on pages 34 to 65 are an integral part of these financial statements.

Cash Flow Statements

for the year ended 30 April 2007

	GROUP		COMPANY	
	2007 RM	2006 RM restated	2007 RM	2006 RM
Cash flows from operating activities				
Profit before tax	4,633,787	1,909,234	1,556,195	1,501,309
Adjustments for:				
Allowance for diminution in value of investments in subsidiaries	-	-	-	252,845
Amortisation of land use rights	115,191	78,982	-	-
Depreciation of property, plant and equipment	10,237,122	9,433,984	5,033	5,033
Dividend income	-	-	(2,000,000)	(1,980,000)
Impairment loss on plant and machinery	-	250,000	-	-
Interest expense	2,719,292	2,703,931	318,168	16,595
Interest income	(165,747)	(53,942)	(380,492)	-
Loss on disposal of property, plant and equipment	14,048	12,329	-	-
Amortisation of negative goodwill of associates	-	(220,000)	-	-
Property, plant and equipment written off	8,405	21,875	-	-
Share of associates' net results	(486,061)	54,547	-	-
Unrealised loss/(gain) on foreign exchange	121,551	178,158	(44,024)	-
Operating profit/(loss) before working capital changes	17,197,588	14,369,098	(545,120)	(204,218)
Changes in working capital:				
Inventories	2,862,300	2,138,872	-	-
Trade and other receivables	(5,319,689)	3,972,200	25,000	64,196
Trade and other payables	136,207	(5,699,393)	131,439	(80,000)
Cash generated from/(used in) operations	14,876,406	14,780,777	(388,681)	(220,022)
Tax paid	(682,767)	(914,405)	-	(825)
Net cash generated from/(used in) operating activities	14,193,639	13,866,372	(388,681)	(220,847)
Cash flows from investing activities				
Acquisition of shares in associates	-	(500,722)	-	(500,722)
Acquisition of other investment	(328,575)	(5,000)	-	-
Increase in investment in subsidiaries	-	-	(1,259,250)	-
Dividend received	-	-	2,000,000	1,980,000
Acquisition of additional shares in an unquoted subsidiary	-	-	-	(956,288)
Incorporation of a subsidiary	-	-	-	(225,000)
Proceeds from disposal of other investments	-	377,000	-	-
Proceeds from disposal of property, plant and equipment	1,974,445	57,914	-	-
Proceeds from issuance of shares to minority shareholders	1,027,495	1,074,067	-	-
Purchase of intangible assets	(386,776)	(1,609)	-	-
Purchase of property, plant and equipment (ii)	(9,041,401)	(6,856,229)	-	(377,496)
Interest received	165,747	53,942	380,492	-
Increase in pledged deposits with licensed bank	-	(14,575)	-	-
Net cash (used in)/generated from investing activities	(6,589,065)	(5,815,212)	1,121,242	(79,506)

Cash Flow Statements

for the year ended 30 April 2007 (cont'd)

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	GROUP		COMPANY	
	2007 RM	2006 RM restated	2007 RM	2006 RM
Cash flows from financing activities				
Advances (to)/from a subsidiary	-	-	(5,523,203)	1,684,010
Proceeds from term loans	6,389,884	-	6,389,884	280,000
Repayment of advance to a Director	(335,920)	(567,620)	-	-
Repayment of hire purchase liabilities	(5,265,498)	(4,623,012)	-	-
Repayment of term loans	(3,241,032)	(2,799,147)	(93,360)	(85,580)
Repayment of other borrowings	(3,550,929)	(2,200,849)	-	-
Dividends paid	(990,000)	(1,980,000)	(990,000)	(1,980,000)
Interest paid	(2,719,292)	(2,703,931)	(318,168)	(16,595)
Net cash used in financing activities	(9,712,787)	(14,874,559)	(534,847)	(118,165)
Exchange differences on translation of the financial statements of foreign operations	(333,094)	(223,679)	-	-
Net (decrease)/increase in cash and cash equivalents	(2,441,307)	(7,047,078)	197,714	(418,518)
Cash and cash equivalents at beginning of year	2,892,823	9,275,461	146,158	564,676
Foreign exchange differences on opening balance	716,372	664,440	-	-
Cash and cash equivalents at end of year (i)	1,167,888	2,892,823	343,872	146,158

(i) Cash and cash equivalents

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

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash and bank balances	5,495,640	4,396,762	343,872	146,158
Deposits placed with licensed banks (excluding deposits pledged)	1,049,899	1,022,896	-	-
Bank overdrafts	(5,377,651)	(2,526,835)	-	-
	1,167,888	2,892,823	343,872	146,158

(ii) Purchase of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM11,419,611 (2006 - RM14,261,330) of which RM2,378,210 (2006 - RM7,405,101) was acquired by means of hire purchases.

The notes on 34 to 65 are an integral part of these financial statements.

Notes to the Financial Statements

Kein Hing International Berhad is a public limited liability company incorporated and domiciled in Malaysia and is listed on the Second Board of Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:

Registered office

Unit 07-02, Level 7, Menara Luxor
6B Persiaran Tropicana
47410 Petaling Jaya
Selangor Darul Ehsan

Principal place of business

Lot 1863, Jalan College
43300 Seri Kembangan
Selangor Darul Ehsan

The consolidated financial statements as at and for the year ended 30 April 2007 comprise of the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates. The financial statements of the Company at and for the year ended 30 April 2007 do not include other entities.

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable Financial Reporting Standards (FRSs), accounting principles generally accepted and the provisions of the Companies Act, 1965 in Malaysia.

The MASB has issued the following FRSs and Interpretations that are effective for annual periods beginning after 1 January 2006, and that have not been applied in preparing these financial statements:

Standard / Interpretations	Effective date
FRS 117, <i>Leases</i>	1 October 2006
FRS 124, <i>Related Party Disclosures</i>	1 October 2006
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	To be announced
Amendment to FRS 119 ₂₀₀₄ , <i>Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures</i>	1 January 2007
FRS 6, <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2007
Amendment to FRS 121, <i>The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation</i>	1 July 2007
IC Interpretation 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 July 2007
IC Interpretation 2, <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 July 2007
IC Interpretation 5, <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 July 2007
IC Interpretation 6, <i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>	1 July 2007
IC Interpretation 7, <i>Applying the Restatement Approach under FRS 129₂₀₀₄ Financial Reporting in Hyperinflationary Economies</i>	1 July 2007
IC Interpretation 8, <i>Scope of FRS 2, Share Based Payments</i>	1 July 2007

1. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

Standard / Interpretations	Effective date
FRS 107, <i>Cash Flow Statements</i>	1 July 2007
FRS 111, <i>Construction Contracts</i>	1 July 2007
FRS 112, <i>Income Taxes</i>	1 July 2007
FRS 118, <i>Revenue</i>	1 July 2007
FRS 120, <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1 July 2007
FRS 134, <i>Interim Financial Reporting</i>	1 July 2007
FRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 July 2007

The Group and the Company plan to apply FRS 117, FRS 124, the Amendment to FRS 119₂₀₀₄ and the rest of the above-mentioned FRSs (except for FRS 6 as explained below and FRS 139 which its effective date has yet to be announced) and Interpretations for the annual period beginning 1 May 2007.

The impact of applying FRS 117, FRS 124 and FRS 139 on the financial statements upon first adoption of these standards as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemptions given in the respective standards.

FRS 6 and FRS 134 are not applicable to the Group and the Company. Hence, no further disclosure is warranted.

The initial application of the other standards and interpretations are not expected to have any material impact on the financial statements of the Group and Company.

The financial statements were approved by the Board of Directors on 23 August 2007.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

Certain comparative amounts have been restated to take into account the effect of the change in accounting policy and the adoption of FRS 3, *Business Combination*, as disclosed in Notes 26 and 27. In addition, certain comparative amounts have been represented and reclassified to conform to the current year's presentation.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale.

(ii) Minority interests

Minority interests at the balance sheet date are the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries.

In prior years, minority interests were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets. Minority interests in the results of the Group for the year were also presented separately on the face of the consolidated income statement as a deduction before arriving at the profit attributable to shareholders.

With effect from 1 January 2006, minority interests are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

This reclassification of minority interests in the consolidated balance sheet, income statements and statement of changes in equity has been accounted for retrospectively.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(iii) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

(iv) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

(ii) Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations, are recognised in the Company's income statement. Deferred exchange differences are released to the income statement upon disposal of the investment.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

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

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

(iii) Depreciation

Freehold land is not depreciated. Leasehold land is amortised in equal instalments over the lease period of 99 years. For all other assets, depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

The estimated useful lives for the current and comparative periods are as follows:

Freehold and leasehold buildings	50 years
Plant and machinery, electrical installations and factory equipment	4 - 14 years
Office equipment, furniture and fittings and renovation	5 - 20 years
Motor vehicles	5 - 10 years

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(d) Intangible assets

(i) Goodwill

Goodwill/(negative goodwill) arises on the acquisition of subsidiaries, associates and joint ventures.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

With the adoption of FRS 3 beginning 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

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

Goodwill is allocated to cash-generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The entire carrying amount of the investment is tested for impairment when there is objective evidence of impairment.

Amortised goodwill and negative goodwill

Before adoption of FRS 3, goodwill was measured at cost less accumulated amortisation and impairment losses. Impairment tests on goodwill were performed when there were indications of impairment. Negative goodwill, not exceeding the fair values of the non-monetary assets acquired, was recognised in the income statement over the weighted average useful life of those assets that were depreciable / amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired was recognised immediately in the income statement. To the extent that negative goodwill related to expectation of future losses and expenses that were identified in the plan of acquisition and could be measured reliably, but which were not identifiable liabilities at the date of acquisition, that portion of negative goodwill was recognised in the income statement when the future losses and expenses were recognised. Goodwill/Negative goodwill was amortised from the date of initial recognition over its estimated useful life of not more than 10 years.

Following the adoption of FRS 3, the Group changed its accounting policy on the treatment of goodwill and negative goodwill. Goodwill is no longer amortised but tested for impairment at least annually or more frequently when there is objective evidence of impairment. When the excess is negative (negative goodwill), the carrying amount at 1 May 2006 is derecognised with a corresponding adjustment to the opening balance of retained earnings.

The effect of this change in accounting policies is explained in Note 26 and Note 27.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Intangible assets

(ii) Other intangible assets

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.

(iii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iv) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired. Other intangible assets are amortised from the date that they are available for use.

Land use rights are amortised over a period ranging from 30 to 43 years.

(e) Investments in equity securities

Investments in equity securities are recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition, investments in non-current equity securities other than investments in subsidiaries and associates, are stated at cost less allowance for diminution in value.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities other than investment in subsidiaries, and associates, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

All investments in debt and equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

- a) the recognition of an asset on the day it is received by the entity, and
- b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

In prior years, cost of raw material is determined on the first-in-first-out (FIFO) method. During the financial year, the Company changed its method on the measurement of raw material costs from FIFO to the weighted average method. The Company assessed the retrospective effect of this change in accounting policy and concluded that the change has no significant impact on the Group's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits 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, if any.

(i) Impairment

The carrying amounts of assets except for inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss 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. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statement.

(j) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the loans and borrowings using the effective interest method.

All interest and other costs incurred in connection with borrowings are expensed as incurred.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Company's and Group's contributions to the Employee's Provident Fund are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(m) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(n) Revenue

(i) Goods sold

Revenue from sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Dividend income

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

(iii) Rental income

Rental income is recognised in the income statement as it accrues.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(p) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred.

(q) Tax expense

Tax expense comprises current and deferred tax. Tax expense 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 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 recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(r) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(s) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Notes to the Financial Statements (cont'd)

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3. PROPERTY, PLANT AND EQUIPMENT

Group	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 renovation RM	Motor vehicles RM	Work-in- progress RM	Total RM
Cost									
At 1 May 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
Additions	125,832	601,664	591,220	131,321	10,814,786	1,566,090	430,417	-	14,261,330
Disposals	-	-	-	-	(216)	(2,260)	(155,857)	-	(158,333)
Written off	-	-	-	-	(30,069)	(68,671)	-	-	(98,740)
Exchange differences	-	-	-	(158,326)	(270,644)	(10,818)	672	-	(439,116)
At 30 April 2006	7,717,713	15,418,815	2,630,552	6,584,940	59,533,714	6,580,401	5,278,303	-	103,744,438
Additions	-	233,403	-	512,463	8,379,913	716,508	442,745	1,134,579	11,419,611
Disposals	-	-	-	-	(3,251,217)	(62,312)	(1,509,895)	-	(4,823,424)
Written off	-	-	-	-	(208,707)	(14,041)	-	-	(222,748)
Transfer to intangible assets (Note 4)	-	-	(572,024)	-	-	-	-	-	(572,024)
Exchange differences	-	-	(27,523)	(156,567)	(402,782)	(17,176)	(25,223)	-	(629,271)
At 30 April 2007	7,717,713	15,652,218	2,031,005	6,940,836	64,050,921	7,203,380	4,185,930	1,134,579	108,916,582

Notes to the Financial Statements (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	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	Work-in-progress RM	Total RM
Accumulated depreciation									
At 1 May 2005	-	179,185	16,295	103,290	4,168,887	444,331	99,913	-	5,011,901
Charge for the year	-	348,989	24,442	158,690	7,296,930	797,020	807,913	-	9,433,984
Disposals	-	-	-	-	(106)	(964)	(87,020)	-	(88,090)
Written off	-	-	-	-	(24,788)	(52,077)	-	-	(76,865)
Impairment loss for the year	-	-	-	-	250,000	-	-	-	250,000
Exchange differences	-	-	-	(2,259)	41,257	855	18,087	-	57,940
Accumulated depreciation	-	528,174	40,737	259,721	11,482,180	1,189,165	838,893	-	14,338,870
Accumulated impairment losses	-	-	-	-	250,000	-	-	-	250,000
At 30 April 2006/ 1 May 2006	-	528,174	40,737	259,721	11,732,180	1,189,165	838,893	-	14,588,870
Charge for the year	-	353,995	24,442	166,179	8,107,050	871,445	714,011	-	10,237,122
Disposals	-	-	-	-	(2,025,579)	(59,546)	(749,841)	-	(2,834,966)
Written off	-	-	-	-	(208,225)	(6,118)	-	-	(214,343)
Transfer to intangible assets (Note 4)	-	-	(7,945)	-	-	-	-	-	(7,945)
Exchange differences	-	-	(382)	(5,733)	(42,926)	(4,215)	(6,712)	-	(59,968)
Accumulated depreciation	-	882,169	56,852	420,167	17,312,500	1,990,731	796,351	-	21,458,770
Accumulated impairment losses	-	-	-	-	250,000	-	-	-	250,000
At 30 April 2007	-	882,169	56,852	420,167	17,562,500	1,990,731	796,351	-	21,708,770
Carrying amounts									
At 1 May 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
At 30 April 2006	7,717,713	14,890,641	2,589,815	6,325,219	47,801,534	5,391,236	4,439,410	-	89,155,568
At 30 April 2007	7,717,713	14,770,049	1,974,153	6,520,669	46,488,421	5,212,649	3,389,579	1,134,579	87,207,812

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Freehold land RM	Freehold building RM	Total RM
Cost			
At 1 May 2005	-	-	-
Additions	125,832	251,664	377,496
At 30 April 2006/1 May 2006/30 April 2007	125,832	251,664	377,496
Accumulated depreciation			
At 1 May 2005	-	-	-
Charge for the year	-	5,033	5,033
At 30 April 2006/1 May 2006	-	5,033	5,033
Charge for the year	-	5,033	5,033
At 30 April 2007	-	10,066	10,066
Carrying amounts			
At 1 May 2005	-	-	-
At 30 April 2006	125,832	246,631	372,463
At 30 April 2007	125,832	241,598	367,430

- a) Certain property, plant and equipment of the Group and of the Company costing RM40,381,854 (2006 - RM44,266,655) and RM377,496 (2006 - RM377,496), respectively are charged to banks as security for borrowings (Note 13).
- b) The net book value of property, plant and equipments under hire purchase arrangements are disclosed as follows:

	GROUP	
	2007 RM	2006 RM
Hire purchase		
Plant and machinery, electrical installations and factory equipment	14,056,677	14,815,172
Motor vehicles	1,296,363	2,250,595
Office equipment, furniture and fittings and renovation	323,996	360,332
	15,677,036	17,426,099

Notes to the Financial Statements (cont'd)

4. INTANGIBLE ASSETS

Land use rights	GROUP	
	2007 RM	2006 RM
Cost		
At beginning of year	3,397,436	3,567,217
Addition	386,776	1,609
Transfer from leasehold land (Note 4)	572,024	-
Foreign currency translation difference	(154,374)	(171,390)
At end of year	4,201,862	3,397,436
Accumulated amortisation		
At beginning of year	158,339	83,363
Amortisation charge for the year	115,191	78,982
Transfer from leasehold land (Note 4)	7,945	-
Foreign currency translation difference	(7,269)	(4,006)
At end of year	274,206	158,339
Net book value		
As at 30 April	3,927,656	3,239,097

5. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2007 RM	2006 RM
Unquoted shares, at cost	53,770,388	52,511,138
Less: Allowance for impairment in value	(252,845)	(252,845)
	53,517,543	52,258,293

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	
			2007 %	2006 %
Kein Hing Industry Sdn. Bhd.	Sheet metal forming, precision machining and component assembly	Malaysia	100	100
Kein Hing Appliances Sdn. Bhd.	Trading in electrical and electronics products and home appliances	Malaysia	83	83
Kein Hing Muramoto (Vietnam) Co.,Ltd*	Sheet metal forming, precision machining and assembly of components for electronic, automotive and other industries	Vietnam	51	51
Kein Hing Polychrome (Vietnam) Co.,Ltd*	Electroplating	Vietnam	70	70

* Audited by a member firm of KPMG International

Notes to the Financial Statements (cont'd)

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6. INVESTMENTS IN ASSOCIATES

	GROUP		COMPANY	
	2007 RM	2006 RM restated	2007 RM	2006 RM
Unquoted shares, at cost	1,080,463	1,080,463	811,383	811,383
Share of post-acquisition reserves				
As previously reported	N/A	720,642	-	-
Effect of FRS 3 (Note 26)	N/A	839,192	-	-
	2,045,896	1,559,834	-	-
	3,126,359	2,640,297	811,383	811,383

N/A - Not applicable

Details of the significant associates and their activities are as follows:

Name of company	Principal activities	Country of incorporation	Effective equity interest	
			2007 %	2006 %
Hirotaiko Kein Hing Sdn. Bhd.	Manufacturer of car components	Malaysia	49	49
S & Y Metal Stamping Sdn. Bhd.	Precision metal stamping	Malaysia	28	28
Polychrome Sdn. Bhd.	Electroplating, iron foundries, tinplate makers and smelters	Malaysia	25	25

Summary financial information on associates:

Group	Revenues (100%) RM	Profit/ (Loss) (100%) RM	Total assets (100%) RM	Total liabilities (100%) RM
2007				
Hirotaiko Kein Hing Sdn. Bhd.	6,372,350	227,146	770,452	(7,980)
S & Y Metal Stamping Sdn. Bhd.	14,996,761	1,186,653	16,408,418	(8,689,300)
Polychrome Sdn. Bhd.	2,776,043	169,989	5,420,211	(3,280,851)
	24,145,154	1,583,788	22,599,081	(11,978,131)
2006				
Hirotaiko Kein Hing Sdn. Bhd.	11,877,703	320,576	2,811,698	(2,277,954)
S & Y Metal Stamping Sdn. Bhd.	10,988,379	(784,699)	12,178,154	(5,551,878)
Polychrome Sdn. Bhd.	1,804,854	32,348	4,417,425	(2,932,047)
	24,670,936	(431,775)	19,407,277	(10,761,879)

7. OTHER INVESTMENTS

	GROUP	
	2007 RM	2006 RM
At cost:		
Quoted shares in Malaysia	323,575	-
Transferable club memberships	279,580	274,580
	603,155	274,580
Less: Allowance for diminution in value of club memberships	(25,580)	(25,580)
	577,575	249,000
Market value:		
Quoted shares in Malaysia	381,210	-

8. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	GROUP	
	2007 RM	2006 RM
Group		
Property, plant and equipment	6,900,000	7,900,000
Property revaluation reserve	220,000	222,000
Provisions	(120,000)	(77,000)
Net tax liabilities	7,000,000	8,045,000

Movement in temporary differences during the year

Group	At 1.5.2005	Recognised in income statement (note 17)	At 30.04.2006	Recognised in income statement (note 17)	At 30.04.2007
Property, plant and equipment	8,400,000	(500,000)	7,900,000	(1,000,000)	6,900,000
Property revaluation reserve	224,000	(2,000)	222,000	(2,000)	220,000
Provisions	(77,000)	-	(77,000)	(43,000)	(120,000)
	8,547,000	(502,000)	8,045,000	(1,045,000)	7,000,000

8. DEFERRED TAX ASSETS AND LIABILITIES (cont'd)

Unrecognised deferred tax assets

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

	GROUP	
	2007 RM	2006 RM
Deductible temporary differences	68,190	15,022
Unabsorbed capital allowances	99,215	74,192
Unutilised tax losses	784,112	278,769
	951,517	367,983

The deductible temporary differences do not expire under current tax legislation other than the tax loss carry-forward relating to the Vietnam subsidiaries of which RM552,154 (2006 – RM117,785) will expire within five (5) years commencing from the year the tax losses were incurred. 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 therefrom. Unutilised tax loss carry-forwards and unutilised capital allowance carry-forwards amounting to RM231,958 (2006 – RM160,984) and RM99,215 (2006 – RM74,192) respectively will not be available to the Group if there is substantial change in shareholders (more than 50%).

9. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	GROUP		COMPANY	
		2007 RM	2006 RM	2007 RM	2006 RM
Current					
Trade					
Trade receivables		21,241,030	14,965,080	-	-
Amount due from an associate	a	149,999	1,987,482	-	-
		21,391,029	16,952,562	-	-
Less: Allowance for doubtful debts					
- Trade receivables	b	(320,405)	(320,405)	-	-
		21,070,624	16,632,157	-	-
Non-trade					
Other receivables, deposits and prepayments		2,317,038	1,557,367	1,300	26,300
Amounts due from subsidiaries	c	-	-	405,581	-
		23,387,662	18,189,524	406,881	26,300
Non-current					
Non-trade					
Amount due from subsidiary	d	-	-	5,917,419	-

Note a

Amount due from an associate arose mainly from normal trade transactions. The amount is unsecured, interest free and is repayable within the next twelve months.

Notes to the Financial Statements (cont'd)

9. RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

Note b

Allowance for doubtful debts is based on the ongoing assessment of the recoverability and aging analysis of the outstanding receivables and ongoing management's estimate of the ultimate realisation of these receivables including creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in impairment to their ability to make payments, additional allowance may be required.

Note c

Amounts due from subsidiaries are non-trade in nature, unsecured, interest free and are repayable within the next twelve months.

Note d

The long term amount due from subsidiary arises from unsecured advances which earns interests at the rate of 4% per annum above BLR and is not repayable within the next twelve months.

The foreign currency profile of receivables, deposits and prepayments, both current and non-current portion, is as follows:

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
- Ringgit Malaysia	16,494,998	12,278,434	1,300	26,300
- US Dollar	4,868,196	3,482,619	6,323,000	-
- Singapore Dollar	1,616,200	634,282	-	-
- Japanese Yen	42,432	49,616	-	-
- Vietnam Dong	365,836	1,744,573	-	-
	23,387,662	18,189,524	6,324,300	26,300

10. INVENTORIES

	GROUP	
	2007 RM	2006 RM
At cost:		
Raw materials	4,073,451	5,618,328
Work-in-progress	3,053,081	4,235,105
Manufactured inventories	2,086,748	2,613,426
Trading inventories	290,384	205,076
	9,503,664	12,671,935
Less: Allowance for diminution in value	(241,218)	(106,766)
	9,262,446	12,565,169
At net realisable value:		
Work in progress	953,705	513,282
	953,705	513,282
	10,216,151	13,078,451

10. INVENTORIES (cont'd)

Management reviews inventory for excess inventory and obsolescence and records an allowance on the inventory balance based on obsolete or slow moving historical experiences. These reviews require management to estimate future demand for their products. An allowance for slow moving and obsolete inventories is made if inventories are deemed to be obsolete or slow-moving.

11. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Deposits placed with licensed banks	1,149,874	1,122,871	-	-
Cash and bank balances	5,495,640	4,396,762	343,872	146,158
	6,645,514	5,519,633	343,872	146,158
Less: Deposit pledged	(99,975)	(99,975)	-	-
	6,545,539	5,419,658	343,872	146,158

The foreign currency profile of cash and cash equivalent is as follows:

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
- Ringgit Malaysia	1,633,985	3,372,289	46,383	146,158
- US Dollar	4,916,715	216,034	297,489	-
- Vietnam Dong	94,814	1,931,310	-	-
	6,645,514	5,519,633	343,872	146,158

12. CAPITAL AND RESERVES

Share capital

	GROUP AND COMPANY			
	Amount 2007 RM	Number of shares 2007 RM	Amount 2006 RM	Number of shares 2006 RM
Ordinary shares of RM0.50 each: Authorised	50,000,000	100,000,000	50,000,000	100,000,000
Issued and fully paid	49,500,000	99,000,000	49,500,000	99,000,000

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

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.

13. LOANS AND BORROWINGS

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Current				
Bills payable (secured)	2,269,015	2,868,944	-	-
Bankers' acceptances (secured)	2,034,000	4,985,000	-	-
Bank overdrafts (secured)	5,377,651	2,526,835	-	-
Term loans (secured)	3,633,803	4,195,960	93,360	93,360
Hire purchase liabilities	4,785,562	4,836,552	-	-
	18,100,031	19,413,291	93,360	93,360
Non-current				
Term loans (secured)	16,198,648	12,487,639	6,149,950	101,060
Hire purchase liabilities	4,542,790	7,379,087	-	-
	20,741,438	19,866,726	6,149,950	101,060

The loans and borrowings are denominated in Ringgit Malaysia except for certain secured term loan amounting to RM6,142,250 (2006: RM nil) which is denominated in US Dollar.

Bills payable and bankers' acceptances

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

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; and
- (iii) personal guarantee by Directors of the Company.

Term loans

The term loans are secured by the following:-

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

Significant covenants

The main covenants of term loan facilities of the Group and of the Company are as follows:-

- (i) the Group shall notify the bank of the occurrence of any event of default or any other occurrence which might adversely affect the Group's ability to fully perform the obligation,
- (ii) the Group shall submit its financial statements and/or audited financial statements within 6 months of the financial year end,

13. LOANS AND BORROWINGS (cont'd)

Significant covenants (cont'd)

- (iii) the Group shall not without prior written consent of the banks:-
 - (a) make or permit to provide loans or lend or make advances to others or make investments in other companies other than those of normal trade credit,
 - (b) declare or pay any dividend or make any distribution of share capital,
 - (c) permit any changes with respect to the existing composition of shareholdings in the Group or subsidiary,
 - (d) acquire any subsidiary or interest in any other company whatsoever and issue any redeemable shares in its capital, and
 - (e) allow any change in majority shareholders or the majority shareholder's shareholdings.
- (iv) the subsidiary shall undertake to maintain the shareholder's funds at not less than RM13,000,000 throughout the tenure of the loan,
- (v) the subsidiary shall not without prior written consent of the banks:-
 - (a) obtain any leasing or hire-purchase facility or agreement exceeding the aggregate sum of RM8,000,000 at any one year, and
 - (b) repay the director's advances of RM3,641,000 (being the amount outstanding at the period when the loans were granted).

Terms and debt repayment schedule

Group	Year of maturity	Total RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM
2007						
Secured bills payable						
- variable at 0.7% to 1.5% above BLR	2007	2,269,015	2,269,015	-	-	-
Secured bankers' acceptances						
- variable at 0.7% to 1.0% above IBR	2007	2,034,000	2,034,000	-	-	-
Secured bank overdrafts						
- variable at 1.0% to 1.5% above BLR	2007	5,377,651	5,377,651	-	-	-
Secured term loans						
- fixed at 6.3% to 7.8%	2007	87,088	87,088	-	-	-
- variable at 1.0% to 1.8% above BLR	2007 - 2013	19,745,363	3,546,715	6,051,499	9,405,485	741,664
Hire purchase liabilities						
- flat at 3.3% to 6.0%	2007 - 2011	9,328,352	4,785,562	3,193,794	1,348,996	-
		38,841,469	18,100,031	9,245,293	10,754,481	741,664
2006						
Secured bills payable						
- variable at 0.7% to 1.5% above BLR	2006	2,868,944	2,868,944	-	-	-
Secured bankers' acceptances						
- variable at 0.7% to 1.0% above IBR	2006	4,985,000	4,985,000	-	-	-
Secured bank overdrafts						
- variable at 1.0% to 1.5% above BLR	2006	2,526,835	2,526,835	-	-	-
Secured term loans						
- fixed at 6.3% to 7.8%	2006 - 2007	1,223,516	1,136,428	87,088	-	-
- variable at 1.0% to 1.8% above BLR	2006 - 2013	15,460,083	3,059,532	3,328,717	6,627,672	2,444,162
Hire purchase liabilities						
- flat at 3.3% to 3.6%	2006 - 2011	12,215,639	4,836,552	4,195,068	3,184,019	-
		39,280,017	19,413,291	7,610,873	9,811,691	2,444,162

Notes to the Financial Statements (cont'd)

13. LOANS AND BORROWINGS (cont'd)

Terms and debt repayment schedule (cont'd)

Company	Total RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM
2007					
Secured term loans					
- variable at 1% above BLR	6,243,310	93,360	1,645,700	4,504,250	-
2006					
Secured term loans					
- variable at 1% above BLR	194,420	93,360	93,360	7,700	-

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	Payments 2007 RM	Interest 2007 RM	Principal 2007 RM	Payments 2006 RM	Interest 2006 RM	Principal 2006 RM
Less than one year	5,244,912	459,350	4,785,562	5,508,680	672,128	4,836,552
Between one and two years	3,372,645	178,851	3,193,794	4,545,936	350,868	4,195,068
Between two and five years	1,383,767	34,771	1,348,996	3,320,898	136,879	3,184,019
	10,001,324	672,972	9,328,352	13,375,514	1,159,875	12,215,639

14. TRADE AND OTHER PAYABLES

	Note	GROUP		COMPANY	
		2007 RM	2006 RM	2007 RM	2006 RM
Current					
Trade					
Trade payables		14,635,012	13,691,859	-	-
Amount due to an associate	a	-	763,804	-	-
Non-trade					
Other payables and accrued expenses		2,531,046	2,574,189	213,133	18,562
Amount due to a subsidiary	b	-	-	2,773,831	1,833,556
		17,166,058	17,029,852	2,986,964	1,852,118
Non-current					
Non-trade					
Amount due to Directors	c	4,342,020	4,677,940	-	-

14. TRADE AND OTHER PAYABLES (cont'd)

Note a

The amount due to an associate was trade in nature, unsecured, interest free and was repayable within the next twelve months.

Note b

The amount due to subsidiary is non-trade in nature, unsecured, interest free and is repayable within the next twelve months.

Note c

The long term amount due to Directors is in respect of advances, which are unsecured, interest free and not repayable within the next twelve months.

The foreign currency profile of trade and other payables, both current and non-current portions, is as follows:

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
- Ringgit Malaysia	20,012,943	16,400,474	2,986,964	1,852,118
- Vietnam Dong	1,343,454	5,189,338	-	-
- US Dollar	63,133	19,579	-	-
- Japanese Yen	74,587	63,420	-	-
- Singapore Dollar	13,961	31,705	-	-
- Euro Dollar	-	3,276	-	-
	21,508,078	21,707,792	2,986,964	1,852,118

15. GROSS PROFIT

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Sales of goods				
- manufactured products	108,028,562	118,148,517	-	-
- moulds	7,402,808	2,543,432	-	-
- trading products	2,275,483	1,632,607	-	-
Sales of scraps	4,562,965	3,605,976	-	-
Dividends	-	-	2,000,000	1,980,000
	122,269,818	125,930,532	2,000,000	1,980,000
Costs of manufactured goods	(98,692,256)	(107,257,179)	-	-
Cost of trading goods	(2,066,224)	(1,482,406)	-	-
Gross profit	21,511,338	17,190,947	2,000,000	1,980,000

Notes to the Financial Statements (cont'd)

16. OPERATING PROFIT

		GROUP		COMPANY	
	Note	2007 RM	2006 RM	2007 RM	2006 RM
Operating profit is arrived at after charging:					
Allowance for diminution in value of investment in subsidiaries	5	-	-	-	252,845
Amortisation of land use rights	4	115,191	78,982	-	-
Auditors' remuneration:					
- holding company auditors		73,000	60,000	15,000	15,000
- other auditors		24,793	24,793	-	-
Depreciation on property, plant and equipment	3	10,237,122	9,433,984	5,033	5,033
Directors' remuneration:					
- Fees		150,000	-	150,000	-
- Salaries and other emoluments		974,987	1,071,760	-	-
- Contributions to Employee Provident Fund		105,840	116,640	-	-
Impairment loss:					
- Property, plant and equipment	3	-	250,000	-	-
Property, plant and equipment written off	3	8,405	21,875	-	-
Loss on disposal of property, plant and equipment		14,048	12,329	-	-
Interest expense on:					
- Bank overdraft		337,424	258,202	-	-
- Hire purchase		792,657	847,590	-	-
- Term loans		1,354,183	1,292,348	318,168	16,595
- Revolving credit		133,582	-	-	-
- Trust receipts		101,446	305,791	-	-
Unrealised foreign exchange loss		121,551	178,158	140,476	-
Personnel expenses:					
- Contributions to Employee Provident Fund		1,207,641	1,263,908	-	-
- Wages, salaries and others		12,026,730	13,472,808	-	-
Rental of premises		734,413	731,489	-	-
Rental of machinery		90,000	60,127	-	-
Realised foreign exchange loss		2,345	-	2,345	-
Allowance for slow moving and obsolete inventories	10	134,452	-	-	-
Write down of inventories		113,000	34,215	-	-
and after crediting:					
Amortisation of negative goodwill of associates		-	220,000	-	-
Rental income		547,000	555,000	-	-
Realised foreign exchange gain		47,842	119,582	3,628	-
Unrealised foreign exchange gain		-	-	184,500	-
Interest income from:					
Deposits with licensed banks		53,471	28,366	-	-
Staff loan		4,264	-	-	-
Foreign currency current account		108,012	25,576	-	-
Amount due from subsidiary		-	-	380,492	-

The estimated monetary value of Directors' benefits-in-kind is RM95,327 (2006 – RM100,695)

17. TAX EXPENSE

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Current tax expense				
- Current	945,000	640,000	-	-
- Overprovision in prior year	(35,152)	(55,442)	-	825
	909,848	584,558	-	825
Deferred tax expense				
Reversal of temporary differences				
- Current	(773,000)	(504,000)	-	-
- (Over)/under provision in prior year	(272,000)	2,000	-	-
	(1,045,000)	(502,000)	-	825
Total tax expense	(135,152)	82,558	-	825
Reconciliation of tax expense				
Profit before tax	4,633,787	1,909,234	1,556,195	1,501,309
Income tax using Malaysian tax rates	1,297,460	534,586	435,735	420,367
Effect of difference in tax rates of foreign jurisdictions	90,706	25,807	-	-
Tax incentive	(1,739,730)	(1,058,059)	-	-
Non deductible expense	819,020	655,274	124,265	134,033
Non taxable items	-	(61,600)	-	-
Unrecognised deferred tax assets	111,620	45,863	-	-
Effect of changes in tax rate*	(270,979)	-	-	-
Tax expense on share of loss of associates	(136,097)	(5,871)	-	-
Tax exempt income	-	-	(560,000)	(554,400)
	172,000	136,000	-	-
(Over)/under provision in prior year	(307,152)	(53,442)	-	825
Tax expense	(135,152)	82,558	-	825

* In the Malaysian Budget 2007, it was announced that the corporate income tax rate will be reduced to 27% in 2007 and to 26% in 2008. Consequently, deferred tax liabilities are measured using these tax rates.

18. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 30 April 2007 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	GROUP	
	2007 RM	2006 RM
Profit for the year attributable to ordinary shareholders	5,043,229	1,918,150

18. EARNINGS PER SHARE (cont'd)

Weighted average number of ordinary shares

	GROUP	
	2007	2006
Weighted average number of ordinary shares	99,000,000	99,000,000

	GROUP	
	2007 Sen	2006 Sen
Basic earnings per share	5.09	1.94

Diluted earnings per share

No diluted earnings per share is calculated as there is no potential dilutive ordinary shares.

19. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Sen per share	Total amount RM	Date of payment
2007			
Final 2006 ordinary, tax exempted	1	990,000	21 November 2006
2006			
Final 2005 ordinary, tax exempted	2	1,980,000	21 November 2005

After the balance sheet date, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial reports upon approval by the shareholders.

	GROUP	
	Sen per share	Total amount RM
Final ordinary, tax exempted	1.5	1,485,000

20. 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
Investment holding	Investment holding

Geographical segments

The trading segment is operated solely in Malaysia. The manufacturing segment is 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.

Notes to the Financial Statements (cont'd)

20. SEGMENTAL INFORMATION (cont'd)

Business segments	Manufacturing			Trading		Investment holding		Adjustment		Consolidated	
	2007 RM	2006 RM		2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM
Revenue from external customers	119,994,335	124,297,925		2,275,483	1,632,607	-	-	-	-	122,269,818	125,930,532
Inter-segment	418,085	-		100,730	215,480	-	-	(518,815)	(215,480)	-	-
Total revenue	120,412,420	124,297,925		2,376,213	1,848,087	-	-	(518,815)	(215,480)	122,269,818	125,930,532
Segment result	5,402,566	4,753,119		(195,167)	(152,100)	1,493,872	(462,096)	-	254,847	6,701,271	4,393,770
Unallocated income										-	220,000
Result from operating activities											
Interest expense	(2,781,257)	(2,686,005)		(359)	(1,331)	(318,168)	(16,595)	380,492	-	6,701,271	4,613,770
Interest income	165,747	53,942		-	-	380,492	-	(380,492)	-	(2,719,292)	(2,703,931)
Share of associates' net results										165,747	53,942
										486,061	(54,547)
Profit before tax										4,633,787	1,909,234
Tax expense										135,152	(82,558)
Net profit for the year										4,768,939	1,826,676
Segment assets	130,029,722	128,359,831		648,216	510,347	712,602	544,921	-	-	131,390,540	129,415,099
Investment in associates	2,030,828	1,696,563		-	-	1,095,531	943,734	-	-	3,126,359	2,640,297
Unallocated assets										577,575	249,000
Total assets	67,127,582	68,707,116		193,889	112,711	150,000	212,868	(121,924)	114	135,094,474	132,304,396
Segment liabilities	67,127,582	68,707,116		193,889	112,711	150,000	212,868	(121,924)	114	67,349,547	69,032,809
Unallocated liabilities										-	-
Total liabilities	11,354,278	13,883,834		65,333	-	-	377,496	-	-	67,349,547	69,032,809
Capital expenditure										11,419,611	14,261,330
Impairment loss on plant and machinery	-	250,000		-	-	-	-	-	-	-	250,000
Depreciation	10,183,548	9,366,206		48,541	62,745	5,033	5,033	-	-	10,237,122	9,433,984
Amortisation of land use rights	115,191	78,982		-	-	-	-	-	-	115,191	78,982

20. SEGMENTAL INFORMATION (cont'd)

	Malaysia		Singapore		Vietnam		Europe	
	2007 RM	2006 RM restated	2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM
Geographical segments								
Revenue from external customers by location of customers	93,564,228	107,284,218	7,813,004	4,840,196	12,635,919	6,560,242	3,984,826	4,495,228
Segment assets by location of assets	106,261,778	113,001,297	-	-	25,128,762	16,413,802	-	-
Capital expenditure by location of assets	4,958,605	10,670,524	-	-	6,461,006	3,590,806	-	-
	Thailand		Others		Adjustment		Consolidated	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM restated
Geographical segments								
Revenue from external customers by location of customers	2,261,793	1,967,982	2,010,048	782,666	-	-	122,269,818	125,930,532
Segment assets by location of assets	-	-	-	-	-	-	131,390,540	129,415,099
Capital expenditure by location of assets	-	-	-	-	-	-	11,419,611	14,261,330

21. CONTINGENT LIABILITIES (UNSECURED)

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Corporate guarantee given to a licensed bank for:				
- housing loans granted to staff	500,000	500,000	-	-
- banking facilities granted to a subsidiary	-	-	62,642,185	57,377,737
- banking facilities granted to companies in which certain Directors have interests	-	114,816	-	-
	500,000	614,816	62,642,185	57,377,737

Notes to the Financial Statements (cont'd)

22. COMMITMENTS

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Capital commitments:				
Approved but not contracted for	-	2,300,000	-	-

23. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Controlling related party relationships are as follows:

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

Significant transactions with related parties are as follows:

	2007 RM	2006 RM
Associate		
Hirotaiko Kein Hing Sdn. Bhd.		
Management fees	80,000	120,000
Sales	5,694,326	11,896,831
Rental income	16,000	24,000
S&Y Metal Stamping Sdn. Bhd.		
Sub-contract tooling and metal tooling	4,963,588	3,702,721
Polychrome Sdn. Bhd.		
Sub-contract work	1,357,997	907,639
Companies in which the Directors have significant financial interests:		
TC Yap Holdings Sdn. Bhd.		
Rental of premises	178,650	238,650
Muramoto Technics (M) Sdn. Bhd.		
Sales of component	25,980,945	31,659,130
Rental income	351,000	351,000
Microtechno Precision (M) Sdn. Bhd.		
Rental income	180,000	180,000
Kein Hing Manufacturing Sdn. Bhd.		
Rental expenses	90,000	-

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

24. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's and the Company's activities expose it to a variety of financial risks, including foreign currency, interest rate, credit, liquidity and cash flow risks. The Group's and the Company's overall financial risk management objective is to ensure that the Group and the Company creates value for its shareholders. Financial risk management is carried out through risk reviews, internal control system and adherence to the Group's 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 risk

The Group and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currencies of the Company. The currencies giving rise to this risk are primarily US Dollars, Japanese Yen and Singapore Dollars.

In respect of other monetary assets and liabilities held in currencies other than RM, the Group and the Company ensure that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

Interest rate risk

The Group's and Company's income and operating cash flows are independent of changes in market interest rates. Interest rate exposure arises from the Group's 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 52% (2006 - 60%) of trade receivables owed by four (2006 - 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 Group and the Company ensure that the amount of debt maturing in any one year is not beyond the Group's and the Company's means to repay and/or refinance.

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.

Notes to the Financial Statements (cont'd)

Group	Effective interest rate per annum %	Total RM	Within 1 year RM	1 - 5 years RM	After 5 years RM
2007					
Financial assets					
Deposits placed with licensed banks	3.3	1,149,874	1,149,874	-	-
Financial liabilities					
Secured bills payable	5.6	2,269,015	2,269,015	-	-
Secured bank overdrafts	7.9	5,377,651	5,377,651	-	-
Secured term loans	7.7	19,832,451	3,633,803	15,456,984	741,664
Secured bankers' acceptances	4.7	2,034,000	2,034,000	-	-
Hire purchase liabilities	3.6	9,328,352	4,785,562	4,542,790	-
2006					
Financial assets					
Deposits placed with licensed banks	2.6	1,122,871	1,122,871	-	-
Financial liabilities					
Secured bills payable	7.8	2,868,944	2,868,944	-	-
Secured bank overdrafts	7.3	2,526,835	2,526,835	-	-
Secured term loans	7.9	16,683,599	4,195,960	10,043,477	2,444,162
Secured bankers' acceptances	5.0	4,985,000	4,985,000	-	-
Hire purchase liabilities	3.6	12,215,639	4,836,552	7,379,087	-

Fair values

Recognised financial instruments

The carrying amounts 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	2007		2006	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial assets				
Transferable club memberships	254,000	254,000	249,000	286,000
Financial liabilities				
Secured term loans	19,832,451	19,832,451	16,683,599	16,683,599

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.

25. SIGNIFICANT EVENTS DURING THE YEAR

- i) On 17 August 2006, Kein Hing Muramoto (Vietnam) Co. Ltd. ("KHMV"), a 51% owned subsidiary, increased its contributed legal capital from USD1,700,000 to USD2,200,000 by way of cash proportionately between the Company and the minority shareholders based on the existing shareholdings. The Company paid USD255,000 to maintain its 51% equity interest in KHMV.
- ii) On 13 December 2006, Kein Hing Polychrome (Vietnam) Co. Ltd. ("KHPV"), a 60% owned subsidiary, increased its contributed legal capital from USD99,979 to USD224,974 by way of cash proportionately between the Company and the minority shareholders based on the existing shareholdings. The Company paid USD89,995 to maintain its 60% equity interest in KHPV.

26. CHANGES IN ACCOUNTING POLICY

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 30 April 2007.

The effect of the adoption of FRS 3, *Business Combinations* is summarised below.

FRS 3, Business Combinations

The adoption of FRS 3 has resulted in a change in the accounting policy for goodwill. The change in accounting policy is made in accordance with the transitional provisions.

Goodwill is stated at cost less accumulated impairment losses and is no longer amortised. Instead, goodwill impairment is tested annually, or when circumstances change, indicating that goodwill might be impaired. Negative goodwill is recognised immediately in the income statement. This has resulted in the derecognition of negative goodwill and an increase of retained earnings for the Group as at 30 April 2006 by RM839,192.

Had there not been a change in accounting policy, the net profit attributable to shareholders for the financial year ended 30 April 2007 would increase by RM220,000 being the negative goodwill that would have been amortised to the income statement.

This change in accounting policy has no material impact on earnings per share.

27. COMPARATIVE FIGURES

Certain comparative figures have been reclassified as a result of changes in accounting policy as stated in Note 26, adoption of FRS 3, *Business Combinations*, and to conform with the presentation requirements of FRS 101.

Group	As previously stated RM	Adjustment RM	As restated RM
Balance sheet at 30 April 2006			
Investment in associates	1,801,105	839,192	2,640,297
Total equity	10,376,212	839,192	11,215,404

Following the adoption of FRS 3, *Business Combinations*, minority interests was reclassified into equity, likewise in arriving at profit for the year, minority interests was not deducted.

Analysis of Shareholdings

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 (1) Vote per Ordinary Share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 28 AUGUST 2007

Size of Holdings	No. of Shareholders	No. of Shares	Percentage %
1 - 99	6	320	0.37
100 - 1,000	243	200,600	14.82
1,001 - 10,000	905	4,708,000	55.18
10,001 - 100,000	422	13,704,900	25.73
100,001 - 4,949,999 (*)	61	21,272,290	3.72
4,950,000 and above (**)	3	59,113,890	0.18
Total	1,640	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 share capital

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 28 AUGUST 2007

No. Directors	Direct Shareholdings		Indirect Shareholdings	
	No. of Shares	%	No. of Shares	%
1. Tengku Syarif Temenggong Perlis Dato' Seri Diraja Syed Amir Abidin Jamalullail	5,382,200	5.44	-	-
2. Yap Toon Choy	32,861,620	33.19	-	-
3. Shingo Muramoto	-	-	4,372,600*	4.42
4. Yong Elaine	20,870,070	21.08	-	-
5. Liew Choon Fong	363,250	0.37	-	-
6. Swee Soo Mang	-	-	-	-
7. Darsan Singh a/l Balwant Singh	-	-	-	-
8. Dato' Hairuddin Bin Mohamed	-	-	-	-
9. Gan Chee Tsong	-	-	-	-

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

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 28 AUGUST 2007

No.	Substantial Shareholders	Direct Shareholdings		Indirect Shareholdings	
		No. of Shares	%	No. of Shares	%
1.	Tengku Syarif Temenggong Perlis Dato' Seri Diraja Syed Amir Abidin Jamalullail	5,382,200	5.44	-	-
2.	Yap Toon Choy	32,861,620	33.19	-	-
3.	Yong Elaine	20,870,070	21.08	-	-

LIST OF TOP THIRTY (30) SHAREHOLDERS AS AT 28 AUGUST 2007

No.	Name	No. of Shares	Percentage %
1.	Yap Toon Choy	32,861,620	33.19
2.	Yong Elaine	20,870,070	21.08
3.	Tengku Syarif Temenggong Perlis Dato' Seri Diraja Syed Amir Abidin Jamalullail	5,382,200	5.44
4.	Muramoto Asia Pte. Ltd.	4,372,600	4.42
5.	Soh Tik Siew	1,487,800	1.50
6.	Yee Tien Soon	855,000	0.86
7.	How Sin Son	790,000	0.80
8.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Lee Chee Siong	720,000	0.73
9.	Ghan Ah Kooi	668,300	0.68
10.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Lim Chou Bu	603,000	0.61
11.	CIMSEC Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Chan Wai Kheong	550,000	0.56
12.	Chai Kin Loong	536,400	0.54
13.	Wong Fook Sum	440,000	0.44
14.	Tng Kee Meng	435,000	0.44
15.	Tan Thian Joo @ Tan Thian Soo	370,000	0.37
16.	Liew Choon Fong	363,250	0.37
17.	Amsec Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Rusdi Bin Yaacob	341,100	0.34
18.	Koay Eng Loh	325,000	0.33
19.	Ana Low	320,500	0.32
20.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Lim Kim Song	313,000	0.32
21.	Yap Cheong Kit	301,600	0.30
22.	Chee Wei Kong	279,000	0.28
23.	Yee Kek Hoong	270,000	0.27
24.	JF Apex Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Koo Kam Sun	255,000	0.26
25.	Yee Tian San	239,000	0.24
26.	Ang Chee Kean	229,800	0.23
27.	How Giok Hoy	226,400	0.23
28.	Loh Leng Sem	215,000	0.22
29.	HLG Nominee (Asing) Sdn. Bhd. - Exempt An For UOB Kay Hian Pte. Ltd.	210,000	0.21
30.	Mayban Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Ong Eng Boo	206,000	0.21

List of Properties

as at 30 April 2007

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 2121 Jalan Maktab Off Jalan College 43300 Seri Kembangan Selangor Darul Ehsan	KHIB	Residential; Single storey bungalow house	Freehold	24	488/ 226	1-12-2004	367,430
Lot 1863 Jalan Kolej 43300 Seri Kembangan Selangor Darul Ehsan	KHI	Factory/Industrial; Single storey factory with a 3 storey office and factory annexe	Freehold	10	7,891/ 6,116	18-2-2004 (Revalued)	8,285,177
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	14	734/ 563	18-2-2004 (Revalued)	737,051
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	11	988/ 795	18-2-2004 (Revalued)	946,293
Lot 33, Jalan 6/2 43300 Seri Kembangan Selangor Darul Ehsan	KHI	Factory/Industrial; Single storey factory with a 2½ storey office annexe	Leasehold expiring on 10-1-2089	6	4,086/ 2,123	18-2-2004 (Revalued)	3,841,246
Lot 1866 and 1867 Jalan Kolej 43300 Seri Kembangan Selangor Darul Ehsan	KHI	Factory/Industrial; 3 storey factory with a 4 storey office cum car park block	Freehold	3	8,195/ 8,179	1-12-2004	12,861,677
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

List of Properties

as at 30 April 2007 (cont'd)

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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
S153, Serdang Jaya 43300 Seri Kembangan Selangor	KHI	Residential; Single storey wooden house	Leasehold expiring on 28-10-2046	22	297.6/ 250	25-2-2003	138,482
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	3	15,693/ 3,564	1-11-2004	6,575,725
Lot No. 5B, Noi Bai Industrial Zone Quang Tien Soc Son District Hanoi, Vietnam	KHPV	Industrial vacant land	Leasehold expiring on 25-11-2035	N/A	9,217	12-12-2006	916,186

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fourth 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 Wednesday, 10 October 2007 at 10.00 a.m. for the following purposes:-

AGENDA

- 1) To receive the Audited Financial Statements for the year ended 30 April 2007 together with the Directors' and Auditors' Reports thereon.
- 2) To approve the payment of the Directors' Fees for the year ended 30 April 2007. **RESOLUTION 1**
- 3) To approve a First and Final Tax-Exempt Dividend of 3% for the year ended 30 April 2007. **RESOLUTION 2**
- 4) To re-elect the following Directors who are retiring in accordance with Article 79 of the Company's Articles of Association:-
 - (a) Y.A.M. Tengku Syarif Temenggong Perlis Dato' Seri Diraja Syed Amir Abidin Jamalullail **RESOLUTION 3**
 - (b) Mr. Yap Toon Choy **RESOLUTION 4**
 - (c) Ms. Liew Choon Fong **RESOLUTION 5**
- 5) To re-elect Mr. Gan Chee Tsong 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 authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being, subject always to the approvals of the relevant regulatory authorities."

ORDINARY RESOLUTION NO. 2

RESOLUTION 9

- **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH T.C. YAP HOLDINGS SDN. BHD., MICROTECHNO PRECISION (M) SDN. BHD., KEIN HING APPLIANCES SDN. BHD. AND MR. YAP TOON CHOY**

"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., Microtechno Precision (M) Sdn. Bhd., Kein Hing Appliances Sdn. Bhd. and Mr. Yap Toon Choy, the Group Managing Director and Major Shareholder of KHIB as stated in section 2.3.2 of the Circular to shareholders of the Company dated 18 September 2007, 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

Notice of Annual General Meeting (cont'd)

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- (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 Fifth Annual General Meeting ("AGM") of the Company, at which time it will lapse unless, by a resolution passed at the Fifth AGM, the authority is renewed; or
 - (b) the expiration of the period within which the Fifth 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. 3

RESOLUTION 10

- **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH MURAMOTO TECHNICS (MALAYSIA) SDN. BHD. AND KEIN HING MURAMOTO (VIETNAM) CO. LTD.**

"**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 (Malaysia) Sdn. Bhd. and Kein Hing Muramoto (Vietnam) Co. Ltd. as stated in section 2.3.2 of the Circular to shareholders of the Company dated 18 September 2007, 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 Fifth AGM of the Company, at which time it will lapse unless, by a resolution passed at the Fifth AGM, the authority is renewed; or
 - (b) the expiration of the period within which the Fifth 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. 4

RESOLUTION 11

- **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH POLYCHROME 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 Polychrome 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 18 September 2007, being necessary for the day-to-day operations of KHIB Group, subject to the following:-

Notice of Annual General Meeting (cont'd)

- (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 Fifth AGM of the Company, at which time it will lapse unless, by a resolution passed at the Fifth AGM, the authority is renewed; or
 - (b) the expiration of the period within which the Fifth 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 KEIN HING MANUFACTURING 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 Kein Hing Manufacturing Sdn. Bhd. as stated in section 2.3.2 of the Circular to shareholders of the Company dated 18 September 2007, 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 Fifth AGM of the Company, at which time it will lapse unless, by a resolution passed at the Fifth AGM, the authority is renewed; or
 - (b) the expiration of the period within which the Fifth 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 Annual General Meeting (cont'd)

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NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a First and Final Tax-Exempt Dividend of 3% in respect of the year ended 30 April 2007 will be payable on 21 November 2007 to Depositors registered in the Record of Depositors at the close of business on 23 October 2007.

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 23 October 2007 in respect of ordinary transfers; and
- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order Of The Board

KEIN HING INTERNATIONAL BERHAD

NG YIM KONG (LS0008343)
Company Secretary

18 September 2007
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 forty-eight (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 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 Renewal of and Additional Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Resolutions 9 to 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 arms' 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 2007.

Statement Accompanying Notice of Annual General Meeting

Details of Directors who are standing for re-election in Agenda 4 (Y.A.M. Tengku Syarif Temenggong Perlis Dato' Seri Diraja Syed Amir Abidin Jamalullail, Mr. Yap Toon Choy and Ms. Liew Choon Fong) and Agenda 5 (Mr. Gan Chee Tsong) of the Notice of the Fourth Annual General Meeting are laid out in pages 4 to 7 of this Annual Report.



KEIN HING INTERNATIONAL BERHAD
(Company No. 616056-T) (Incorporated in Malaysia)

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 Fourth 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 Wednesday, 10 October 2007 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		

* Strike out whichever not applicable

[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 2007

Number of shares held:	
------------------------	--

(Signature/Common Seal of Member)

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 forty-eight (48) hours before the time for the Meeting or at any adjournment thereof.

Fold this flap for sealing

Then fold here

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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KGH 301



KGH 201

The Most

Energy Efficient

And **Durable**

Gas Cooker



KGS 401



KGS 12