

Zenne®
Gas appliances

Safety • Save Gas • Super Energy Efficiency

*the most Environmentally Concious
and Corporate Social Responsible company*



Kein Hing International Berhad (616056-T)
(Incorporated in Malaysia under the Companies Act, 1965)

Annual Report
2008



VISION

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

MISSION

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Darsan Singh a/l Balwant Singh
Yap Toon Choy
Shingo Muramoto
Yong Elaine

Liew Choon Foong
Swee Soo Mang
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

COMPANY SECRETARY

Ng Yim Kong (LS 0009297)

REGISTERED OFFICE

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

AUDITORS

Messrs KPMG
KPMG Tower
8, First Avenue,
Bandar Utama,
47800 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 03 - 7721 3388
Fax : 03 - 7721 3399

SOLICITORS

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

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
Public Bank Berhad

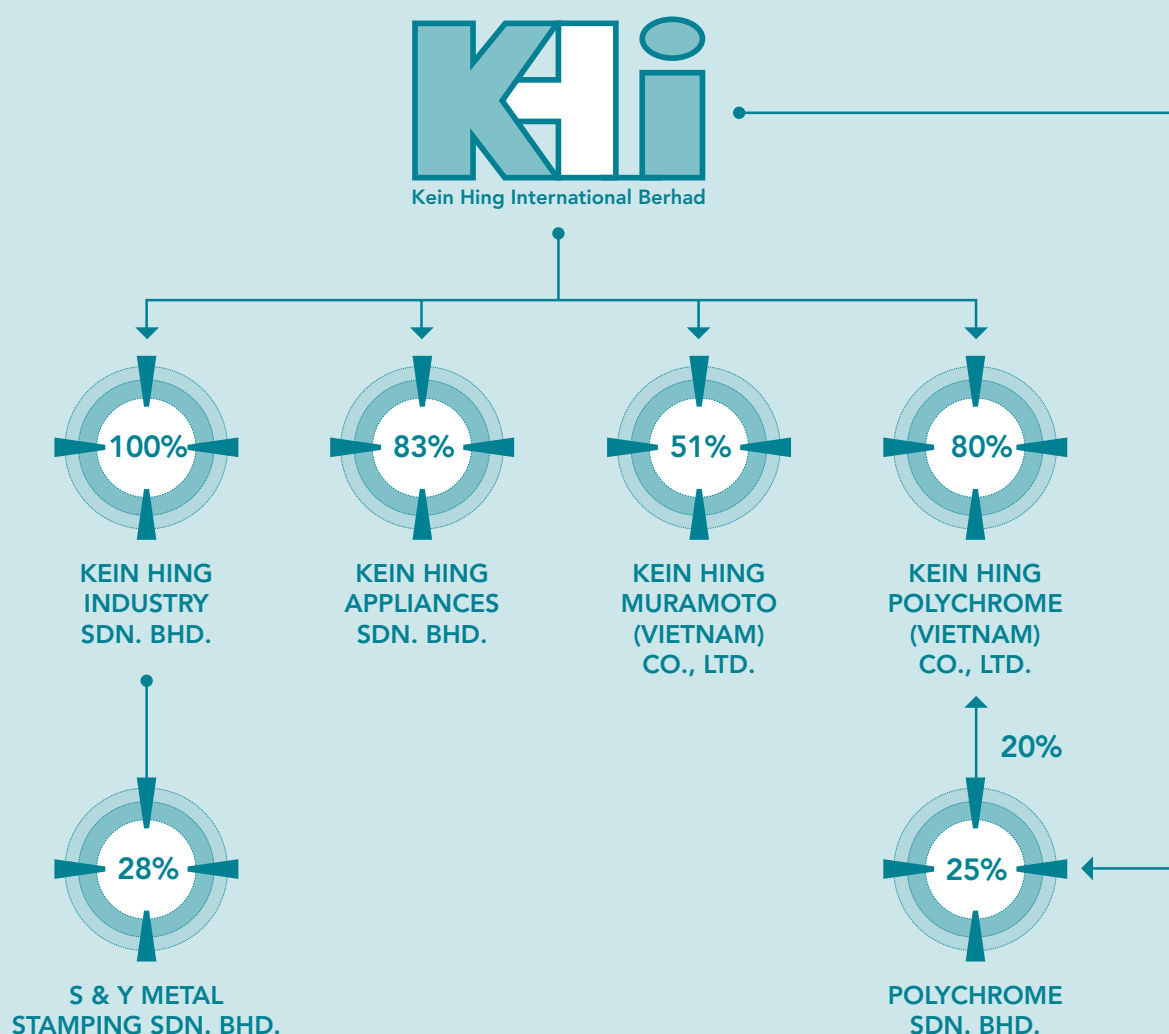
REGISTRAR

Epsilon Registration Services Sdn. Bhd.
Level 17, The Gardens North Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel : 03 - 2264 3883
Fax : 03 - 2282 1886

STOCK EXCHANGE LISTING

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

CORPORATE STRUCTURE



COMPANY	PRINCIPAL ACTIVITIES
SUBSIDIARIES	
Kein Hing Industry Sdn. Bhd.	Sheet metal forming, precision machining, component assembly and manufacture and sale of gas appliances
Kein Hing Appliances Sdn. Bhd.	Trading in electrical and electronics products and home appliances
Kein Hing Muramoto (Vietnam) Co., Ltd.	Sheet metal forming, precision machining and assembly of components for electronic, automotive and other industries
Kein Hing Polychrome (Vietnam) Co., Ltd.	Electroplating
ASSOCIATED COMPANY	
Polychrome Sdn. Bhd.	Electroplating, iron founders, tinplate makers and smelters
ASSOCIATED COMPANY OF KHI	
S & Y Metal Stamping Sdn. Bhd.	Precision metal stamping

PROFILE OF BOARD OF DIRECTORS

DARSAN SINGH A/L BALWANT SINGH

54, Independent Non-Executive Chairman

Darsan Singh a/l Balwant Singh, a Malaysian, was appointed to the Board of Directors of KHIB on 9 August 2004. On 18 January 2008, he was appointed as Chairman of KHIB. 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.

YAP TOON CHOY

52, 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 the 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 twenty (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 an Executive Director and substantial shareholder of KHIB. Save for the recurrent related party transactions disclosed in the Circular to Shareholders dated 30 September 2008, 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.

PROFILE OF BOARD OF DIRECTORS

(CONT'D)

SHINGO MURAMOTO

61, Non-Independent Non-Executive Director

Shingo Muramoto, a Japanese, was appointed to the Board of Directors of KHIB on 1 April 2005. He began his career with IBM Corp. Tokyo, Japan in Marketing Department in 1970. He has held various positions throughout the twenty (20) years with IBM Corp. Tokyo, Japan. His last position held was IT Manager before he left IBM Corp. Tokyo, Japan in 1990. Thereafter, he joined the Muramoto Group in its headquarter in Kobe, Japan and was appointed Director. In the year 2000, he was appointed as the 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 the Muramoto Group is one of KHIB's 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. Save for the recurrent related party transactions disclosed in the Circular to Shareholders dated 30 September 2008, 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

49, 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 the 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 the Managing Director and substantial shareholder of KHIB. Save for the recurrent related party transactions disclosed in the Circular to Shareholders dated 30 September 2008, 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.

PROFILE OF BOARD OF DIRECTORS

(CONT'D)

LIEW CHOON FONG

40, 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 the Universiti Malaya, Kuala Lumpur in 1992.

She joined KHI as Information Technology Executive in June 1992 and rose through the rank and was later promoted to Information Technology General Manager. She has more than ten (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.

SWEE SOO MANG

56, 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 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 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 the Chairman of the Audit Committee and a member of both Nomination Committee and Remuneration Committee of Khib.

PROFILE OF BOARD OF DIRECTORS

(CONT'D)

DATO' HAIRUDDIN BIN MOHAMED

58, 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, Triumphal Associates 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

33, 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 and Nomination Committee of Khib.

CHAIRMAN'S STATEMENT

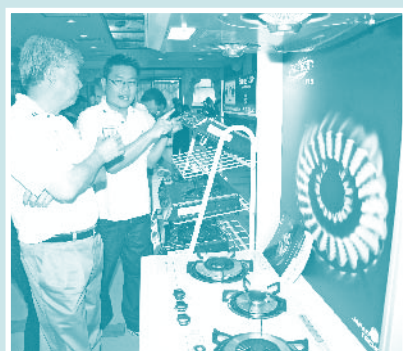
On behalf of the Board of Directors of Kein Hing International Berhad, I am pleased to present to you the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 30 April 2008.



OPERATING ENVIRONMENT

Based on World Bank Report dated 10 June 2008, global economic growth moderated to 3.7% in 2007 compared with 4.0% as in 2006. There were signs of weakening in major economies in the late 2007 when global business and consumer confidence index fell. World oil prices continued to rise and peaked at USD147 per barrel in July 2008 while continuing to hover above the USD115 region, which constituted a doubling of price compared to year 2007. This, together with competitive global economy, uncertainty in US subprime mortgage crisis, coupled with tightening of credits and surging prices of commodities such as metal, grains, palm oil etc. has greatly impacted economies around the world.

Despite these external challenges, the Malaysian economy had remained resilient. The year 2007 saw the Malaysian economy growing at a relatively higher pace of 6.3% as compared with 5.9% in 2006, according to Bank Negara Malaysia's Report. Domestic consumption spending, fiscal stimulus as well as improved tourist arrival has negated some of the slowdown caused by external factors. However, surging rally of world steel/metal prices since year 2004, has yet to show any sign of abatement. The local metal forming industry has since adapted well to the enduring price surge as well as competition from low cost countries such as China and Vietnam.



World economy is expected to further consolidate in 2008. World Bank forecasts that global economy will only grow by 2.7% compared to 3.7% in 2007. In the local scene, Bank Negara Malaysia forecasts a subdued growth ranging from 5.0% to 6.0% compared to 6.3% in 2007 (Ref: www.bnm.gov.my). The hope is that the projected growth will be largely supported by domestic demand and led by the private sector. The country's increasingly diversified export market will mitigate the risk of being too dependent on traditional major market such as US and Japan. Enduring strong growth in Asia's emerging markets will lend support to the export sector.

FINANCIAL REVIEW

For the financial year ended 30 April 2008, our Group registered higher revenue of RM142.5 million compared with RM122.3 million reported in the previous financial year, representing a remarkable increase of RM20.2 million or 16.5%. This was mainly attributed to stronger customers' demand and the significant improvement in revenue achieved by Kein Hing Muramoto (Vietnam) Co., Ltd., a subsidiary of our Company principally operating metal forming business in Thang Long Industrial Park located at Hanoi, Vietnam.

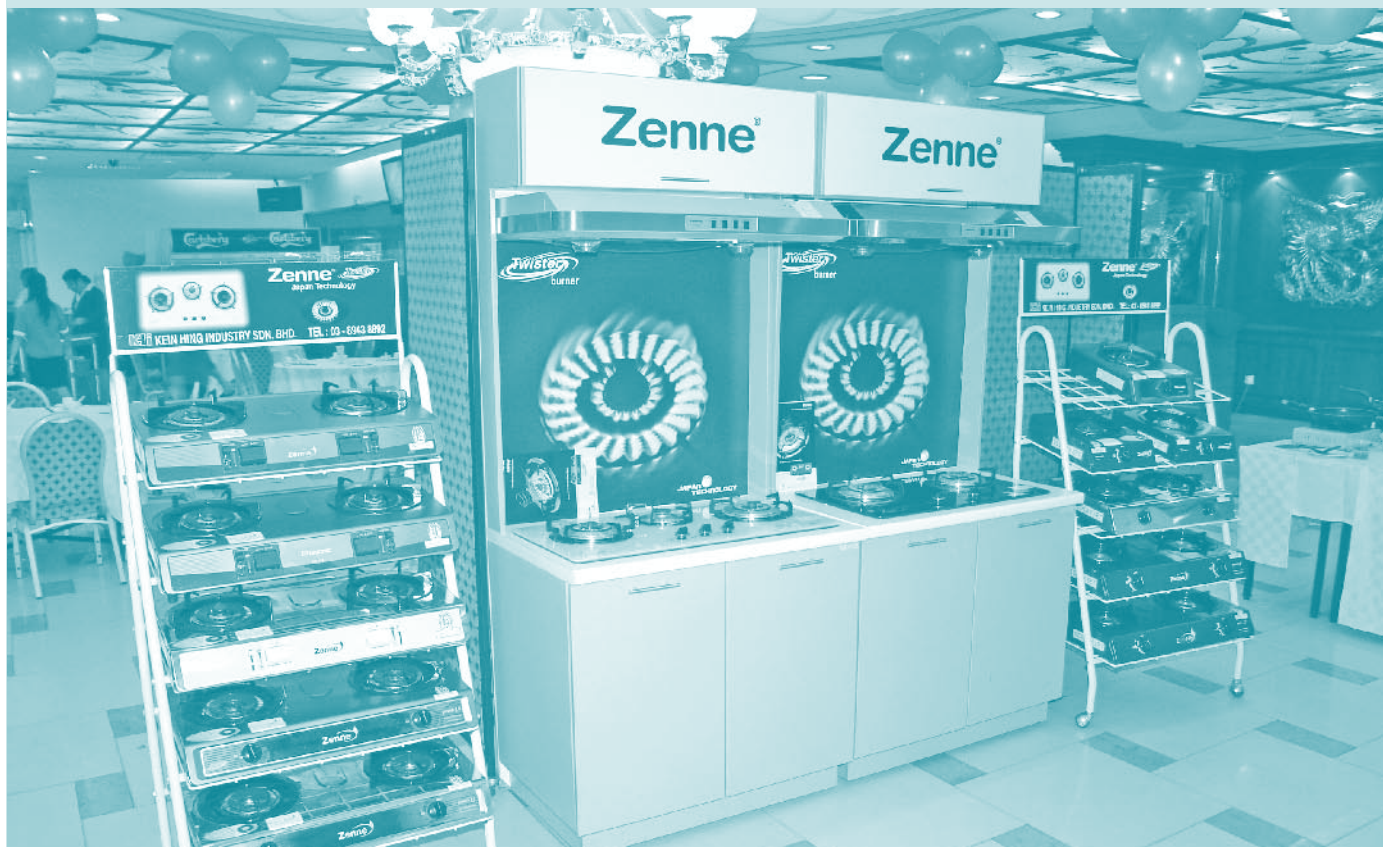
Against this backdrop, our Group's net profit attributable to equity holders of the Company ("net profit") was significantly higher at RM5.9 million compared with net profit of RM5.0 million reported in the last financial year, representing an increase of RM0.9 million or 18%. The increase in net profit was mainly attributed to higher revenue. The increase in distribution and administrative expenses by approximately RM1.5 million was mainly due to marketing and operating expenses incurred for the gas cooker under the brand name of "Zenne", which was officially launched in August 2007.

As a result of the increase in net profit, our Group's net assets attributable to equity holders of the Company strengthened to RM68.9 million as at 30 April 2008 from RM64.7 million at the end of last financial year and it translated into net assets per share of RM0.70 from RM0.65; an increase of RM0.05 or 7.7%.

The underlying business of our Group remains strong and the progress we have made in developing "Zenne" gas cooker further strengthens the ability of our Group to meet future challenges.

CHAIRMAN'S STATEMENT

(CONT'D)



BUSINESS OUTLOOK AND PROSPECTS

Due to the tough macro environment (both internal and external), our Group believes that the challenging business environment for the local metal forming industry will persist into the next financial year. As early as 2002, our Group has anticipated this difficult period and has since taken various decisive and critical actions to mitigate its adverse effect on our Group.

Evidently, the local metal forming scene has seen new emerging players and certain old players diversifying to other sectors or even scaling down. Our Group is of the view that the final phase of consolidation is in the cue, after which the industry will recover in stages.

Our Group's 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, enabled us to wade through the difficult period and emerged a strengthened and resilient company.

As reported in the previous Annual Report, the contribution of the consumer product section, that has started with Gas Cooker Products, has gathered momentum and our Group forecasted that it will constitute a significant part of the Group's revenue in the near future. Another "Zenne" milestone that's worth noting is the attainment of "Japan Gas Appliances Inspection Association Certified Company" status or "JIA" certification in short. This quality standard is among the most stringent in the world.

Whilst the "Zenne" gas cooker range has gained broad acceptance in Malaysia and Vietnam, the Board is proud to announce that "Zenne" has since penetrated the Hong Kong market, which demands utmost quality standards. Domestic sales have been encouraging and the trend affirms a steady growth ahead. Going forward, our Group believes that the "Zenne" Gas Cooker range will continue to perform well and our Group plans to make a marketing presence in other Asian countries.

Barring any unforeseen circumstances, the Board expects the performance of our Group to remain satisfactory for the next financial year ending 30 April 2009. Our Group will continue to actively look out for opportunities to strengthen its core business and to further expand its business overseas, which will include forming strategic alliances, mergers and acquisitions.

CHAIRMAN'S STATEMENT

(CONT'D)



DIVIDENDS

The Board has proposed to declare a First and Final Tax-Exempt Dividend of 1.5 sen per ordinary share for the financial year ended 30 April 2008 subject to the approval of shareholders at the forthcoming Fifth Annual General Meeting to be held on 22 October 2008.

SOCIAL RESPONSIBILITY AND COMMUNITY DEVELOPMENT

Being conscious of the environment we operate in and the expectation from social stakeholders, our Group has always placed great emphasis on corporate social responsibilities and community welfare. Its objective and value have since been integrated into the corporate culture and ethics of our Group. In the year under review, programs such as fitness challenge, landscaping activities, waste reduction management competition, company wide blood donation and health checks were scheduled throughout the year.

Since the year 2000, the Group has been providing Child Care Centre ("CCC") facility for the employees and has since been officially opened to the Seri Kembangan community as of 1 May 2006 and renamed "Tadika Keluarga Harmoni & Indah". The CCC now comprises fifteen (15) qualified teachers and helpers and has a total of fifty five (55) children. The Group will always find ways to contribute back to the society and nurture a caring atmosphere.

The Group, through Environment Management Department ("EMD") of Kein Hing Industry Sdn. Bhd., has continued to monitor the implementation of various environmental friendly systems, waste reduction and management systems as well as dissemination of 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.

In addition to the theme of safety, health, social and environment, our Group has since extended the coverage to sport. In line with our corporate vision, our Group has hosted the "Zenne Master" Golf Tournament, which was aimed to support the local Pro and Semi-Pro development in the country. As the response has been overwhelming, the event will be held on a semi annual basis.

Another noteworthy project is our Group's sponsorship of the "Zenne" volleyball team. This is our first participation in the "Selangor Premier Volleyball League". On behalf of the Board, I am, therefore, proud to announce that through determined commitment of all parties, our team has emerged as the overall champion of the league. Congratulation is hereby extended to all who had contributed to this success.

ACKNOWLEDGEMENT

During the financial year ended 30 April 2008, we bid farewell to our Non-Independent Non-Executive Chairman, Tengku Syarif Temenggong Perlis Dato' Seri Diraja Syed Amir Abidin Jamalullail who resigned on 9 January 2008, and on behalf of the Board, I would like to express sincere appreciation for his advice and enormous contributions to the Board during his tenure as our Chairman.

I would also like to welcome Mr. Gan Chee Tsong who joined the Board on 26 July 2007. With his professionalism and wealth of experience, I am confident that he will render invaluable support to our Group.

On behalf of the Board, I would like to convey my thanks and appreciation to all the Directors, management and employees of our 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 government authorities for their continuing support to our Group.

Darsan Singh a/I Balwant Singh
Chairman



STATEMENT ON CORPORATE GOVERNANCE

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 strongly supports 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").

In compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board is pleased to report that the Company has applied the Principles and explain the state of compliance in accordance with the Best Practice provisions of the Code.

2. DIRECTORS

The Board

The Group is led and controlled by an effective Board that has the overall responsibility to chart and monitor the Group's directions and operations with the ultimate objectives of protection and enhancement of shareholders' value. To adequately fulfil this role, the Board exercises appropriate strategic, organisational and financial policies through collective decision. 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 directions 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.

The Board meets at least four (4) times a year at quarterly intervals with additional meetings convened as necessary. 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 agendas 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 briefed on the Group's affairs at Board meetings. Information on the Group's activities is also readily available to the Board and the Board is encouraged to have consultation session 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 comprises eight (8) members, of which three (3) are Executive Directors, four (4) of the five (5) 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 Independent Non-Executive Chairman and the Managing Director have distinct and separate roles. The Independent 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.

STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)

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 stakeholders and shareholders.

Certain responsibilities of the Board have been delegated to three (3) Board 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 2008 and details of the Directors' attendance are as appended below:-

DIRECTORS	NUMBER OF MEETING ATTENDED
Tengku Syarif Temenggong Perlis Dato' Seri Diraja Syed Amir Abidin Jamalullail***	2/4
Darsan Singh a/l Balwant Singh	5/5
Shingo Muramoto	3/5
Yap Toon Choy	5/5
Yong Elaine	5/5
Liew Choon Fong	5/5
Swee Soo Mang	5/5
Dato' Hairuddin Bin Mohamed	4/5
Gan Chee Tsong**	4/4
Yap Chai Huat*	0/1

* Resigned on 26 July 2007

** Appointed on 26 July 2007

*** Resigned on 9 January 2008

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 Board of Directors had attended briefings on changes/amendments to Listing Requirements of Bursa Securities, the revised Code and the Companies Act conducted by the Company Secretary.

The Directors will continue to evaluate the training needed and to attend other relevant training programmes 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.

STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)

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, all of whom are Independent Directors. The members of Nomination Committee are as follows:-

NOMINATION COMMITTEE MEMBERS	DIRECTORSHIP
Darsan Singh a/I Balwant Singh (Chairman)	Independent Non-Executive Chairman
Swee Soo Mang#	Independent Non-Executive Director
Gan Chee Tsong*	Independent Non-Executive Director

Appointed on 20 July 2007

* Appointed on 18 January 2008

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 and the Articles of Association of KHLB.

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:-

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

STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)

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

REMUNERATION COMMITTEE MEMBERS	DIRECTORSHIP
Darsan Singh a/I Balwant Singh (Chairman)	Independent Non-Executive Chairman
Swee Soo Mang#	Independent Non-Executive Director
Yap Toon Choy	Group Managing Director

Appointed on 18 January 2008

Details of the remuneration for the Directors of the Company for the financial year ended 30 April 2008 are as follows:-

	EXECUTIVE DIRECTORS (RM'000)	NON-EXECUTIVE DIRECTORS (RM'000)
Fees	-	100
Emoluments	903	70
Employees Provident Fund	109	-
Benefit-in-kind	82	-

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	-	5
RM100,001 to RM150,000	1	1*
RM150,001 to RM200,000	1	-
RM650,001 to RM700,000	1	-

* Resigned during the financial year

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 and stakeholders 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/stakeholders who have the opportunity to raise questions on the operations, financial and other major developments affecting the Group. In addition, the Group has made timely announcements to the public with regards to the Group's corporate proposals, financial results, other regulatory announcements as well as information which will be of interest to the investors and members of public.

5. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board strives to provide a balanced and meaningful 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

STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)

5. ACCOUNTABILITY AND AUDIT (CONT'D)

Financial Reporting (cont'd)

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 23 of this Annual Report.

Internal Control

The Statement on Internal Control furnished on page 22 of the Annual Report provides an overview on the state of internal control of the Group.

Relationship with Auditors

Through the Audit Committee, the Group has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia. The Audit Committee undertakes to meet the external auditors without the presence of Executive Directors or management at least once a year.

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 rated very high in the Group's priority. Details of CSR activities have been set out in the Chairman Statement on page 8 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.

STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)

Non-Audit Fees

Non-audit fees paid by the Group to the external auditors for the financial year ended 30 April 2008 was RM10,000.00 for verifying the Statement on Internal Control.

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 2008 pursuant to the shareholders' mandate obtained by the Company at the Fourth AGM held on 10 October 2007 are as follows:-

No.	Nature of RRPTs	Relationship	Names of Related Parties (Interested Director, Major Shareholder and Person Connected)	Aggregate value of the RRPTs during the financial year ended 30 April 2008 (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 KHIB	Yap Toon Choy and Yong Elaine	202,484.00
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, Directors and major shareholders of KHIB	Yap Toon Choy and Yong Elaine	7,200.00 171,450.00 Nil *
3.	KHI produced metal components for Muramoto Technics (Malaysia) Sdn. Bhd. ("MTM").	MTM, person connected to Yap Toon Choy, Director and major shareholder of KHIB and Shingo Muramoto, Director and shareholder of KHIB	Yap Toon Choy, Shingo Muramoto, Yong Elaine and Muramoto Asia Pte. Ltd. ("Muramoto Singapore")	27,851,226.00

STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)

No.	Nature of RRPTs	Relationship	Names of Related Parties (Interested Director, Major Shareholder and Person Connected)	Aggregate value of the RRPTs during the financial year ended 30 April 2008 (RM)
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 KHIB	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 KHIB and Shingo Muramoto, Director and shareholder of KHIB	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 KHIB	Yap Toon Choy and Yong Elaine	1,022,288.00
7.	KHI rented five (5) apartment units located at 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 KHIB and person connected to Yong Elaine, Director and major shareholder of KHIB	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 KHIB and Shingo Muramoto, Director and shareholder of KHIB	Yap Toon Choy, Shingo Muramoto, Yong Elaine and Muramoto Singapore	1,278,255.00

STATEMENT ON **CORPORATE GOVERNANCE**

(CONT'D)

No.	Nature of RRPTs	Relationship	Names of Related Parties (Interested Director, Major Shareholder and Person Connected)	Aggregate value of the RRPTs during the financial year ended 30 April 2008 (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 KHIB and Director of KHMV	Sim Kooi Wah	4,469,268.00
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 KHIB	Goh Hee Aing and Puon Poh Chin	1,353,611.00
11.	KHI leased machines from Kein Hing Manufacturing Sdn. Bhd. ("KHMSB").	KHMSB, person connected to Yap Toon Choy and Yong Elaine, Directors and major shareholders of KHIB	Yap Toon Choy and Yong Elaine	90,000.00

* 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 KHIB.

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 Chairman
Liew Choon Fong	Executive Director
Yap Toon Choy	Group Managing Director
Gan Chee Tsong	Independent Non-Executive Director

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Objective

The Audit Committee shall:

- assist the Board of Directors in fulfilling its fiduciary responsibilities relating to accounting and reporting practices of the Company and the Group;
- oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors;
- maintain open lines of communication between the Board of Directors, the internal auditors and the external auditors for the exchange of views and information, as well as to confirm their respective authorities and responsibilities; and
- determine the adequacy of the Group's administrative, operating and accounting controls.

Members

- The Audit Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall comprise not less than three (3) members, of whom a majority shall be Independent Directors.
- At least one (1) member of the Audit Committee:
 - must be a member of the Malaysian Institute of Accountants; or
 - if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
 - he must have passed the examinations specified in Part I of the 1st 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 1st Schedule of the Accountants Act 1967; or
 - fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").
- No Alternate Director shall be appointed as a member of the Audit Committee.
- The members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent Director.
- The Board of Directors shall 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.
- If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

AUDIT COMMITTEE REPORT

(CONT'D)

Rights

The Audit Committee shall, whenever necessary and reasonable for its performance and in accordance with a procedure to be determined by the Board of Directors and at the Company's cost:

- a) have authority to investigate any matter within its terms of reference;
- b) have 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 advice or other advice; and
- f) be able to convene meetings with the external auditors, internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

Functions

The Audit Committee shall discharge the following functions:

- a) review the following and report the same to the Board of Directors of the Company:
 - i) with the external auditors, the audit plan;
 - ii) with the external auditors, his evaluation of the system of internal controls;
 - iii) with the external auditors, his audit report;
 - iv) the assistance given by the employees of the Group to the external auditors;
 - v) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - vi) 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;
 - vii) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
 - changes in or implementation of major accounting policy changes;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements;
 - viii) any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - ix) any letter of resignation from the external auditors of the Company; and
 - x) whether there is reason (supported by grounds) to believe that the Group's external auditors are not suitable for re-appointment;
- b) recommend the nomination of a person or persons as external auditors;
- c) prepare an Audit Committee Report at the end of each financial year;
- d) report promptly to Bursa Securities where the Audit Committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the Bursa Securities' Listing Requirements; and
- e) any other functions as may be agreed to by the Audit Committee and the Board of Directors.

AUDIT COMMITTEE REPORT

(CONT'D)

Attendance and Meeting

- a) The quorum of the Audit Committee shall be two (2) of whom the majority of members present shall be Independent Directors.
- b) Apart from the members of the Audit Committee who will be present at the meetings, the Audit Committee may invite any member of the management, employees, other Directors and representatives of the external auditors to be present at meetings of the Audit Committee.
- c) The Audit Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. In addition, the Chairman may call a meeting of the Audit Committee if a request is made by any Audit Committee member, the Company's Managing Director, or the internal or external auditors.

Minutes

Minutes of each Audit Committee meeting are to be prepared and sent to its members. The Secretary shall also circulate the minutes of meetings of the Audit Committee to all members of the Board of Directors.

Secretary

The Company Secretary or his assistant shall be the Secretary of the Audit Committee.

SUMMARY OF ACTIVITIES

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

- i) Reviewed the announcements of the quarterly financial results of the Group prior to the Board of Directors' approval and released the results to Bursa Securities.
- ii) Reviewed audited financial statements and Annual Report for the financial year ended 30 April 2008.
- iii) Reviewed external auditors' scope of work and plan.
- iv) Reviewed the extent of application and compliance of principles and best practices set out in Malaysian Code of Corporate Governance.
- v) Reviewed related party transactions of the Company.
- vi) Reviewed the internal audit functions and the recommendations of the internal auditors' findings.
- vii) Reviewed the status of the Certificate of Fitness for the property of the Company.

During the financial year ended 30 April 2008, the Audit Committee met six (6) times and the details of the attendance are as follows:-

ATTENDANCE	
Swée Soo Mang	6/6
Liew Choon Fong	6/6
Yap Toon Choy	3/6
Darsan Singh a/l Balwant Singh	6/6
Yap Chai Huat*	0/1
Gan Chee Tsong**	5/5

* Resigned on 26 July 2007

** Appointed on 26 July 2007

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance ("Code") requires the Board of Directors of listed companies to maintain a sound system of internal control to safeguard shareholders' investment and their assets. The Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") require the Board of Directors of listed companies to include, in their annual report, a statement about the state of internal control of the Group.

In this regards, 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 subsidiaries ("the Group").

RESPONSIBILITIES

The Board is ultimately responsible for the Group's systems of internal control and risk management including establishing and maintaining an appropriate control environment and framework as well as reviewing its adequacy and integrity. However, as there are inherent limitations in any system of internal controls, such systems are designed to manage rather than eliminate the risks that may impede the achievement of the Group's business and corporate objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss or fraud.

INTERNAL AUDIT FUNCTION

The Group's internal audit function was outsourced to an internal audit firm which is independent of the day-to-day operations of the Group and provides support to the Audit Committee in discharging its duties with respect to the adequacy and integrity of the Group's internal control systems.

The internal audit reviewed the Group's system of internal controls in a systematic and cyclic basis and on selected functions and tabled the results of their review at the Audit Committee meetings on a quarterly basis. During the financial year, the internal audit covered the sales invoicing and collection function, purchasing function and store room operations on its main operating subsidiary, Kein Hing Industry Sdn. Bhd. The Audit Committee reviewed the findings, recommendations and management response and action plans and presents its findings and recommendations to the Board of Directors.

KEY FEATURES OF INTERNAL CONTROL SYSTEM

The key elements of the Group's existing system of internal controls are described below:

- A clearly defined organisational structure with the lines of responsibility and delegated authority to the management and operating units.
- The Board continuously assesses key business risks with the assistance of Audit Committee.
- Financial results are reviewed quarterly by the Audit Committee and the Board.
- Directors and head of departments meet regularly to discuss operational, corporate, financial and key management issues.
- An 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 Audit Committee, on behalf of the Board, reviews and holds discussions with management on the action taken on internal control issues identified in reports prepared by internal auditors and the external auditors.
- Close involvement in daily operations of the Group by the Managing Director and the Executive Directors.

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

ASSURANCE MECHANISM

The Board, with the assistance of the internal audit function, continuously reviews the adequacy and integrity of the Group's system of internal control and management information system, and compliance with laws, regulations, rules, directives and guidelines. 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 made in accordance with the resolution of the Board of Directors dated 26 August 2008.

STATEMENT ON **DIRECTORS' RESPONSIBILITY**

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 2008, the Directors have ascertained that:-

- Appropriate accounting policies have been consistently applied;
- Reasonable and prudent judgements and estimates; and
- All applicable accounting standard, 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2008

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 2008.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are stated in Note 6 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
Profit attributable to:		
Shareholders of the Company	5,942,290	1,685,980
Minority interests	(124,444)	-
	5,817,846	1,685,980

RESERVES AND PROVISIONS

There were no material transfers 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 ordinary dividend of 1.5 sen per ordinary share, totalling RM1,485,000, in respect of the year ended 30 April 2007 on 21 November 2007.

The final ordinary dividend recommended by the Directors in respect of the year ended 30 April 2008 is 1.5 sen per ordinary share tax exempt totalling RM1,485,000.

DIRECTORS OF THE COMPANY

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

Darsan Singh A/L Balwant Singh
Yap Toon Choy
Shingo Muramoto
Yong Elaine
Liew Choon Fong
Swee Soo Mang
Dato' Hairuddin Bin Mohamed
Gan Chee Tsong (appointed on 26 July 2007)
Tengku Syarif Temenggong Perlis Dato' Seri Diraja Syed Amir Abidin Jamalullail (resigned on 9 January 2008)

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2008 (CONT'D)

DIRECTORS' INTERESTS

The interests and deemed interests 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 (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

Company	Number of ordinary shares of RM0.50 each			
	At 1.5.2007	Bought	Sold	At 30.4.2008
Direct interest				
Yap Toon Choy	32,861,620	-	-	32,861,620
Yong Elaine	20,870,070	-	-	20,870,070
Liew Choon Fong	363,250	-	-	363,250
Deemed interest *				
Shingo Muramoto	4,372,600	-	-	4,372,600

	Legal capital of USD1 each			
	At 1.5.2007	Bought	Sold	At 30.4.2008
Kein Hing Muramoto (Vietnam) Co., Ltd				
Deemed interest *				
Shingo Muramoto	1,078,000	-	-	1,078,000

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

By virtue of their interests in the shares of the Company, the Directors are also deemed interested in the shares of all subsidiaries during the financial year to the extent that Kein Hing International Berhad has an interest.

None of the other Directors holding office at 30 April 2008 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 certain companies in the Group in the ordinary course of business and rental income receivable from companies in which the Directors have significant financial interests, as disclosed in Note 26 to the financial statements.

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

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2008 (CONT'D)

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 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 2008 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: 26 August 2008

BALANCE SHEETS

AT 30 APRIL 2008

	Note	2008 RM	Group 2007 RM restated	Company 2008 RM	2007 RM
Assets					
Property, plant and equipment	3	83,712,358	85,233,659	362,397	367,430
Prepaid lease payments	4	5,517,924	5,901,809	-	-
Investments in subsidiaries	6	-	-	54,181,043	53,517,543
Investments in associates	7	3,298,021	3,126,359	500,722	811,383
Other investments	8	802,159	577,575	-	-
Amount due from subsidiary	10	-	-	6,270,333	5,917,419
Total non-current assets		93,330,462	94,839,402	61,314,495	60,613,775
Receivables, deposits and prepayments	10	25,738,489	23,387,662	2,658,536	406,881
Inventories	11	12,284,310	10,216,151	-	-
Tax recoverable		-	5,745	-	-
Cash and cash equivalents	12	6,216,984	6,645,514	260,638	343,872
Total current assets		44,239,783	40,255,072	2,919,174	750,753
Total assets		137,570,245	135,094,474	64,233,669	61,364,528
Equity					
Share capital	13	49,500,000	49,500,000	49,500,000	49,500,000
Reserves		19,413,230	15,201,542	2,835,234	2,634,254
Total equity attributable to shareholders of the Company		68,913,230	64,701,542	52,335,234	52,134,254
Minority interests	13	2,765,451	3,043,385	-	-
Total equity		71,678,681	67,744,927	52,335,234	52,134,254
Liabilities					
Loans and borrowings	14	16,588,684	20,741,438	6,270,333	6,149,950
Amount due to Directors	15	3,671,122	4,342,020	-	-
Deferred tax liabilities	9	5,678,000	7,000,000	-	-
Total non-current liabilities		25,937,806	32,083,458	6,270,333	6,149,950
Payables and accruals	15	19,238,529	17,166,058	3,112,269	2,986,964
Current tax liabilities		48,104	-	-	-
Loans and borrowings	14	20,667,125	18,100,031	2,515,833	93,360
Total current liabilities		39,953,758	35,266,089	5,628,102	3,080,324
Total liabilities		65,891,564	67,349,547	11,898,435	9,230,274
Total equity and liabilities		137,570,245	135,094,474	64,233,669	61,364,528

The notes on pages 33 to 69 are an integral part of these financial statements.

INCOME STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

	Note	Group 2008 RM	2007 RM	Company 2008 RM	2007 RM
Revenue		142,513,630	122,269,818	2,000,000	2,000,000
Cost of sales		(118,790,251)	(100,758,480)	-	-
Gross profit	16	23,723,379	21,511,338	2,000,000	2,000,000
Other income		1,034,280	877,255	26,965	45,307
Distribution expenses		(1,724,533)	(1,412,952)	-	-
Administrative expenses		(15,213,850)	(13,959,817)	(535,731)	(551,436)
Other expenses		(870,922)	(314,553)	-	-
Results from operating activities		6,948,354	6,701,271	1,491,234	1,493,871
Interest income	17	195,127	165,747	692,779	380,492
Finance costs	17	(2,465,222)	(2,719,292)	(498,033)	(318,168)
Operating profit	17	4,678,259	4,147,726	1,685,980	1,556,195
Share of net results in associates		599,271	486,061	-	-
Profit before tax		5,277,530	4,633,787	1,685,980	1,556,195
Tax expense	19	540,316	135,152	-	-
Profit for the year		5,817,846	4,768,939	1,685,980	1,556,195
Attributable to:					
Shareholders of the Company		5,942,290	5,043,229	1,685,980	1,556,195
Minority interests		(124,444)	(274,290)	-	-
Profit for the year		5,817,846	4,768,939	1,685,980	1,556,195
Basic/Diluted earnings per ordinary share (sen):	20	6.00	5.09		
Dividends per ordinary share (sen):	21	1.50	1.50		

The notes on pages 33 to 69 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2008

Group	Note	Attributable to shareholders of the Company				Total RM	Minority interests RM	Total equity RM
		Share capital RM	Share premium RM	Translation reserve RM	Retained profits RM			
At 1 May 2006		49,500,000	2,668,992	(139,465)	8,795,480	60,825,007	2,446,580	63,271,587
Foreign exchange translation differences		-	-	(176,694)	-	(176,694)	(156,400)	(333,094)
Net loss recognised directly in equity		-	-	(176,694)	-	(176,694)	(156,400)	(333,094)
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
Dividends to shareholders	21	-	-	-	(990,000)	(990,000)	-	(990,000)
At 30 April 2007 / 1 May 2007		49,500,000	2,668,992	(316,159)	12,848,709	64,701,542	3,043,385	67,744,927
Foreign exchange translation differences		-	-	(245,602)	-	(245,602)	(187,490)	(433,092)
Net loss recognised directly in equity		-	-	(245,602)	-	(245,602)	(187,490)	(433,092)
Profit/(Loss) for the year		-	-	-	5,942,290	5,942,290	(124,444)	5,817,846
Total recognised income and expense for the year		-	-	(245,602)	5,942,290	5,696,688	(311,934)	5,384,754
Issuance of shares to minority shareholders		-	-	-	-	-	34,000	34,000
Dividends to shareholders	21	-	-	-	(1,485,000)	(1,485,000)	-	(1,485,000)
At 30 April 2008		49,500,000	2,668,992	(561,761)	17,305,999	68,913,230	2,765,451	71,678,681
		Note 13					Note 13	

STATEMENT OF **CHANGES IN EQUITY**

FOR THE YEAR ENDED 30 APRIL 2008 (CONT'D)

Company	Note	Non-distributable			Total RM
		Share capital RM	Share premium RM	(Accumulated losses) /Retained profits RM	
At 1 May 2006		49,500,000	2,668,992	(600,933)	51,568,059
Profit for the year		-	-	1,556,195	1,556,195
Dividends to shareholders	21	-	-	(990,000)	(990,000)
At 30 April 2007/1 May 2007		49,500,000	2,668,992	(34,738)	52,134,254
Profit for the year		-	-	1,685,980	1,685,980
Dividends to shareholders	21	-	-	(1,485,000)	(1,485,000)
At 30 April 2008		49,500,000	2,668,992	166,242	52,335,234

Note 13

The notes on pages 33 to 69 are an integral part of these financial statements.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
		restated		
Cash flows from operating activities				
Profit before tax	5,277,530	4,633,787	1,685,980	1,556,195
Adjustments for:				
Amortisation of prepaid lease payments				
- Leasehold land	24,442	24,442	-	-
- Land use rights	99,640	115,191	-	-
Depreciation of property, plant and equipment	10,406,970	10,212,680	5,033	5,033
Dividend income	(30,240)	-	(2,000,000)	(2,000,000)
Finance costs	2,465,222	2,719,292	498,033	318,168
Interest income	(195,127)	(165,747)	(692,779)	(380,492)
Loss/(Gain) on disposal of an associated company	1,677	-	(59,270)	-
Loss on disposal of property, plant and equipment	153,498	14,048	-	-
Property, plant and equipment written off	18,016	8,405	-	-
Group's share of net results in associates	(599,271)	(486,061)	-	-
Unrealised foreign exchange loss/(gain)	10,504	(47,652)	10,504	(47,652)
Operating profit/(loss) before working capital changes	17,632,861	17,028,385	(552,499)	(548,748)
Changes in working capital:				
Inventories	(2,128,763)	2,862,300	-	-
Payables and accruals	2,066,205	136,207	(110,200)	131,439
Receivables, deposits and prepayments	(2,988,522)	(5,150,486)	-	28,628
Cash generated from/(used in) operations	14,581,781	14,876,406	(662,699)	(388,681)
Tax paid	(727,835)	(682,767)	-	-
Net cash generated from/(used in) operating activities	13,853,946	14,193,639	(662,699)	(388,681)
Cash flows from investing activities				
Acquisition of other investment	(224,584)	(328,575)	-	-
Increase in investment in subsidiaries	-	-	(663,500)	(1,259,250)
Dividend received	30,240	-	2,000,000	2,000,000
Proceeds from disposal of an associate	369,931	-	369,931	-
Proceeds from disposal of property, plant and equipment	911,425	1,974,445	-	-
Proceeds from issuance of shares to minority shareholders	34,000	1,027,495	-	-
Purchase of prepaid lease payments	-	(386,776)	-	-
Purchase of property, plant and equipment (ii)	(6,168,958)	(9,041,401)	-	-
Interest received	195,127	165,747	692,779	380,492
Increase in pledged deposits with licensed banks	(11,657)	-	-	-
Net cash (used in)/generated from investing activities	(4,864,476)	(6,589,065)	2,399,210	1,121,242

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2008 (CONT'D)

	Group		Company	
	2008 RM	2007 RM restated	2008 RM	2007 RM
Cash flows from financing activities				
Advances to subsidiaries	-	-	(3,065,319)	(5,523,203)
Proceeds from term loans	4,193,039	6,389,884	3,949,000	6,389,884
Repayment of advance to a Director	(670,897)	(335,920)	-	-
Repayment of hire purchase liabilities	(5,062,044)	(5,265,498)	-	-
Repayment of term loans	(5,181,501)	(3,241,032)	(720,393)	(93,360)
Proceeds from/(repayment of) other borrowings	221,655	(3,550,929)	-	-
Dividends paid	(1,485,000)	(990,000)	(1,485,000)	(990,000)
Interest paid	(2,465,222)	(2,719,292)	(498,033)	(318,168)
Net cash used in financing activities	(10,449,970)	(9,712,787)	(1,819,745)	(534,847)
Exchange differences on translation of the financial statements of foreign operations	(8,814)	(333,094)	-	-
Net (decrease)/increase in cash and cash equivalents	(1,469,314)	(2,441,307)	(83,234)	197,714
Cash and cash equivalents at beginning of year	1,167,888	2,892,823	343,872	146,158
Foreign exchange differences on opening balance	(145,621)	716,372	-	-
Cash and cash equivalents at 30 April (i)	(447,047)	1,167,888	260,638	343,872

(i) Cash and cash equivalents

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash and bank balances	3,964,701	5,495,640	260,638	343,872
Deposits with licensed banks	2,252,283	1,149,874	-	-
Bank overdraft	(6,552,399)	(5,377,651)	-	-
	(335,415)	1,267,863	260,638	343,872
Less: Deposit pledged	(111,632)	(99,975)	-	-
	(447,047)	1,167,888	260,638	343,872

(ii) Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM11,056,624 (2007 - RM11,419,611) of which RM4,887,666 (2007 - RM2,378,210) was acquired by means of hire purchase plans.

The notes on pages 33 to 69 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 address of the principal place of business and registered office of the Company is as follow:

Principal place of business and registered office

Lot 1863, Jalan Kolej,
43300 Seri Kembangan
Selangor Darul Ehsan

The consolidated financial statements as at and for the year ended 30 April 2008 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates. The financial statements of the Company as at and for the year ended 30 April 2008 do not include other entities.

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are stated in Note 6 to the financial statements.

The financial statements were approved by the Board of Directors on 26 August 2008.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

The MASB has issued the following FRSs and Interpretations, where applicable, that are effective for annual periods beginning on or after 1 January 2007, and that have not been applied in preparing these financial statements:

FRSs/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
Amendment to FRS 121, <i>The Effects of Changes in Foreign Exchange Rates</i>	
- <i>Net Investment in a Foreign Operation</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
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
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</i>	
- <i>Waste Electrical and Electronic Equipment</i>	1 July 2007
IC Interpretation 7, <i>Applying the Restatement Approach under FRS129 2004 Financial Reporting in Hyperinflationary Economies</i>	1 July 2007
IC Interpretation 8, <i>Scope of FRS 2</i>	1 July 2007

The Group and the Company plan to apply the abovementioned FRSs and Interpretations for the annual period beginning 1 May 2008 except for FRS 139, *Financial Instruments: Recognition and Measurement* that will only be effective for annual period beginning 1 January 2010.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemption given in FRS 139.103AB.

The initial application of the other FRSs and Interpretations, where applicable, are not expected to have any material impact on the financial statements of the Group and the Company except for the following:

FRS 112 addresses the accounting treatment for income taxes. However, FRS 112 does not prescribe the accounting treatment for reinvestment allowance and investment tax allowance (tax incentives). In the current accounting policy for income taxes, reinvestment allowance or investment tax allowance is treated as the tax base of an asset. On adoption of FRS 112, the Group intends to account for these tax incentives by applying the analogy of the accounting treatment for unused tax losses in FRS 112. The change in accounting policy is expected to be applied retrospectively and may have the following impact on the financial statements:

	2008 RM	Group 2007 RM
Balance sheets		
Deferred tax liabilities at 30 April	5,678,000	7,000,000
Over recognition of deferred tax liabilities	(96,417)	(1,053,101)
Deferred tax liabilities at 30 April, if restated	5,581,583	5,946,899
Income statements for the year ended 30 April		
Profit for the year	5,817,846	4,768,939
Over recognition of deferred tax liabilities	96,417	1,053,101
Profit for the year, if restated	5,914,263	5,822,040

(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.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Certain comparative amounts have been restated to take into account the adoption of FRS 117, *Leases*, as disclosed in Note 28. In addition, certain comparative amounts have been represented and reclassified to conform to the current year's presentation.

(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. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, 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) 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. The consolidated financial statements include the Group's share of the profit or loss of the equity accounted associates, after adjustments, if any, 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 any impairment losses, unless the investment is classified as held for sale.

(iii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statements.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Minority interests

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

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 interest 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 interest and the equity shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(iv) Minority interests (cont'd)

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 with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(v) 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) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of the acquisitions. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

(iii) 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. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are recognised in 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Recognition and measurement (cont'd)

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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements.

(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) Reclassification to prepaid lease payments

Leasehold land with title that is not expected to pass to the lessee by the end of the lease term is treated as operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments except for leasehold land classified as investment property.

The Group has previously classified a leasehold land as finance lease and had recognised the amount of prepaid lease payments as property, plant and equipment.

On adoption of FRS 117, *Leases*, the Group treats such lease of land as an operating lease with unamortised amount classified as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provisions in FRS 117.67A. Such prepaid lease payments are amortised over the remaining lease terms.

This reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and comparative figures have been restated as disclosed in Note 28.

(iv) Depreciation

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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

• Buildings	42.5 - 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 balance sheet date.

(d) Intangible assets

(i) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Intangible assets (cont'd)

(i) Goodwill (cont'd)

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.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statements.

(ii) Other intangible assets

The initial cost of a land use rights comprises its purchase price and any directly attributable costs incurred in conjunction with securing the land use rights.

Reclassification to prepaid lease payments

Prior to 1 May 2007, the Group had classified land use rights as intangible assets and were stated at cost less accumulated depreciation. The adoption of FRS 117 has resulted in land use rights to be classified under prepaid lease payments. The land use rights are amortised on a straight-line basis over the lease term ranging from 30 to 43 years.

The reclassification of land use rights as prepaid lease payments has been accounted for retrospectively and is disclosed in Note 28.

(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

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired.

(e) Prepaid lease payments

Prepaid lease payments consist of leasehold land and land use rights as fully explained in Note 2(c)(iii) and Note 2(d)(ii).

The leasehold land and land use rights are amortised on a straight line basis over the lease term, as follows:

• Leasehold land	99 years
• Land use rights	30 - 43 years

(f) 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investments in equity securities (cont'd)

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.

(g) Inventories

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

The cost of raw material is based on the weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

In the case of work-in-progress, manufactured inventories 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 the estimated costs necessary to make the sale.

(h) 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.

(i) 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.

(j) Impairment

The carrying amounts of assets except for financial assets and 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.

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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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. 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (cont'd)

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.

(k) Share capital

Shares issue expenses

Incremental costs directly attributable to issue of shares and share options classified as equity are recognised as a deduction from equity.

(l) 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.

Accounting for hire purchase

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

(m) Employee benefits

Short-term 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.

The Group's contributions to the Employees' 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.

(n) 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.

(o) 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Revenue recognition

(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) Rental income

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

(iii) Dividend income

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

(q) 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.

(r) 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.

(s) 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.

(t) 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)

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 fittings and renovation RM	Motor vehicles RM	Work-in-progress RM	Total RM
Cost									
At 1 May 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
As previously reported									
Effect of adopting FRS 117 (Note 4)	-	-	(2,630,552)	-	-	-	-	-	(2,630,552)
At 1 May 2006, restated	7,717,713	15,418,815	-	6,584,940	59,533,714	6,580,401	5,278,303	-	101,113,886
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									
As previously reported	-	-	(572,024)	-	-	-	-	-	(572,024)
Effect of adopting FRS 117 (Note 4)	-	-	572,024	-	-	-	-	-	572,024
Translation exchange differences	-	-	-	-	-	-	-	-	-
As previously reported	-	-	(27,523)	(156,567)	(402,782)	(17,176)	(25,223)	-	(629,271)
Effect of adopting FRS 117 (Note 4)	-	-	27,523	-	-	-	-	-	27,523
Translation exchange differences	-	-	-	(156,567)	(402,782)	(17,176)	(25,223)	-	(601,748)
At 30 April 2007/1 May 2007, restated	7,717,713	15,652,218	-	6,940,836	64,050,921	7,203,380	4,185,930	1,134,579	106,885,577
Additions	-	-	-	470,455	8,756,207	1,174,704	340,218	315,040	11,056,624
Disposals	-	-	-	-	(1,418,902)	-	(909,555)	-	(2,328,457)
Written off	-	-	-	-	(139,072)	(32,484)	-	-	(171,556)
Reclassification	-	-	-	726,858	647,064	-	-	(1,373,922)	-
Translation exchange differences	-	-	-	(251,292)	(858,405)	(27,698)	(52,382)	(75,697)	(1,265,474)
At 30 April 2008	7,717,713	15,652,218	-	7,886,857	71,037,813	8,317,902	3,564,211	-	114,176,714

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
Depreciation and impairment loss									
At 1 May 2006									
As previously reported	-	528,174	40,737	259,721	11,732,180	1,189,165	838,893	-	14,588,870
Effect of adopting FRS 117 (Note 4)	-	-	(40,737)	-	-	-	-	-	(40,737)
Accumulated depreciation	-	528,174	-	259,721	11,482,180	1,189,165	838,893	-	14,338,870
Accumulated impairment loss	-	-	-	-	250,000	-	-	-	250,000
At 1 May 2006, restated	-	528,174	-	259,721	11,732,180	1,189,165	838,893	-	14,548,133
Depreciation for the year									
As previously reported	-	353,995	24,442	166,179	8,107,050	871,445	714,011	-	10,237,122
Effect of adopting FRS 117 (Note 4)	-	-	(24,442)	-	-	-	-	-	(24,442)
Disposals	-	353,995	-	66,179	8,107,050	871,445	714,011	-	10,212,680
Written off	-	-	-	-	(2,025,579)	(59,546)	(749,841)	-	(2,834,966)
Transfer to intangible assets	-	-	-	-	(208,225)	(6,118)	-	-	(214,343)
As previously reported	-	-	(7,945)	-	-	-	-	-	(7,945)
Effect of adopting FRS 117 (Note 4)	-	-	7,945	-	-	-	-	-	7,945
Translation exchange differences	-	-	-	-	-	-	-	-	-
As previously reported	-	-	(382)	(5,733)	(42,926)	(4,215)	(6,712)	-	(59,968)
Effect of adopting FRS 117 (Note 4)	-	-	382	-	-	-	-	-	382
At 30 April 2007/1 May 2007, restated	-	882,169	-	420,167	17,562,500	1,990,731	796,351	-	21,651,918

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
Depreciation and impairment loss (cont'd)									
Accumulated depreciation	-	882,169	-	420,167	17,312,500	1,990,731	796,351	-	21,401,918
Accumulated impairment loss	-	-	-	-	250,000	-	-	-	250,000
Depreciation for the year	-	355,074	-	186,442	8,343,099	850,028	672,327	-	10,406,970
Disposals	-	-	-	-	(768,280)	-	(495,254)	-	(1,263,534)
Written off	-	-	-	-	(125,440)	(28,100)	-	-	(153,540)
Translation exchange differences	-	-	-	(13,670)	(135,468)	(11,085)	(17,235)	-	(177,458)
Accumulated depreciation	-	1,237,243	-	592,939	24,626,411	2,801,574	956,189	-	30,214,356
Accumulated impairment loss	-	-	-	-	250,000	-	-	-	250,000
At 30 April 2008	-	1,237,243	-	592,939	24,876,411	2,801,574	956,189	-	30,464,356
Carrying amounts									
At 1 May 2006, restated	7,717,713	14,890,641	-	6,325,219	47,801,534	5,391,236	4,439,410	-	89,155,568
At 30 April 2007 / 1 May 2007, restated	7,717,713	14,770,049	-	6,520,669	46,488,421	5,212,649	3,389,579	1,134,579	85,233,659
At 30 April 2008	7,717,713	14,414,975	-	7,293,918	46,161,402	5,516,328	2,608,022	-	83,712,358

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Freehold land RM	Freehold building RM	Total RM
Cost			
At 1 May 2006/30 April 2007/ 1 May 2007/30 April 2008	125,832	251,664	377,496
Accumulated depreciation			
At 1 May 2006	-	5,033	5,033
Depreciation for the year	-	5,033	5,033
At 30 April 2007/1 May 2007	-	10,066	10,066
Depreciation for the year	-	5,033	5,033
At 30 April 2008	-	15,099	15,099
Carrying amounts			
At 1 May 2006	125,832	246,631	372,463
At 30 April 2007/1 May 2007	125,832	241,598	367,430
At 30 April 2008	125,832	236,565	362,397

3.1 Property, plant and equipment on hire purchase plans

Net book value of property, plant and equipments under hire purchase arrangements are disclosed as follows:

	2008 RM	Group 2007 RM
Plant and machinery, electrical installations and factory equipment	16,517,929	14,056,677
Motor vehicles	1,145,118	1,296,363
Office equipment, furniture and fittings and renovation	287,660	323,996
	17,950,707	15,677,036

3.2 Security

Certain property, plant and equipment of the Group and of the Company amounting to RM35,487,684 (2007 - RM38,285,490) and RM377,496 (2007 - RM377,496) respectively, are charged to banks as security for borrowings (Note 14).

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. PREPAID LEASE PAYMENTS

		2008 RM	Group 2007 RM restated
	Note		
Cost			
At 1 May		6,232,867	-
Effect of adopting FRS117			
Leasehold land	3	-	2,630,552
Land use rights	5	-	3,397,436
At 1 May		6,232,867	6,027,988
Transfer from property, plant and equipment	3	-	(572,024)
Transfer from land use rights	5	-	572,024
		-	-
Additions - land use rights	5	-	386,776
Translation exchange differences			
Leasehold land	3	-	(27,523)
Land use rights	5	(274,971)	(154,374)
At 30 April		5,957,896	6,232,867
Amortisation			
At 1 May		331,058	-
Effect of adopting FRS117			
Leasehold land	3	-	40,737
Land use rights	5	-	158,339
At 1 May		331,058	199,076
Transfer from property, plant and equipment	3	-	(7,945)
Transfer from leasehold land	5	-	7,945
		-	-
Charge for the year			
Leasehold land	3	24,442	24,442
Land use rights	5	99,640	115,191
		124,082	139,633
Translation exchange differences			
Leasehold land	3	-	(382)
Intangible assets	5	(15,168)	(7,269)
At 30 April		439,972	331,058
Carrying amounts			
At 30 April		5,517,924	5,901,809

4.1 Security

Certain prepaid lease payments of the Group amounting to RM2,096,364 (2007 - RM2,096,364), are charged to banks as security for borrowings (Note 14).

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. INTANGIBLE ASSETS

		Group	
		2008	2007
		RM	RM
	Note		restated
Land use rights			
Cost			
At 1 May			
As previously reported		-	3,397,436
Effect of adopting FRS117	4	-	(3,397,436)
		-	-
Addition	4	-	386,776
Transfer from leasehold land	4	-	572,024
Foreign currency translation difference	4	-	(154,374)
		-	-
As previously reported		-	804,426
Effect of adopting FRS117		-	(804,426)
At 30 April		-	-
Accumulated amortisation			
At 1 May			
As previously reported		-	158,339
Effect of adopting FRS117		-	(158,339)
		-	-
Amortisation for the year	4	-	115,191
Transfer from leasehold land	4	-	7,945
Foreign currency translation difference	4	-	(7,269)
		-	-
As previously reported		-	115,867
Effect of adopting FRS117		-	(115,867)
At 30 April		-	-
Carrying amount			
As at 30 April		-	-

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2008	2007
	RM	RM
At cost:		
Unquoted shares	54,433,888	53,770,388
Less: Allowance for diminution in value	(252,845)	(252,845)
	54,181,043	53,517,543

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2008 %	2007 %
Kein Hing Industry Sdn. Bhd.	Malaysia	Sheet metal forming, precision machining, component assembly and manufacture and sale of gas appliances	100	100
Kein Hing Appliances Sdn. Bhd.	Malaysia	Trading in electrical and electronics products and home appliances	83	83
Kein Hing Muramoto (Vietnam) Co., Ltd *	Vietnam	Sheet metal forming, precision machining and assembly of components for electronic, automotive and other industries	51	51
Kein Hing Polychrome (Vietnam) Co., Ltd **	Vietnam	Electroplating	85	70

* Audited by other member firms of KPMG International

** Audited by other firms of auditors

On 8 November 2007 and 11 March 2008, Kein Hing Polychrome (Vietnam) Co., Ltd. ("KHPV") increased its contributed legal capital from USD224,974 to USD374,974 by way of cash. The Company paid USD150,000 to increase its equity interest in KHPV.

7. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
At cost:				
Unquoted shares	769,802	1,080,463	500,722	811,383
Share of post-acquisition reserves	2,528,219	2,045,896	-	-
	3,298,021	3,126,359	500,722	811,383

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

7. INVESTMENTS IN ASSOCIATES (CONT'D)

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

Name of associate	Country of incorporation	Principal activities	Effective ownership interest	
			2008 %	2007 %
S & Y Metal Stamping Sdn. Bhd.	Malaysia	Precision metal stamping	28	28
Polychrome Sdn. Bhd.	Malaysia	Electroplating, iron founders, tinplate makers and smelters	25	25
Hirotaiko Kein Hing Sdn. Bhd.	Malaysia	Manufacturer of car components	-	49

Summary of financial information on associates:

Group

	Revenues (100%) RM	Net profit (100%) RM	Total assets (100%) RM	Total liabilities (100%) RM
2008				
S & Y Metal Stamping Sdn. Bhd.	16,824,708	1,638,523	17,606,924	(8,298,960)
Polychrome Sdn. Bhd.	2,916,886	561,938	5,312,815	(2,545,651)
	19,741,594	2,200,461	22,919,739	(10,844,611)
2007				
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)
Hirotaiko Kein Hing Sdn. Bhd.	6,372,350	227,146	770,452	(7,980)
	24,145,154	1,583,788	22,599,081	(11,978,131)

Disposal of Hirotaiko Kein Hing Sdn. Bhd. ("HKH")

On 12 September 2007, the Company have entered into a Sale and Purchase Agreement with Hirotaiko Holdings Berhad, to dispose of 490,000 ordinary shares of RM1.00 each in Hirotaiko Kein Hing Sdn. Bhd. ("HKH"), representing 49% of the issued and fully paid-up share capital of HKH, at a total consideration of RM369,931. As a result, HKH ceased to be an associated company of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

8. OTHER INVESTMENTS

	2008 RM	Group 2007 RM
At cost:		
Quoted shares in Malaysia	528,159	323,575
Transferable club memberships	299,580	279,580
	827,739	603,155
Less: Allowance for diminution in value of club memberships	(25,580)	(25,580)
	802,159	577,575
Market value:		
Quoted shares in Malaysia	507,320	381,210

9. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	2008 RM	Group 2007 RM
Group		
Property, plant and equipment	5,580,000	6,900,000
Property revaluation reserve	218,000	220,000
Provisions	(120,000)	(120,000)
Net tax liabilities	5,678,000	7,000,000

Movement in temporary differences during the year

Group

	At 1.5.2006	Recognised in income statement (note 19)	At 30.04.2007	Recognised in income statement (note 19)	At 30.04.2008
Property, plant and equipment	7,900,000	(1,000,000)	6,900,000	(1,320,000)	5,580,000
Property revaluation reserve	222,000	(2,000)	220,000	(2,000)	218,000
Provisions	(77,000)	(43,000)	(120,000)	-	(120,000)
	8,045,000	(1,045,000)	7,000,000	(1,322,000)	5,678,000

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

9. 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	
	2008 RM	2007 RM
Deductible temporary differences	8,091	68,190
Unabsorbed capital allowances	148,989	99,215
Unutilised tax losses	997,173	784,112
	1,154,253	951,517

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 RM692,706 (2007 - RM552,154) 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 in the balance sheet as the Group is uncertain of the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

10. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Non-current					
Non-trade					
Amounts due from subsidiaries	10.2	-	-	6,270,333	5,917,419
Current					
Trade					
Trade receivables		19,224,269	14,983,156	-	-
Less: Allowance for doubtful debts	10.3	(265,742)	(320,405)	-	-
		18,958,527	14,662,751	-	-
Amount due from an associate	10.4	179,961	149,999	-	-
Amount due from a related party	10.4	3,666,494	6,257,874	-	-
		22,804,982	21,070,624	-	-
Non-trade					
Amounts due from subsidiaries	10.2	-	-	2,657,236	405,581
Amount due from a related party		73,500	73,500	-	-
Hire purchase installments prepaid		887,866	664,348	-	-
Other prepayments		185,048	219,873	-	-
Refundable deposits		298,668	331,808	-	-
Staff loan		258,374	245,608	-	-
Other receivables		1,230,051	781,899	1,300	1,300
Total current assets		25,738,489	23,387,662	2,658,536	406,881
Total		25,738,489	23,387,662	8,928,869	6,324,300

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

10. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

10.1 Analysis of foreign currency exposure

Foreign currency profile of receivables, deposits and prepayments that are not in the functional currencies of the Group entities are as follows:

Functional currency	Foreign currency	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
RM	-	17,871,315	16,494,998	1,300	1,300
RM	USD	1,834,037	3,431,598	8,927,569	6,323,000
RM	SGD	1,202,766	1,616,200	-	-
USD	USD	4,233,900	1,436,598	-	-
USD	VND	596,471	365,836	-	-
RM	Yen	-	42,432	-	-
		25,738,489	23,387,662	8,928,869	6,324,300

10.2 Amount due from subsidiaries

The amount due from subsidiaries arises from unsecured advances which earns interest at the rate of 4% per annum above USD SIBOR and is repayable by way of 15 quarterly installments with the first installment payment due and paid on 1 February 2008 and the subsequent installments payable at successive intervals of 3 months.

10.3 Allowance for doubtful debts

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 customer of the Group were to deteriorate, resulting in impairment to their ability to make payments, additional allowance may be required.

10.4 Amounts due from an associate and a related party

Amounts due from an associate and a related party arose mainly from normal trade transactions and are unsecured, interest-free and subject to normal trade terms.

11. INVENTORIES

	Group	
	2008 RM	2007 RM
At cost:		
Raw materials	5,989,948	4,073,451
Work-in-progress	3,019,039	3,053,081
Manufactured inventories	2,743,971	2,086,748
Trading inventories	404,435	290,384
	12,157,393	9,503,664
Less: Allowance for diminution in value	(260,391)	(241,218)
	11,897,002	9,262,446

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. INVENTORIES (CONT'D)

	2008 RM	Group 2007 RM
Work-in-progress		
- At cost	387,308	-
- At net realisable value	-	953,705
	387,308	953,705
	12,284,310	10,216,151

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.

12. CASH AND CASH EQUIVALENTS

	2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Deposits placed with licensed banks	2,252,283	1,149,874	-	-
Cash and bank balances	3,964,701	5,495,640	260,638	343,872
	6,216,984	6,645,514	260,638	343,872
Less: Deposits pledged	(111,633)	(99,975)	-	-
	6,105,352	6,545,539	260,638	343,872

12.1 Cash and cash equivalent that are not in the functional currencies of the Group entities are as follows:

Functional currency	Foreign currency	2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
RM	-	2,880,439	1,633,986	23,345	46,383
RM	USD	2,542,714	2,828,890	237,293	297,489
USD	USD	675,791	2,087,824	-	-
USD	VND	118,040	94,814	-	-
		6,216,984	6,645,514	260,638	343,872

NOTES TO THE FINANCIAL STATEMENTS

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13. SHARE CAPITAL AND RESERVES

Share capital

	Group and Company			
	Amount	Number	Amount	Number
	2008	of shares	2007	of shares
	RM	2008	RM	2007
Authorised:				
Ordinary shares of RM0.50 each	50,000,000	100,000,000	50,000,000	100,000,000
Issued and fully paid:				
Ordinary shares of RM0.50 each	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 shareholder's proportion of share capital and reserves of the subsidiaries.

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

The movements in each category of reserves are disclosed in the statement of changes in equity.

13.1 Share premium

This reserve comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

13.2 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

13.3 Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has Section 108 tax credit and tax exempt income to frank all of its distributable reserves at 30 April 2008 if paid out as dividends.

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 30 April 2008 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 30 April 2014, whichever is earlier.

NOTES TO THE FINANCIAL STATEMENTS

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14. LOANS AND BORROWINGS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Non-current				
Term loans (secured)	12,114,250	16,198,648	6,270,333	6,149,950
Hire purchase liabilities	4,474,434	4,542,790	-	-
	16,588,684	20,741,438	6,270,333	6,149,950
Current				
Bills payable (unsecured)	2,106,286	2,269,015	-	-
Bankers' acceptance (unsecured)	2,267,000	2,034,000	-	-
Bank overdrafts (secured)	6,552,399	5,377,651	-	-
Term loans (secured)	5,061,901	3,633,803	2,515,833	93,360
Hire purchase liabilities	4,679,539	4,785,562	-	-
	20,667,125	18,100,031	2,515,833	93,360
	37,255,809	38,841,469	8,786,166	6,243,310

The loans and borrowings are denominated in Ringgit Malaysia except for certain secured term loans and unsecured bills payable amounting to RM13,946,314 (2007: RM6,142,250) which is denominated in US Dollar.

Bills payable and bankers' acceptance

Bills payable is secured by a standby letter of credit from a bank at the request of a subsidiary.

Bankers' acceptance is secured by 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 certain Directors of the Company.

Term loans

The term loans are secured by the following:

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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

14. LOANS AND BORROWINGS (CONT'D)

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,
- (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 obtain any leasing or hire-purchase facility or agreement exceeding the aggregate sum of RM8,000,000 at any one year.

Terms and debt repayment schedule

Group	Year of maturity	Under Total RM	1 - 2 1 year RM	2 - 5 years RM	After years RM	5 years RM
2008						
Unsecured bills payable						
- variable at 0.5% per annum above USD SIBOR	2009	2,106,286	2,106,286	-	-	-
Unsecured bankers' acceptance						
- variable at 0.7% per annum above IBR	2009	2,267,000	2,267,000	-	-	-
Secured bank overdrafts						
- variable at 1.0% to 1.5% per annum above BLR	2009	6,552,399	6,552,399	-	-	-
Secured term loans						
- variable at 1.0% to 1.75% per annum above BLR	2009 - 2013	5,336,122	1,068,501	1,992,622	2,274,999	-
- variable at 1.25% per annum above USD SIBOR	2009 - 2012	8,778,466	2,508,133	2,508,133	3,762,200	-
- variable at 1.5% to 2.0% per annum above USD SIBOR	2009 - 2012	3,061,563	1,485,267	927,891	648,405	-
Hire purchase liabilities						
- flat at 3.3% to 6.0%	2009 - 2011	9,153,973	4,679,539	2,843,900	1,630,534	-
		37,255,809	20,667,125	8,272,546	8,316,138	-

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

14. LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule (cont'd)

Group	Year of maturity	Under Total RM	1 - 2 1 year RM	2 - 5 years RM	After years RM	5 years RM
2007						
Unsecured bills payable						
- variable at 0.5% per annum above USD SIBOR	2008	2,269,015	2,269,015	-	-	-
Unsecured bankers' acceptance						
- variable at 0.7% to 1.0% above IBR	2008	2,034,000	2,034,000	-	-	-
Secured bank overdrafts						
- variable at 1.0% to 1.5% above BLR	2008	5,377,651	5,377,651	-	-	-
Secured term loans						
- fixed at 6.3% to 7.8%	2008	87,088	87,088	-	-	-
- variable at 1.0% to 1.75% above BLR	2008 - 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%	2008 - 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

Company

2008

Secured term loans						
- variable at 1% above BLR	2009	7,700	7,700	-	-	-
- variable at 1.25% per annum above USD SIBOR	2009 - 2012	8,778,466	2,508,133	2,508,133	3,762,200	-
		8,786,166	2,515,833	2,508,133	3,762,200	-

2007

Secured term loans						
- variable at 1% above BLR	2008 - 2012	6,243,310	93,360	1,645,700	4,504,250	-

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

14. LOANS AND BORROWINGS (CONT'D)

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	Payments 2008 RM	Interest 2008 RM	Principal 2008 RM	Payments 2007 RM	Interest 2007 RM	Principal 2007 RM
Less than one year	5,110,032	430,493	4,679,539	5,244,912	459,350	4,785,562
Between one and two years	3,038,439	194,539	2,843,900	3,372,645	178,851	3,193,794
Between two and five years	1,690,696	60,162	1,630,534	1,383,767	34,771	1,348,996
	9,839,167	685,194	9,153,973	10,001,324	672,972	9,328,352

15. PAYABLES AND ACCRUALS

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Non-current					
Non-trade					
Amount due to Directors	15.2	3,671,122	4,342,020	-	-
Current					
Trade					
Trade payables		13,052,491	12,266,777	-	-
Amount due to associates		853,482	2,368,235	-	-
		13,905,973	14,635,012	-	-
Non-trade					
Other payables		2,048,651	913,087	102,933	213,133
Accruals		3,103,905	1,527,959	-	-
Amount due to a related party		180,000	90,000	-	-
Amount due to a subsidiary	15.3	-	-	3,009,336	2,773,831
		5,332,556	2,531,046	3,112,269	2,986,964
Total current liabilities		19,238,529	17,166,058	3,112,269	2,986,964
Total		22,909,651	21,508,078	3,112,269	2,986,964

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

15. PAYABLES AND ACCRUALS (CONT'D)

15.1 Analysis of foreign currency exposure

Foreign currency profile of payables and accruals that are not in the functional currencies of the Group entities are as follows:

Functional currency	Foreign currency	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
RM	-	18,022,343	20,012,943	3,112,269	2,986,964
RM	Yen	213,659	74,587	-	-
RM	USD	23,782	-	-	-
RM	SGD	21,186	13,961	-	-
USD	USD	3,291,723	63,133	-	-
USD	VND	1,039,683	1,343,454	-	-
USD	Yen	162,454	-	-	-
USD	SGD	134,821	-	-	-
		22,909,651	21,508,078	3,112,269	2,986,964

15.2 Amount due to Directors

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.

15.3 Amount due to a subsidiary

The amount due to a subsidiary is unsecured, interest-free and is repayable on demand.

16. GROSS PROFIT

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Sales of goods				
- manufactured products	123,811,961	108,028,562	-	-
- moulds	10,538,881	7,402,808	-	-
- trading products	3,124,221	2,275,483	-	-
Sales of scraps	5,038,567	4,562,965	-	-
Dividends	-	-	2,000,000	2,000,000
	142,513,630	122,269,818	2,000,000	2,000,000
Cost of manufactured goods	(116,106,525)	(98,692,256)	-	-
Cost of trading goods	(2,683,726)	(2,066,224)	-	-
Gross profit	23,723,379	21,511,338	2,000,000	2,000,000

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

17. OPERATING PROFIT

		Group		Company	
	Note	2008 RM	2007 RM	2008 RM	2007 RM
Operating profit is arrived at after charging:					
Amortisation of prepaid lease payments					
- leasehold land	4	24,442	24,442	-	-
- land use rights	4	99,640	115,191	-	-
Auditors' remuneration:					
- Statutory audit					
- KPMG		75,000	67,000	20,000	20,000
- Affiliate of KPMG		43,875	24,793	-	-
- Other auditors		3,250	-	-	-
- Other services					
- KPMG		10,000	10,000	10,000	10,000
Depreciation on property, plant and equipment	3	10,406,970	10,212,680	5,033	5,033
Property, plant and equipment written off	3	18,016	8,405	-	-
Loss on disposal of property, plant and equipment		153,498	14,048	-	-
Loss/(Gain) on disposal of investment in associate		1,677	-	(59,270)	-
Interest expense on:					
- Bank overdraft		350,808	337,424	-	-
- Hire purchase		586,857	792,657	-	-
- Term loans		1,330,798	1,354,183	498,033	318,168
- Bills payable		110,289	133,582	-	-
- Trust receipts		86,470	101,446	-	-
Unrealised foreign exchange loss		10,504	-	10,504	-
Realised foreign exchange loss		304,410	123,706	21,800	2,345
Personnel expenses (including key management personnel):					
- Contributions to Employees' Provident Funds		1,388,580	1,207,641	-	-
- Wages, salaries and others		13,879,990	12,026,730	-	-
Rental of premises		906,104	734,413	-	-
Rental of machinery		90,000	90,000	-	-
Allowance for slow moving and obsolete inventories	11	19,173	134,452	-	-
Write down of inventories		-	113,000	-	-
and after crediting:					
Rental income		531,000	547,000	-	-
Dividend income from other investments		30,240	-	-	-
Unrealised foreign exchange gain		-	47,652	-	47,652
Interest income from:					
- Deposits with licensed banks		64,372	53,471	-	-
- Staff loan		4,276	4,264	-	-
- Foreign currency current account		126,479	108,012	-	-
- Amount due from a subsidiary		-	-	692,779	380,492

NOTES TO THE FINANCIAL STATEMENTS

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18. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Directors				
Short-term employee benefits:				
- Fees	100,932	150,000	100,932	150,000
- Remuneration	972,902	879,660	69,000	-
- Contributions to Employees' Provident Fund	108,672	105,840	-	-
- Others (including estimated monetary value of benefits-in-kind)	82,077	95,327	-	-
Total	1,264,583	1,230,827	170,532	150,000

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise primarily all the Directors of the Group.

19. TAX EXPENSE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current tax expense				
- Malaysian income tax	808,165	945,000	-	-
- Overprovision in prior year	(26,481)	(35,152)	-	-
	781,684	909,848	-	-
Deferred tax expense				
Reversal of temporary differences				
- Current	(780,000)	(773,000)	-	-
- Overprovision in prior year	(542,000)	(272,000)	-	-
	(1,322,000)	(1,045,000)	-	-
Total	(540,316)	(135,152)	-	-

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

19. TAX EXPENSE (CONT'D)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Reconciliation of tax expense				
Profit before tax	5,277,530	4,633,787	1,685,980	1,556,195
Income tax using Malaysian tax rates	1,372,158	1,297,460	438,355	435,735
Effect of difference in tax rates of foreign jurisdictions	42,164	90,706	-	-
Tax incentive	(1,593,100)	(1,739,730)	-	-
Non deductible expense	542,212	819,020	81,645	124,265
Unrecognised deferred tax assets	38,901	111,620	-	-
Effect of changes in tax rate*	(218,360)	(270,979)	-	-
Tax expense on share of results in associates	(155,810)	(136,097)	-	-
Tax exempt income	-	-	(520,000)	(560,000)
	28,165	172,000	-	-
Over provision in prior year	(568,481)	(307,152)	-	-
Tax credit	(540,316)	(135,152)	-	-

* In the Malaysian Budget 2008, it was announced that the corporate income tax rate will be reduced to 26% in 2008 and to 25% in 2009. Consequently, deferred tax liabilities are measured using these tax rates.

20. EARNINGS PER SHARE

Basic earnings per share

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

	Group	
	2008 RM	2007 RM
Profit for the year attributable to ordinary shareholders	5,942,290	5,043,229

	Group	
	2008	2007
Weighted average number of ordinary shares	99,000,000	99,000,000

	Group	
	2008 Sen	2007 Sen
Basic earnings per share	6.00	5.09

Diluted earnings per share

There is no dilution in earnings per share as there is no potential diluted ordinary share.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

21. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Sen per share	Total amount RM	Date of payment
2008			
Final 2007 ordinary, tax exempted	1.5	1,485,000	21 November 2007
2007			
Final 2006 ordinary, tax exempted	1	990,000	21 November 2006

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

22. SEGMENTAL INFORMATION

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

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

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

Business segments

The Group comprises the following main business segments:

Manufacturing	Sheet metal forming, precision machining, component assembly and manufacture and sale of gas appliances
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)

22. SEGMENTAL INFORMATION (CONT'D)

	Manufacturing		Trading		Investment holding		Adjustment		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Business segments										
Revenue from external customers	139,389,409	119,994,335	3,124,221	2,275,483	-	-	-	-	142,513,630	122,269,818
Inter-segment	2,300,543	418,085	202,484	100,730	-	-	(2,503,027)	(518,815)	-	-
Total revenue	141,689,952	120,412,420	3,326,705	2,376,213	-	-	(2,503,027)	(518,815)	142,513,630	122,269,818
Segment results	7,635,715	7,402,566	(61,649)	(195,167)	1,491,234	1,493,872	(2,116,946)	(2,000,000)	6,948,354	6,701,271
Results from operating activities										
Interest expense	(2,657,813)	(2,781,257)	(2,155)	(359)	(498,033)	(318,168)	692,779	380,492	(2,465,222)	(2,719,292)
Interest income	195,127	165,747	-	-	692,779	380,492	(692,779)	(380,492)	195,127	165,747
Share of associates' net results									599,271	486,061
Profit before tax									5,225,530	4,633,787
Tax expense									540,316	135,152
Profit for the year									5,817,846	4,768,939
Segment assets										
Investment in associates	131,723,544	130,029,722	1,122,186	648,216	624,335	712,602	-	-	133,470,065	131,390,540
Quoted investments	2,606,230	2,030,828	-	-	691,791	1,095,531	-	-	3,298,021	3,126,359
Unallocated assets	502,579	297,995	-	-	-	-	-	-	502,579	297,995
Total assets									137,570,245	135,094,474
Segment liabilities										
	65,580,073	67,127,582	200,858	193,889	110,633	150,000	-	(121,924)	65,891,564	67,349,547
Total liabilities									65,891,564	67,349,547
Capital expenditure	11,056,624	11,354,278	-	65,333	-	-	-	-	11,056,624	11,419,611
Depreciation	10,380,431	10,159,106	21,506	48,541	5,033	5,033	-	-	10,406,970	10,212,680
Amortisation of prepaid lease payments										
- leasehold land	24,442	24,442	-	-	-	-	-	-	24,442	24,442
- land use rights	99,640	115,191	-	-	-	-	-	-	99,640	115,191

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

22. SEGMENTAL INFORMATION (CONT'D)

	Malaysia		Singapore		Vietnam		Europe	
	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM
Geographical segments								
Revenue from external customers by location of customers	105,633,016	93,920,797	8,035,143	7,813,004	24,126,080	12,798,165	4,313,459	3,984,826
Segment assets by location of assets	106,606,149	106,261,778	-	-	26,863,916	25,128,762	-	-
Capital expenditure by location of assets	8,191,101	4,958,605	-	-	2,865,523	6,461,006	-	-

	Thailand		Others		Adjustment		Consolidated	
	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM
Geographical segments								
Revenue from external customers by location of customers	1,482,207	2,261,793	1,426,752	2,010,048	(2,503,027)	(518,815)	142,513,630	122,269,818
Segment assets by location of assets	-	-	-	-	-	-	133,470,065	131,390,540
Capital expenditure by location of assets	-	-	-	-	-	-	11,056,624	11,419,611

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

23. 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. The Group set up USD bank accounts as a natural hedge against any fluctuation in USD.

Interest rate risk

The Group's and the 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's and the Company's associations to business partners with good credit rating. Trade receivables are monitored on an ongoing basis via the Group's and the Company's management reporting procedures.

At balance sheet date, there were no significant concentrations of credit risk other than 37% (2007 - 52%) of trade receivables owed by four (2007 - 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 asset 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)

23. FINANCIAL INSTRUMENTS (CONT'D)

Group 2008	Effective interest rate per annum %	Total RM	Within 1 year RM	1 - 5 years RM	After 5 years RM
Financial asset					
Deposits placed with licensed banks	2.9	2,252,283	2,252,283	-	-
Financial liabilities					
Fixed rate instruments					
Hire purchase liabilities	3.6	9,153,973	4,679,539	2,843,900	1,630,534
Floating rate instruments					
Unsecured bills payable	5.6	2,106,286	2,106,286	-	-
Unsecured bankers' acceptance	4.7	2,267,000	2,267,000	-	-
Secured bank overdrafts	7.9	6,552,399	6,552,399	-	-
Secured term loans	7.7	17,176,151	17,176,151	-	-

2007

Financial assets					
Deposits placed with licensed banks	3.3	1,149,874	1,149,874	-	-
Financial liabilities					
Fixed rate instruments					
Hire purchase liabilities	3.6	9,328,352	4,785,562	4,542,790	-
Floating rate instruments					
Unsecured bills payable	5.6	2,269,015	2,269,015	-	-
Unsecured bankers' acceptance	4.7	2,034,000	2,034,000	-	-
Secured bank overdrafts	7.9	5,377,651	5,377,651	-	-
Secured term loans	7.7	19,832,451	19,832,451	-	-

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 Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

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

Group	2008		2007	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial asset				
Transferable club memberships	274,000	274,000	254,000	254,000
Financial liability				
Secured term loans	17,176,151	17,176,151	19,832,451	19,832,451

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.

It is not practical to estimate the fair value of long-term amount due from a subsidiary and amount due to directors due principally to a lack of fixed repayment term entered by the parties involved and the inability to estimate the fair value without incurring excessive costs.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

24. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Capital commitments:				
Approved and contracted for	567,000	-	-	-

25. CONTINGENT LIABILITIES (UNSECURED)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Corporate guarantee given to a licensed bank for:				
- housing loans granted to staff	500,000	500,000	-	-
- banking facilities granted to a subsidiary	-	-	26,646,008	29,681,433
	500,000	500,000	26,646,008	29,681,433

26. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise primarily all the Directors of the Group.

Transactions with related parties

The significant related party transactions of the Group and the Company, other than key management personnel compensation, are as follows:

Group	Transactions amount for the year ended 30 April		Gross/Net balance outstanding at 30 April	
	2008 RM	2007 RM	2008 RM	2007 RM
Associates				
S & Y Metal Stamping Sdn. Bhd. Sub-contract tooling and metal stamping work	4,469,268	4,963,588	(621,097)	(2,202,285)
Polychrome Sdn. Bhd. Sub-contract electroplating work	1,353,611	1,357,997	(232,385)	(165,950)
Hirotako Kein Hing Sdn. Bhd.				
Management fees	-	80,000	-	-
Sales	-	5,694,326	-	-
Rental income	-	16,000	-	-

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

26. RELATED PARTIES (CONT'D)

Transactions with related parties (cont'd)

Group	Transactions amount for the year ended 30 April		Gross/Net balance outstanding at 30 April	
	2008 RM	2007 RM	2008 RM	2007 RM
Companies in which the Directors have significant financial interests				
TC Yap Holdings Sdn. Bhd. Rental of premises	178,650	178,650	-	-
Muramoto Technics (M) Sdn. Bhd. Sales of metal components and tooling mould * Rental income *	27,851,226 351,000	25,980,945 351,000	3,666,494 58,500	6,257,874 58,500
Microtechno Precision (M) Sdn. Bhd. Rental income *	180,000	180,000	15,000	15,000
Kein Hing Manufacturing Sdn. Bhd. Rental of machinery	90,000	90,000	(180,000)	(90,000)

* There are no allowances for doubtful debts being provided in respect of these balances outstanding at year end and no allowances for doubtful debts made during the year.

Company	Transactions amount for the year ended 30 April		Gross/Net balance outstanding at 30 April	
	2008 RM	2007 RM	2008 RM	2007 RM
Subsidiary				
Kein Hing Muramoto (Vietnam) Co., Ltd Interest income	692,779	380,492	-	-

The Directors of the Company are of the opinion that all the above transactions have been entered into in the normal course of business and have been established under commercial terms.

27. SUBSEQUENT EVENT

Subsequent to the financial year, on 1 July 2008, the Group via Kein Hing Industry Sdn. Bhd., entered into a Sale and Purchase Agreement with a third party to acquire a freehold land measuring approximately 4,300 square meters and held under Title No. GM 447, Lot 1840, Mukim of Petaling, District of Petaling and State of Selangor Darul Ehsan, at a purchase consideration of RM1.1 million.

28. COMPARATIVE FIGURES

Certain comparative figures have been reclassified as a result of adoption of FRS 117, *Leases*.

Group	As previously stated RM	Adjustments RM	As restated RM
Balance sheet as at 30 April 2007			
Property, plant and equipment	87,207,812	(1,974,153)	85,233,659
Intangible assets	3,927,656	(3,927,656)	-
Prepaid lease payments	-	5,901,809	5,901,809

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 27 to 69 are drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company at 30 April 2008 and of their financial performances and cash flows for the year ended on that date.

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: 26 August 2008

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Kok Mun Choon**, 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 27 to 69 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 26 August 2008.

.....
Kok Mun Choon

Before me:

P.Thurirajoo

No.W438

Commissioner for Oaths

Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KEIN HING INTERNATIONAL BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Kein Hing International Berhad, which comprise the balance sheets as at 30 April 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 27 to 69.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as of 30 April 2008 and of their financial performances and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- c) We are satisfied that the accounts 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

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

KPMG

Firm Number: AF 0758
Chartered Accountants

Johan Idris

Approval Number: 2585/10/08(J)
Chartered Accountant

Petaling Jaya,

Date: 26 August 2008

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 Vote per Ordinary Share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 28 AUGUST 2008

Size of Holdings	No. of Shareholders	No. of Shares	Percentage (%)
1 – 99	6	320	0.00
100 – 1,000	236	194,100	0.20
1,001 – 10,000	794	3,983,600	4.02
10,001 – 100,000	380	12,132,200	12.26
100,001 – 4,949,999 (*)	56	23,575,890	23.81
4,950,000 and above (**)	3	59,113,890	59.71
Total	1,475	99,000,000	100.00

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

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

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 28 AUGUST 2008

Directors	Direct Shareholdings		Indirect Shareholdings	
	No. of Shares	%	No. of Shares	%
1. Yap Toon Choy	32,861,620	33.19	-	-
2. Shingo Muramoto	-	-	4,372,600*	4.42
3. Yong Elaine	20,870,070	21.08	-	-
4. Liew Choon Fong	363,250	0.37	-	-
5. Swee Soo Mang	-	-	-	-
6. Darsan Singh a/I Balwant Singh	-	-	-	-
7. Dato' Hairuddin Bin Mohamed	-	-	-	-
8. Gan Chee Tsong	-	-	-	-

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

ANALYSIS OF SHAREHOLDINGS

(CONT'D)

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 28 AUGUST 2008

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. Yong Elaine	20,870,070	21.08	-	-

LIST OF TOP THIRTY (30) SHAREHOLDERS AS AT 28 AUGUST 2008

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.	Yap Ah Fatt	1,248,800	1.26
7.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Koh Kok Hooi	1,185,500	1.20
8.	Yee Tien Soon	815,000	0.82
9.	How Sin Son	790,000	0.80
10.	Ghan Ah Kooi	668,300	0.68
11.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Lee Chee Siong	665,000	0.67
12.	Mayban Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Lim Saw Cheng	592,100	0.60
13.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Lim Chou Bu	539,000	0.54
14.	Chai Kin Loong	536,400	0.54
15.	Yong Yoke Luen	461,400	0.47
16.	Cimsec Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Chan Wai Kheong	460,000	0.46
17.	Wong Fook Sum	440,000	0.44
18.	Tng Kee Meng	435,000	0.44
19.	Kam Loong Mining Sdn. Bhd.	434,000	0.44
20.	EB Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account For Liew Choon Fong	363,250	0.37
21.	Tan Thian Joo @ Tan Thian Soo	360,000	0.36
22.	Koay Eng Loh	356,600	0.36
23.	Teh Ah Lian	350,000	0.35
24.	Ana Low	320,500	0.32
25.	Yap Cheong Kit	301,600	0.30
26.	Chee Wei Kong	279,000	0.28
27.	Yee Tian San	270,000	0.27
28.	Yee Kek Hoong	270,000	0.27
29.	Ooi Cheng Huat @ Ooi Peng Huat	260,500	0.26
30.	Tan Poh Hwa	257,300	0.26

LIST OF PROPERTIES

AS AT 30 APRIL 2008

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 Kolej 43300 Seri Kembangan Selangor Darul Ehsan	KHIB	Residential; Single storey bungalow house	Freehold	25	488/226	01.12.2004	362,397
Lot 1863 and 1864 Jalan Kolej 43300 Seri Kembangan Selangor Darul Ehsan	KHI	Factory/ Industrial; Single-storey factory with a 3-storey office and factory annexe	Freehold	11	7,891/6,116	18-2-2004 (Revalued)	8,142,269
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	15	734/563	18-2-2004 (Revalued)	724,461
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	12	988/795	18-2-2004 (Revalued)	915,552
Lot 33, Jalan 6/2, 43300 Seri Kembangan Selangor Darul Ehsan	KHI	Manufacturing/ Industrial; Single storey factory with 2½ storey office annexe	Leasehold expiring on 10-1-2089	7	4,086/2,123	18-2-2004 (Revalued)	3,770,113
Lot 1866 and 1867 Jalan Kolej 43300 Seri Kembangan Selangor Darul Ehsan	KHI	Factory/ Industrial; 3-storey factory with 4-storey office cum car park block	Freehold	4	8,195/8,179	1-12-2004	12,667,135
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 2008 (CONT'D)

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	23	297.6/250	25-2-2003	135,482
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	4	15,693/3,564	1-11-2004	7,158,497
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	824,989

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifth 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, 22 October 2008 at 10.00 a.m. for the following purposes:-

AGENDA

- 1) To receive the Audited Financial Statements for the year ended 30 April 2008 together with the Directors' and Auditors' Reports thereon.
- 2) To approve the payment of the Directors' Fees for the year ended 30 April 2008. **RESOLUTION 1**
- 3) To approve a First and Final Tax-Exempt Dividend of 3% for the year ended 30 April 2008. **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) Madam Yong Elaine **RESOLUTION 3**
 - (b) Mr. Shingo Muramoto **RESOLUTION 4**
 - (c) Mr. Swee Soo Mang **RESOLUTION 5**
- 5) To re-appoint Messrs. KPMG, the retiring Auditors of the Company and to authorise the Board of Directors to fix their remuneration. **RESOLUTION 6**
- 6) **SPECIAL BUSINESS: -**
To consider and, if thought fit, pass with or without modifications, the following Resolutions:-

ORDINARY RESOLUTION NO. 1

RESOLUTION 7

• 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 8

• 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. 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. 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 30 September 2008, 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

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

(iii) the authority given shall continue to be in force until:-

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

• 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.

RESOLUTION 9

"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 30 September 2008, 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 Sixth AGM of the Company, at which time it will lapse unless, by a resolution passed at the Sixth AGM, the authority is renewed; or
- (b) the expiration of the period within which the Sixth 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."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

SPECIAL RESOLUTION

RESOLUTION 10

• AMENDMENTS TO ARTICLES OF ASSOCIATION

"THAT the proposed alterations, modifications, amendments or deletions to the Articles of Association of the Company as contained in Appendix A be and are hereby approved."

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

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a First and Final Tax-Exempt Dividend of 3% in respect of the year ended 30 April 2008 will be payable on 21 November 2008 to Depositors registered in the Record of Depositors at the close of business on 28 October 2008.

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

- Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 28 October 2008 in respect of ordinary transfers; and
- 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 (LS0009297)
Company Secretary

30 September 2008
Selangor Darul Ehsan

Notes:-

- A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy or Proxies to attend and vote on his(her) behalf. A Proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
- Where a member appoints more than one (1) Proxy, the appointment shall be invalid unless he(she) specifies the proportions of his(her) holdings to be represented by each Proxy.*
- The Form of Proxy shall be signed by the appointor or his(her) attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.*
- The instrument appointing a Proxy must be deposited at the Registered Office of the Company at Lot 1863, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan not less than 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 7 under item 6 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.

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

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

The proposed Resolutions 8 and 9 under item 6 above, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions provided that such transactions are in the ordinary course of business and undertaken at arm's length, on normal commercial terms of the Company and its subsidiaries which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders ("Proposed Shareholders' Mandate").

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

Further information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders of the Company which is despatched together with the Annual Report of the Company for the financial year ended 30 April 2008.

(c) Amendments to Articles of Association

The proposed Resolution 10 is to amend the Company's Articles of Association in line with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad. The details of the amendments are set out in the Circular to Shareholders dated 30 September 2008 which is despatched together with the Annual Report of the Company for the year ended 30 April 2008 for additional information.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Details of Directors who are standing for re-election in Agenda 4 (Madam Yong Elaine, Mr. Shingo Muramoto and Mr. Swee Soo Mang) of the Notice of the Fifth 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 Fifth 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, 22 October 2008 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		

* 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 2008

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

1st fold here



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