



Save Gas &
Time up to 25%



*the most Energy Efficient
and Durable gas cooker*



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

KEIN HING INTERNATIONAL BERHAD (616056-T)

ANNUAL REPORT 2010

Zenne[®]
Gas appliances
Safety | Save Gas | Super Energy Efficiency

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



ANNUAL REPORT 2010

vision

To be A-Class company
in the same category

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
(CHAIRMAN)

YAP TOON CHOY

SHINGO MURAMOTO

YONG ELAINE

LIEW CHOON FONG

SWEE SOO MANG

GAN CHEE TSONG

AUDIT COMMITTEE

Swee Soo Mang (Chairman)

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
E-mail : irkhib@keinhing.com
Website : www.keinhing.com

AUDITORS

Messrs KPMG
Level 10, 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

Tricor Investor 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

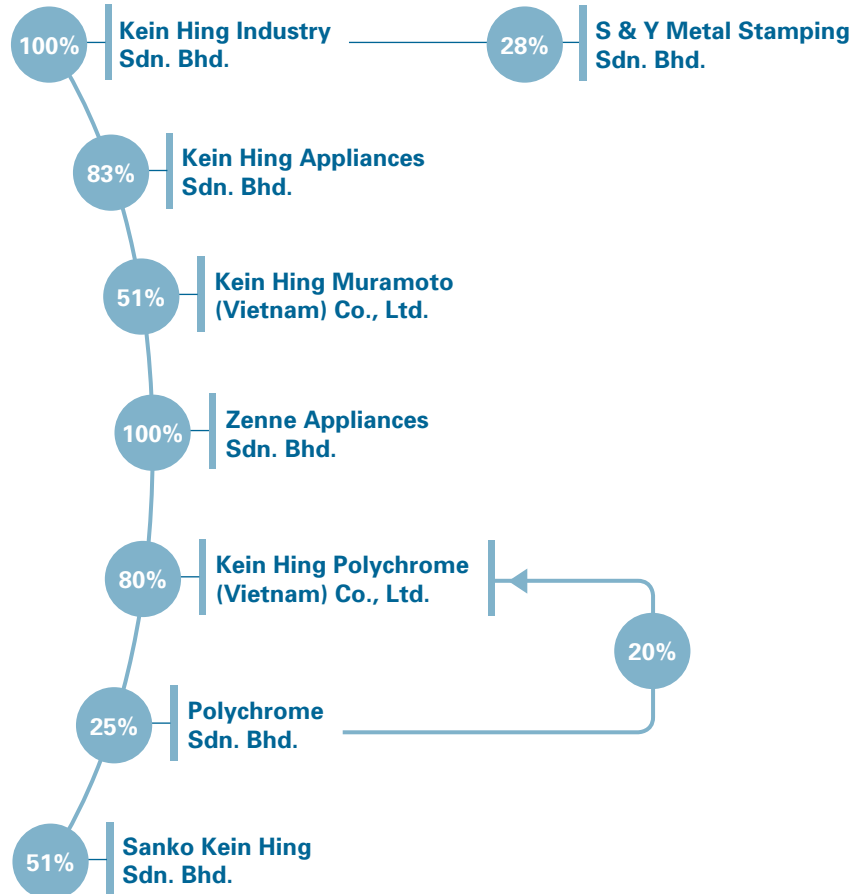
STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad
("Bursa Securities")
Stock Name: Keinhin
Stock Code: 7199

CORPORATE STRUCTURE



Kein Hing International Berhad



Company	Principal Activities
SUBSIDIARIES	
Kein Hing Industry Sdn. Bhd. ("KHI")	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
Zenne Appliances Sdn. Bhd.	Trading and distribution of gas appliances
Kein Hing Polychrome (Vietnam) Co., Ltd.	Electroplating
Sanko Kein Hing Sdn. Bhd.	Precision machining of electronics and electrical industries' components.
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

56, Independent Non-Executive Chairman

Darsan Singh a/l Balwant Singh, a Malaysian, was appointed to the Board of Directors of Kein Hing International Berhad ("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 the Board of Directors and the Chairman of both the Nomination Committee and Remuneration Committee, and a member of the Audit Committee of KHIB.

YAP TOON CHOY

54, 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 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-five (25) 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 major shareholder of KHIB. Save for the recurrent related party transactions disclosed in the Circular to Shareholders dated 29 September 2010, he does not have any conflict of interest with KHIB. He has no conviction for any offence within the past ten (10) years other than traffic offences, if any.

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

PROFILE OF BOARD OF DIRECTORS (CONT'D)

SHINGO MURAMOTO

63, Non-Independent Non-Executive Director

Shingo Muramoto, a Japanese, was appointed to the Board of Directors of KHIB on 1 April 2005. He obtained a degree in Bachelor of Economy from the Kounan University Osaka, Japan. 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 29 September 2010, 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

51, 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 major shareholder of KHIB. Save for the recurrent related party transactions disclosed in the Circular to Shareholders dated 29 September 2010, she does not have any conflict of interest with KHIB. She has no conviction for any offence within the past ten (10) years other than traffic offences, if any.

LIEW CHOON FONG

42, 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.

PROFILE OF BOARD OF DIRECTORS (CONT'D)

SWEE SOO MANG

58, Independent Non-Executive Director

Swhee 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 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.

GAN CHEE TSONG

35, 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

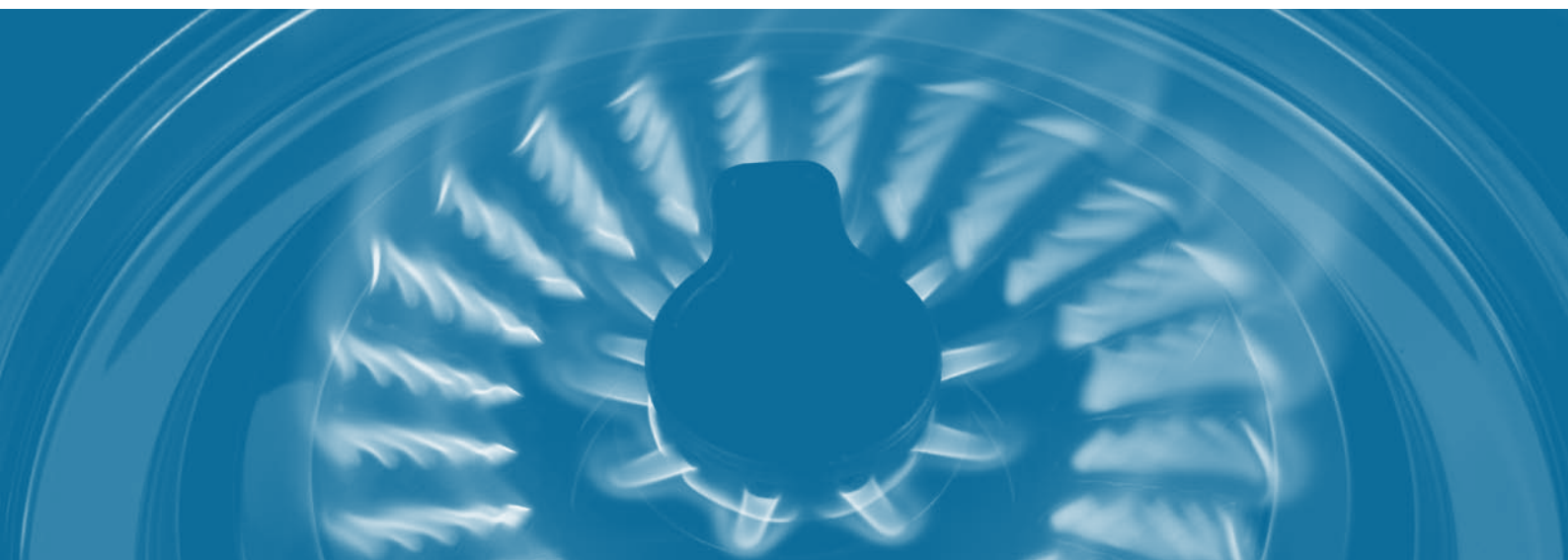
Dear Valued Shareholders,

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 2010.

ECONOMIC OVERVIEW

The year 2009 was a highly unsettled year, with the world still severely affected by subprime and financial market crisis in the United States, whilst pockets of recovery only emerged during the later part of 2009 and persisted into the first quarter of 2010. Even with the massive financial stimulus and co-ordinated measures introduced by various governments, the recovery was rather slow and unpredictable. There were even concerns that the world economy will fall into a double dip recession persisting over several years.

Despite these external challenges, the local metal stamping industry has adapted well to the enduring turmoil in the global economies, though the industry in general continued to consolidate further, due to shrinking private investment and lower business confidence in the local scene.



CHAIRMAN'S STATEMENT (CONT'D)

FINANCIAL REVIEW

During the current financial year under review, customers' demand for component parts had vastly improved particularly towards the second half of the year mainly as a result of global and domestic restocking activities, improvement in consumer sentiment in view of clearer signs of recovery and gradual reversal in the trend of demand for component parts in the industry.

Against this backdrop, our Group registered revenue of RM144.3 million as compared to RM150.8 million reported last year, representing a decrease of RM6.5 million or -4%. The decrease in revenue was mainly due to the reduction in selling price which was revised downward in line with the decrease in material prices and it had little impact on the gross profit.

Despite lower revenue, our Group achieved a remarkable profit attributable to equity holders of the Company of RM7.0 million for the financial year ended 30 April 2010 as compared to that of RM4.9 million last year, a vast improvement of RM2.1 million or 43%. The favourable profit figure was mainly attributed to the turnaround of a subsidiary in Vietnam, surge in customer demand in tandem with the economic recovery and also the gain on disposal of quoted investment amounting to approximately RM0.35 million.

Our Group balance sheet remains healthy and financially sound with total equity attributable to equity holders of the Company or net assets of RM77.8 million as at 30 April 2010 as compared to that of RM72.9 million last year, representing an increase of RM4.9 million or 6.8% which was largely attributed to the strong profit. The net assets per share had also increased from RM0.74 last year to RM0.79 as at 30 April 2010.

BUSINESS OUTLOOK AND PROSPECTS

Despite the various uncertainties, the world economy is expected to bounce back from negative territory to a modest growth in 2010. In fact, Malaysia has registered a GDP hike of 10.1% in the first quarter of 2010. This is mainly due to the government earlier stimulus packages totalling RM67 billion announced in November 2008 and March 2009, which stabilised the domestic demand and a general recovery in global demand. However, recovery has since levelled off and future prospect is still very much unclear.

Nevertheless, our Group will continue with its prudent management policy and risk management strategy which had proven effective against uncertainty and volatility in the market.

Our continuous growth strategy for "Zenne" Gas Cooker Division is to expand regionally and to exert greater presence in established markets. The gas cooker division has so far proved to be very resilient notwithstanding the uncertainty in the world economies and consumer demands. Our Group believes that "Zenne" Gas Cooker Division is the right addition to our core business, which is very much cyclical and subject to the seasonal demand for our customers' product.



CHAIRMAN'S STATEMENT (CONT'D)

In line with the stringent standard required by the "Japan Gas Appliances Inspection Association Certified Company" certification ("JIA"), our Group continues to place high importance in quality and product enhancement to fully capitalise on the key technological strength and to provide consumer with a safer and more environmental friendly alternatives.

Going forward, our Group believes that the "Zenne" Gas Cooker range will continue to perform well and progressively grow to become significant contributor to the revenue and bottomline of the Group. Our Group plans to continue expanding the sales networks and transform "Zenne" into a household brand in the region.

Barring any unforeseen circumstances, the Board expects the performance of our Group to remain satisfactory for the next financial year ending 30 April 2011. Our Group will continue to actively look out for opportunities to complement its businesses and to further expand its business overseas, which may include forming strategic alliances, mergers and acquisitions.

DIVIDENDS

The Board has proposed to declare a First and Final Tax-Exempt Dividend of 2 sen per ordinary share for the financial year ended 30 April 2010 subject to the approval of shareholders at the forthcoming Seventh Annual General Meeting to be held on 22 October 2010.

SOCIAL RESPONSIBILITY AND COMMUNITY DEVELOPMENT

Our Group has always treated corporate social responsibilities ("CSR") and community welfare as part of our broader objectives to all stakeholders. Over the years, the values and objectives of CSR have been consistently integrated into the corporate culture of our Group.

In the year under review, the Environment Management Department ("EMD") has initiated programs such as waste reduction exhibition, Recycling campaign, landscaping activities, ISO 14001 environmental briefing, company wide blood donation, first aids program and health checks were scheduled throughout the year.

Our Group has also been providing Child Care Centre ("CCC") facility for the employees since the year 2000 and by the year of 2006, the CCC was officially opened to the Seri Kembangan community, providing elementary education in the local vicinity. The Tadika Keluarga Harmoni & Indah ("Tadika KHI") now comprises sixteen (16) qualified teachers and helpers and has a total of seventy (70) children. With this, our Group hope to foster an early learning and education experience within the society and to help set a strong foundation for the children.



Beside the core theme of safety, health, social and environment, our Group has also hosted "Zenne Badminton Tournament" for children and extended sponsorship to a woman volleyball team under "Zenne" tag, which won numerous awards over the years. Our Group strongly believes that a multi-facet involvement in social and community activities will help the Group in discharging its responsibilities to all stakeholders and in turn, assist in the noble cause of nation building.

ACKNOWLEDGEMENT

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/L Balwant Singh
Chairman

STATEMENT ON CORPORATE GOVERNANCE

1. MANAGEMENT WITH INTEGRITY, TRANSPARENCY AND ACCOUNTABILITY

The Board of KHIB acknowledge the fundamental role of corporate governance in promoting corporate accountability and served as a tool in discharging its responsibility, with the basic aim of enhancing shareholders' value. KHIB and its subsidiary companies remained committed to instil high standards of corporate governance throughout the Group. 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements"), the Board is pleased to report that the Company has applied the Principles and explain the state of compliance in accordance with the Best Practices 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 (Cont'd)

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, six (6) 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 seven (7) members, of which three (3) are Executive Directors, Three (3) of the four (4) 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 three (3) 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)

2. DIRECTORS (Cont'd)

The Board Balance (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 six (6) times during the financial year ended 30 April 2010 and details of the Directors' attendance are as appended below:-

Directors	Number of Meeting Attended
Darsan Singh A/L Balwant Singh	6/6
Shingo Muramoto	4/6
Yap Toon Choy	6/6
Yong Elaine	5/6
Liew Choon Fong	6/6
Swee Soo Mang	6/6
Gan Chee Tsong	6/6

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.

The Directors of the Company had attended briefing given by the Company Secretary pertaining to the key amendments to the Listing Requirements of Bursa Securities for the Main Market during the financial year under review. In addition to that, the following Directors had attended the conferences, seminars and training programmes as mentioned below:-

- Darsan Singh A/L Balwant Singh
 - Updates/changes/ amendments to Financial Reporting Standard 24 August 2009
 - Corporate Governance Guide 25 March 2010
- Shingo Muramoto
 - Updates/changes/ amendments to Financial Reporting Standard 24 August 2009
 - Corporate Governance Guide 25 March 2010
- Yap Toon Choy
 - Updates/changes/ amendments to Financial Reporting Standard 24 August 2009
 - Corporate Governance Guide 25 March 2010
- Yong Elaine
 - Updates/changes/ amendments to Financial Reporting Standard 24 August 2009
- Liew Choon Fong
 - Updates/changes/ amendments to Financial Reporting Standard 24 August 2009
 - Corporate Governance Guide 25 March 2010
- Swee Soo Mang
 - Updates/changes/ amendments to Financial Reporting Standard 24 August 2009
 - Corporate Governance Guide 25 March 2010
- Gan Chee Tsong
 - Updates/changes/ amendments to Financial Reporting Standard 24 August 2009
 - Corporate Governance Guide 25 March 2010

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

2. DIRECTORS (Cont'd)

Directors' Training (Cont'd)

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.

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/L Balwant Singh (Chairman)	Independent Non-Executive Director
Swie Soo Mang	Independent Non-Executive Director
Gan Chee Tsong	Independent Non-Executive Director

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 KHIB.

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

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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.

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

Remuneration Committee Members	Directorship
Darsan Singh A/L Balwant Singh (Chairman)	Independent Non-Executive Director
Swee Soo Mang	Independent Non-Executive Director
Yap Toon Choy	Group Managing Director

Details of the remuneration for the Directors of the Company for the financial year ended 30 April 2010 are as follows:-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Fees	-	100
Emoluments	893	18
Employees Provident Funds	104	-
Benefit-in-kind	91	-

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

Range or Remuneration	Executive Directors	Non-Executive Directors
RM50,000 and below	-	4
RM100,001 to RM150,000	1	-
RM150,001 to RM200,000	1	-
RM750,001 to RM800,000	1	-

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

4. SHAREHOLDERS

The Board recognises 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. The Group has made available internet website to cater for shareholders' convenient of attaining timely information. The Group's website is www.keinhing.com.

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 standards in all material aspect. The Board is assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of its financial reporting.

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

Internal Control

The Statement on Internal Control furnished on page 20 of the Annual Report provides an overview on the state of internal control of the Group.

The internal audit function is outsourced and the fees paid to the internal audit firm for the financial year ended 30 April 2010 was RM30,000.

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 since been integrated into the Group's broad culture. Details of CSR activities have been set out in the Chairman Statement on page 9 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.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

6. OTHERS (Cont'd)

Profit Guarantee

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

Options or Convertible Securities

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

Non-Audit Fees

Non-audit fees paid by the Group to the external auditors for the financial year ended 30 April 2010 was RM10,000.00 for verifying the Statement on Internal Control.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

During the financial year under review, the Company did not sponsor any ADR or GDR programme.

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 2010 pursuant to the shareholders' mandate obtained by the Company at the Sixth AGM held on 28 October 2009 are as follows:-

No.	Nature of Recurrent Related Party Transaction	Related Parties	Names of Related Parties (Interested Director, Major Shareholder and Person Connected)	Aggregate value of the RRPTs during the financial year ended 30 April 2010 (RM)
1.	KHI produced metal components and tooling mould for Muramoto Technics (Malaysia) Sdn. Bhd. ("MTM").	MTM, person connected to Yap Toon Choy, Director and Major Shareholder of the Company and Shingo Muramoto, Director and Shareholder of the Company	Yap Toon Choy, Shingo Muramoto, Yong Elaine and Muramoto Asia Pte. Ltd. ("Muramoto Singapore")	19,660,165
2.	KHI rented the premises located at the following address to Microtechno Precision (M) Sdn. Bhd. ("MPSB"):- Lot 1866 and Lot 1867, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan.	MPSB, person connected to Yap Toon Choy, Director and Major Shareholder of the Company	Yap Toon Choy and Yong Elaine	180,000*
3.	KHI rented part of the factory space located at the following address to MTM:- Lot 1863 and Lot 1864, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan.	MTM, person connected to Yap Toon Choy, Director and Major Shareholder of the Company and Shingo Muramoto, Director and Shareholder of the Company	Yap Toon Choy, Shingo Muramoto, Yong Elaine and Muramoto Singapore	351,000

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

6. OTHERS (Cont'd)

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

No.	Nature of Recurrent Related Party Transaction	Related Parties	Names of Related Parties (Interested Director, Major Shareholder and Person Connected)	Aggregate value of the RRPTs during the financial year ended 30 April 2010 (RM)
4.	KHI rented the premises and factory space located at the following addresses from T.C. Yap Holdings Sdn. Bhd. ("TCY Holdings"):- a) 1, 3, 5, 7, 9, 11, 11A, 15A, 17 & 19, Jalan Indah, 2/16, Taman Universiti Indah, 43300 Seri Kembangan, Selangor Darul Ehsan; and b) Lot 1837, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan.	TCY Holdings, person connected to Yap Toon Choy and Yong Elaine, Directors and Major Shareholder of the Company	Yap Toon Choy and Yong Elaine	171,450 210,000**
5.	KHI rented five (5) apartment units located at the the following address from Mr. Yap Toon Choy for the use by its employees:- Units No. C2-2, C3-2, C4-2, C5-2 and C6-2, Excelsa Apartments, Jalan Indah 1/9, Taman Universiti Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.	Yap Toon Choy, Director and Major Shareholder of the Company and person connected to Yong Elaine, Director and Major Shareholder of the Company	Yap Toon Choy and Yong Elaine	60,000
6.	KHI produced metal components and tooling mould for Kein Hing Muramoto (Vietnam) Co. Ltd. ("KHMV").	KHMV, person connected to Yap Toon Choy, Director and Major Shareholder of the Company and Shingo Muramoto, Director and Shareholder of the Company	Yap Toon Choy, Shingo Muramoto, Yong Elaine and Muramoto Singapore	871,816

* KHI had terminated the Tenancy with MPSB on 31 August 2010.

** KHI had terminated the Tenancy with TCY Holdings on 25 September 2010.

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:

Audit Committee Members	Directorship
Swée Soo Mang (Chairman)	Independent Non-Executive Director
Darsan Singh A/L Balwant Singh	Independent Non-Executive Director
Gan Chee Tsong	Independent Non-Executive Director

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Objective

The Audit Committee shall:

- a) assist the Board of Directors in fulfilling its fiduciary responsibilities relating to accounting and reporting practices of the Company and the Group;
- b) oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors;
- c) 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
- d) determine the adequacy of the Group's administrative, operating and accounting controls.

Members

- a) 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, all of whom shall be Independent Directors.

- b) At least one (1) member of the Audit Committee:
 - i) must be a member of the Malaysian Institute of Accountants; or
 - ii) if he is not a member of the Malaysian Institute of Accountants, 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").
- c) No Alternate Director shall be appointed as a member of the Audit Committee.
- d) The members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent Director.
- e) 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.
- f) 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)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (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)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (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 2010.
- iii) Reviewed external auditors' scope of work and audit plan.
- iv) Reviewed the extent of application and compliance of Principles and Best Practices set out in the Malaysian Code of Corporate Governance.
- v) Reviewed related party transactions of the Group.
- vi) Reviewed the internal audit functions and the recommendations of the internal auditors' findings.
- vii) Reviewed the status of the Certificate of Fitness for Occupation for a property rented by the Group.
- viii) Meeting with the External Auditors.

During the financial year ended 30 April 2010, the Audit Committee met five (5) times and the details of the attendance are as follows:-

	Attendance
Swee Soo Mang	5/5
Darsan Singh A/L Balwant Singh	5/5
Gan Chee Tsong	5/5

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. Under the provisions of the Bursa Malaysia Securities Berhad’s Listing Requirements, paragraph 15.26(b) Directors of listed companies are required to produce a statement on the state of the Companies’ internal control in their Annual report.

In this regards, the Board of Directors (“Board”) of Kein Hing International Berhad (“KHIB”) is pleased to set out below its statement of internal control for KHIB and its subsidiaries (“Group”).

BOARD’S RESPONSIBILITIES

The Board has overall responsibility for establishing and maintaining the Group’s system of internal control to safeguard shareholders’ investment and the Group’s assets. The system of internal control is designed to manage and minimise risk rather than eliminating it. Shareholders should be aware that there are inherent limitations in any system of internal control. Thus, internal controls can only provide reasonable, but not absolute, assurance against material loss or misstatement.

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 human resources development function, research and development function and store 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 ELEMENTS OF INTERNAL CONTROLS

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

- A management structure with clear defined lines of responsibility and appropriate levels of delegation.
- The Board continuously assesses key business risks with the assistance of Audit Committee.
- Policies and procedures, updated as necessary, are documented and communicated to relevant personnel for compliances purposes.
- Financial results are reviewed quarterly by the Audit Committee and the Board.
- Internal policies and control procedures are in place to regulate financial and operating activities.
- Directors and head of departments meet regularly to discuss operational, corporate, financial and key management issues.
- Other Board committees that have been established with clear terms of reference to ensure effective management and monitoring of the Group’s business operations include the Nomination Committee and Remuneration Committee.
- 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, regularly 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.

STATEMENT ON INTERNAL CONTROL (CONT'D)

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 in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies. The Board and Management remain committed towards operating a sound system of internal control.

CONCLUSION

The Board is of the view that the system of internal control of the Group that has been put in place is adequate and effective. The Board will continue to further improve and enhance its system of internal control and the work processes.

Statement made in accordance with the resolution of the Board of Directors dated 18 August 2010.

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 2010, 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 2010

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 2010.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM	Company RM
Profit for the year attributable to:		
Equity holders of the Company	7,013,305	1,712,988
Minority interests	374,170	-
	7,387,475	1,712,988

RESERVES AND PROVISIONS

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

DIVIDENDS

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 2009 on 20 November 2009.

The final ordinary dividend recommended by the Directors in respect of the year ended 30 April 2010 is 2.0 sen per ordinary share tax exempt totalling RM1,980,000.

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
Gan Chee Tsong

DIRECTORS' REPORT (CONT'D)

for the year ended 30 April 2010

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 30.4.2010
	At 1.5.2009	Bought	Sold	
Direct interest				
Yap Toon Choy	32,861,620	1,500,000	-	34,361,620
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

Company	Legal capital of USD1 each			At 30.4.2010
	At 1.5.2009	Bought	Sold	
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 2010 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 25 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.

DIRECTORS' REPORT (CONT'D)

for the year ended 30 April 2010

ISSUE OF SHARES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

Before the balance sheets and income 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 Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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 financial performance of the Group and of the Company for the financial year ended 30 April 2010 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.

DIRECTORS' REPORT (CONT'D)

for the year ended 30 April 2010

SIGNIFICANT EVENTS

The significant events during the financial year are disclosed in Note 26 to the financial statements.

SUBSEQUENT EVENT

The subsequent event after the financial year is disclosed in Note 27 to the financial statements.

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: 18 August 2010

BALANCE SHEETS

as at 30 April 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Assets					
Property, plant and equipment	3	80,937,932	85,021,625	352,331	357,364
Prepaid lease payments	4	4,108,124	5,446,726	-	-
Investment in subsidiaries	5	-	-	54,436,045	54,181,045
Investment in associates	6	3,899,938	3,484,084	500,722	500,722
Other investments	7	696,000	802,159	-	-
Amount due from a subsidiary	8	-	-	1,234,773	4,051,600
Total non-current assets		89,641,994	94,754,594	56,523,871	59,090,731
Receivables, deposits and prepayments	8	29,777,085	24,122,871	4,406,244	3,563,545
Inventories	9	13,917,361	11,250,498	-	-
Cash and cash equivalents	10	6,899,502	7,470,408	290,586	238,111
Assets classified as held for sale	11	1,283,441	-	-	-
Total current assets		51,877,389	42,843,777	4,696,830	3,801,656
Total assets		141,519,383	137,598,371	61,220,701	62,892,387
Equity					
Share capital	12	49,500,000	49,500,000	49,500,000	49,500,000
Reserves		28,328,115	23,402,372	3,507,224	3,279,236
Total equity attributable to equity holders of the Company		77,828,115	72,902,372	53,007,224	52,779,236
Minority interests	12	2,819,510	2,677,926	-	-
Total equity		80,647,625	75,580,298	53,007,224	52,779,236
Liabilities					
Loans and borrowings	13	12,666,702	16,040,229	1,234,773	4,051,600
Amount due to Directors	14	3,009,473	3,431,510	-	-
Deferred tax liabilities	15	4,123,334	4,942,530	-	-
Total non-current liabilities		19,799,509	24,414,269	1,234,773	4,051,600
Payables and accruals	14	21,893,612	14,988,400	4,509,157	3,360,484
Current tax liabilities		1,118,230	221,178	-	-
Loans and borrowings	13	18,060,407	22,394,226	2,469,547	2,701,067
Total current liabilities		41,072,249	37,603,804	6,978,704	6,061,551
Total liabilities		60,871,758	62,018,073	8,213,477	10,113,151
Total equity and liabilities		141,519,383	137,598,371	61,220,701	62,892,387

The notes on pages 33 to 73 are an integral part of these financial statements.

INCOME STATEMENTS

for the year ended 30 April 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Revenue		144,268,106	150,846,836	2,040,000	2,080,000
Cost of sales		(113,994,259)	(126,284,911)	-	-
Gross profit	16	30,273,847	24,561,925	2,040,000	2,080,000
Other income		1,285,692	1,884,288	-	29,828
Distribution expenses		(2,715,927)	(2,546,277)	-	-
Administrative expenses		(16,818,556)	(14,868,588)	(340,311)	(401,439)
Other expenses		(2,041,717)	(1,678,504)	(232,089)	-
Results from operating activities		9,983,339	7,352,844	1,467,600	1,708,389
Interest income		67,374	98,413	349,993	535,374
Finance costs		(1,824,657)	(2,397,580)	(104,605)	(314,761)
Operating profit	17	8,226,056	5,053,677	1,712,988	1,929,002
Share of net results in associates		455,854	322,063	-	-
Profit before tax		8,681,910	5,375,740	1,712,988	1,929,002
Tax expense	19	(1,294,435)	(600,257)	-	-
Profit for the year		7,387,475	4,775,483	1,712,988	1,929,002
Attributable to:					
Equity holders of the Company		7,013,305	4,906,015	1,712,988	1,929,002
Minority interests		374,170	(130,532)	-	-
Profit for the year		7,387,475	4,775,483	1,712,988	1,929,002
Basic earnings per ordinary share (sen):	20	7.08	4.96		
Dividends per ordinary share (sen):	21	1.50	1.50		

The notes on pages 33 to 73 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 April 2010

Group	Note	Attributable to equity holders of the Company				Total RM	Minority interests RM	Total equity RM
		Non-distributable		Translation reserve RM	Distributable Retained profit RM			
		Share capital RM	Share premium RM					
At 1 May 2008		49,500,000	2,668,992	(561,761)	17,817,856	69,425,087	2,765,451	72,190,538
Foreign exchange translation differences		-	-	56,270	-	56,270	43,007	99,277
Net gain recognised directly in equity		-	-	56,270	-	56,270	43,007	99,277
Profit for the year		-	-	-	4,906,015	4,906,015	(130,532)	4,775,483
Total recognised income and expense for the year		-	-	56,270	4,906,015	4,962,285	(87,525)	4,874,760
Dividends to shareholders	21	-	-	-	(1,485,000)	(1,485,000)	-	(1,485,000)
At 30 April 2009/1 May 2009		49,500,000	2,668,992	(505,491)	21,238,871	72,902,372	2,677,926	75,580,298
Foreign exchange translation differences		-	-	(602,562)	-	(602,562)	(477,586)	(1,080,148)
Net loss recognised directly in equity		-	-	(602,562)	-	(602,562)	(477,586)	(1,080,148)
Profit for the year		-	-	-	7,013,305	7,013,305	374,170	7,387,475
Total recognised income and expense for the year		-	-	(602,562)	7,013,305	6,410,743	(103,416)	6,307,327
Issuance of a subsidiary's shares to minority shareholders		-	-	-	-	-	245,000	245,000
Dividends to shareholders	21	-	-	-	(1,485,000)	(1,485,000)	-	(1,485,000)
At 30 April 2010		49,500,000	2,668,992	(1,108,053)	26,767,176	77,828,115	2,819,510	80,647,625
		Note 12					Note 12	

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 April 2010

Company	Note	Non-distributable		Distributable (Accumulated losses)/ Retained profit RM	Total RM
		Share capital RM	Share premium RM		
At 1 May 2008		49,500,000	2,668,992	166,242	52,335,234
Profit for the year		-	-	1,929,002	1,929,002
Dividends to shareholders	21	-	-	(1,485,000)	(1,485,000)
At 30 April 2009/1 May 2009		49,500,000	2,668,992	610,244	52,779,236
Profit for the year		-	-	1,712,988	1,712,985
Dividends to shareholders	21	-	-	(1,485,000)	(1,485,000)
At 30 April 2010		49,500,000	2,668,992	838,232	53,007,221

Note 12

CASH FLOW STATEMENTS

for the year ended 30 April 2010

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash flows from operating activities				
Profit before tax	8,681,910	5,375,740	1,712,988	1,929,002
Adjustments for:				
Allowance for doubtful debts	218,011	193,113	-	-
Amortisation of prepaid lease payments				
- Leasehold land	24,442	24,442	-	-
- Land use rights	95,129	102,338	-	-
Depreciation of property, plant and equipment	11,420,311	10,970,658	5,033	5,033
Dividend income	(39,848)	(27,303)	(2,040,000)	(2,000,000)
Finance costs	1,824,657	2,397,580	104,605	314,761
Goodwill written off	-	7,640	-	-
Gain on disposal of other investments	(347,990)	-	-	-
Interest income	(67,374)	(94,281)	(349,993)	(535,374)
Loss on disposal of property, plant and equipment	1,169	178,470	-	-
Property, plant and equipment written off	7,771	15,809	-	-
Group's share of net results in associates	(455,854)	(186,063)	-	-
Reversal of allowance for doubtful debts	(41,258)	-	-	-
Unrealised foreign exchange loss	122,553	620,719	179,460	-
Operating profit/(loss) before working capital changes	21,443,629	19,578,862	(387,907)	(286,578)
Changes in working capital:				
Inventories	(2,666,863)	1,033,812	-	-
Payables and accruals	6,883,661	(4,257,769)	(2,756)	31,825
Receivables, deposits and prepayments	(5,963,083)	1,422,505	491	(491)
Cash generated from/(used in) operations	19,697,344	17,777,410	(390,172)	(255,244)
Tax paid	(1,216,579)	(650,796)	-	-
Net cash generated from/(used in) operating activities	18,480,765	17,126,614	(390,172)	(255,244)
Cash flows from investing activities				
Acquisition of other investments	(500,000)	-	-	-
Acquisition of subsidiary	-	-	(255,000)	(2)
Dividend received	79,848	27,303	2,040,000	2,000,000
Proceeds from issuance of a subsidiary's shares to minority shareholders	245,000	-	-	-
Proceeds from disposal of property, plant and equipment	423,736	873,404	-	-
Proceeds from disposal of other investments	954,149	-	-	-
Purchase of property, plant and equipment (ii)	(4,261,907)	(5,072,724)	-	-
Interest received	67,374	94,281	349,993	535,374
Increase in pledged deposits with licensed banks	(4,225)	(4,132)	-	-
Net cash (used in)/generated from investing activities	(2,996,025)	(4,081,868)	2,134,993	2,535,372

CASH FLOW STATEMENTS

for the year ended 30 April 2010

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash flows from financing activities				
Repayment from subsidiaries	-	-	2,598,326	1,530,605
Proceeds from term loans	3,504,879	2,736,558	-	-
Repayment of advance to Directors	(422,037)	(239,612)	-	-
Repayment of hire purchase liabilities	(5,242,318)	(5,668,931)	-	-
Repayment of term loans	(9,390,469)	(5,354,932)	(2,701,067)	(2,033,499)
(Repayment of)/Proceeds from other borrowings	(861,114)	615,025	-	-
Dividends paid	(1,485,000)	(1,485,000)	(1,485,000)	(1,485,000)
Interest paid	(1,824,657)	(2,397,580)	(104,605)	(314,761)
Net cash used in financing activities	(15,720,716)	(11,794,472)	(1,692,346)	(2,302,655)
Exchange differences on translation of the financial statements of foreign operations	1,893,031	(238,048)	-	-
Net increase/(decrease) in cash and cash equivalents	1,657,055	1,012,226	52,475	(22,527)
Cash and cash equivalents at beginning of year	565,178	(447,048)	238,111	260,638
Cash and cash equivalents at 30 April (i)	2,222,233	565,178	290,586	238,111

(i) *Cash and cash equivalents*

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash and bank balances	5,004,823	5,153,436	290,586	238,111
Deposits with licensed banks	1,894,679	2,316,972	-	-
Bank overdraft	(4,557,279)	(6,789,465)	-	-
	2,342,223	680,943	290,586	238,111
Less: Deposit pledged	(119,990)	(115,765)	-	-
	2,222,233	565,178	290,586	238,111

(ii) *Acquisition of property, plant and equipment*

During the year, the Group acquired property, plant and equipment with an aggregate cost of **RM10,789,490** (2009 - RM13,065,865) of which **RM6,527,583** (2009 - RM6,895,142) was acquired by means of hire purchase plans and **Nil** (2009 - RM1,098,000) was acquired by means of term loans.

The notes on pages 33 to 73 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 Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

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 2010 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates. The financial statements of the Company as at and for the year ended 30 April 2010 do not include other entities.

The Company is principally engaged in investment holding whilst the principal activities of the other Group entities are stated in Note 5 to the financial statements.

The financial statements were approved by the Board of Directors on 18 August 2010.

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 (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009

- FRS 8, *Operating Segments*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements* (revised)
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 7, *Financial Instruments: Disclosures*
- Amendments to FRS 101, *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 132, *Financial Instruments: Presentation*
 - *Puttable Financial Instruments and Obligations Arising on Liquidation*
 - *Separation of Compound Instruments*

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

1. BASIS OF PREPARATION (Cont'd)

(a) Statement of compliance (Cont'd)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010 (Cont'd)

- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
 - *Reclassification of Financial Assets*
 - *Collective Assessment of Impairment for Banking Institutions*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, *FRS 2 – Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distribution of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
 - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
 - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations, if applicable:

- from the annual period beginning 1 May 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009, 1 January 2010 and 1 March 2010; and
- from the annual period beginning 1 May 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2010 and 1 January 2011.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

1. BASIS OF PREPARATION (Cont'd)

(a) Statement of compliance (Cont'd)

The impacts and disclosures as required by FRS108.30(b), Accounting Policies, Changes in Accounting Estimates and Errors, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

The initial applications of other standards, amendments or interpretations are not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption other than expected changes in the accounting policy as below:

- **FRS 117, Leases**

The amendments clarify that the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions. This change in accounting policy will result in reclassification of lease of land amounting to RM1,900,828 as at 30 April 2010 from prepaid lease payments to property, plant and equipment.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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.

(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 any 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. 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of consolidation (Cont'd)

(iv) Minority interests

Minority interests at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity holders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statements as an allocation of the total profit or loss for the year between minority interests and the equity holders of the Company.

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 transactions, 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 date 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 statements.

(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 of operations, accumulated translation differences are recognised in the consolidated income statements as part of the gain or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Foreign currency (Cont'd)

(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 consolidated 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 any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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 expenses" respectively in the income statement.

(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 the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

(iii) Depreciation

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

(iii) Depreciation (Cont'd)

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

• 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

Goodwill

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

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.

For business acquisitions 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 statement.

Goodwill is allocated to cash-generating units and is tested for impairment annually and whenever there is an indication that it may be impaired.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Leased assets (Cont'd)

(ii) Operating lease

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

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

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

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

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

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

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

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

All investment 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 inventories 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(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 and balances and deposits with banks. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

(k) Impairment of assets

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. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Equity instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

Share issue expenses

Incremental costs directly attributable to issue of equity instruments are recognised as a deduction from equity.

(m) 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. Finance charges for the hire purchase plans are charged to the income statement over the period of the hire purchase agreement using the sum of digits method.

(n) 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.

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

The Group's contribution to statutory pension funds 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.

(o) 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) 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.

(q) 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.

(r) 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.

(s) 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(s) Tax expense (Cont'd)

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.

Unutilised reinvestment allowance is treated as a tax base of an asset and is recognised as a reduction of tax expense as and when it is utilised.

(t) 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.

(u) 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 buildings RM	Plant and profit machinery, electrical installations and factory equipment RM	Office equipment, furniture and fittings and renovation RM	Motor vehicles RM	Total RM
Cost							
At 1 May 2008	7,717,713	15,652,218	7,886,857	71,037,813	8,317,902	3,564,211	114,176,714
Additions	1,166,962	-	1,018,398	8,053,811	1,541,767	1,284,927	13,065,865
Disposals	-	-	-	(1,473,690)	-	(1,997,468)	(3,471,158)
Write off	-	-	-	(455,753)	(47,062)	-	(502,815)
Effect of movements in exchange rates	-	-	71,849	223,639	6,924	11,172	313,584
At 30 April 2009/ 1 May 2009	8,884,675	15,652,218	8,977,104	77,385,820	9,819,531	2,862,842	123,582,190
Additions	-	-	199,482	8,299,038	1,024,210	1,266,760	10,789,490
Disposals	-	-	-	(1,207,433)	(91,608)	(735,985)	(2,035,026)
Write off	-	-	-	(20,194)	(35,103)	-	(55,297)
Transfer to assets held for sale	-	-	(657,318)	-	-	-	(657,318)
Effect of movements in exchange rates	-	-	(848,715)	(2,528,188)	(86,575)	(122,706)	(3,586,184)
At 30 April 2010	8,884,675	15,652,218	7,670,553	81,929,043	10,630,455	3,270,911	128,037,855
Depreciation and impairment loss							
At 1 May 2008	-	1,237,243	592,939	24,626,411	2,801,574	956,189	30,214,356
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
Depreciation for the year	-	355,074	208,825	8,943,313	872,388	591,058	10,970,658
Disposals	-	-	-	(1,143,342)	-	(1,275,942)	(2,419,284)
Write off	-	-	-	(444,420)	(42,586)	-	(487,006)
Effect of movements in exchange rates	-	-	2,557	23,693	2,051	3,540	31,841
At 30 April 2009	-	1,592,317	804,321	32,005,655	3,633,427	274,845	38,310,565
Accumulated depreciation	-	1,592,317	804,321	32,005,655	3,633,427	274,845	38,310,565
Accumulated impairment loss	-	-	-	250,000	-	-	250,000
At 30 April 2010	-	1,592,317	804,321	32,255,655	3,633,427	274,845	38,560,565

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

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

Group	Freehold land RM	Freehold buildings RM	Leasehold buildings RM	Plant and profit machinery, electrical installations and factory equipment RM	Office equipment, furniture and fittings and renovation RM	Motor vehicles RM	Total RM
Depreciation and impairment loss (Cont'd)							
At 1 May 2009							
Accumulated depreciation	-	1,592,317	804,321	32,005,655	3,633,427	274,845	38,310,565
Accumulated impairment loss	-	-	-	250,000	-	-	250,000
Depreciation for the year	-	1,592,317	804,321	32,255,655	3,633,427	274,845	38,560,565
Disposals	-	355,073	214,391	9,406,256	888,718	555,873	11,420,311
Write off	-	-	-	(1,101,728)	(86,126)	(422,267)	(1,610,121)
Transfer to assets held for sale	-	-	(20,816)	(16,950)	(30,576)	-	(47,526)
Effect of movements in exchange rates	-	-	(82,833)	-	-	-	(20,816)
Effect of movements in exchange rates	-	-	(82,833)	(952,970)	(67,688)	(98,999)	(1,202,490)
Accumulated depreciation	-	1,947,390	915,063	39,340,263	4,337,755	309,452	46,849,923
Accumulated impairment loss	-	-	-	250,000	-	-	250,000
At 30 April 2010	-	1,947,390	915,063	39,590,263	4,337,755	309,452	47,099,923
Carrying amounts							
At 1 May 2008	7,717,713	14,414,975	7,293,918	46,161,402	5,516,328	2,608,022	83,712,358
At 30 April 2009/ 1 May 2009	8,884,675	14,059,901	8,172,783	45,130,165	6,186,104	2,587,997	85,021,625
At 30 April 2010	8,884,675	13,704,828	6,755,490	42,338,780	6,292,700	2,961,459	80,937,932

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 2008/30 April 2009/1 May 2009/30 April 2010	125,832	251,664	377,496
Accumulated depreciation			
At 1 May 2008	-	15,099	15,099
Depreciation for the year	-	5,033	5,033
At 30 April 2009/1 May 2009	-	20,132	20,132
Depreciation for the year	-	5,033	5,033
At 30 April 2010	-	25,165	25,165
Carrying amounts			
At 1 May 2008	125,832	236,565	362,397
At 30 April 2009/1 May 2009	125,832	231,532	357,364
At 30 April 2010	125,832	226,499	352,331

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:

	Group	
	2010 RM	2009 RM
Plant and machinery, electrical installations and factory equipment	18,523,770	14,025,906
Motor vehicles	1,175,120	1,262,615
	19,698,890	15,288,521

3.2 Security

Certain property, plant and equipment of the Group and of the Company amounting to **RM28,072,774** (2009 - RM30,648,508) and **Nil** (2009 - Nil) respectively, are charged to banks as security for borrowings (Note 13).

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

4. PREPAID LEASE PAYMENTS

	Group	
	2010 RM	2009 RM
Cost		
At 1 May	6,017,054	5,957,896
Transfer to assets held for sale		
- Land use rights	(724,702)	-
Effect of movements in exchange rates		
- Land use rights	(649,749)	59,158
At 30 April	4,642,603	6,017,054
Amortisation		
At 1 May	570,328	439,972
Charge for the year		
- Leasehold land	24,442	24,442
- Land use rights	95,129	102,338
	119,571	126,780
Transfer to assets held for sale		
- Land use rights	(77,763)	-
Effect of movements in exchange rates		
- Land use rights	(77,657)	3,576
At 30 April	534,479	570,328
Carrying amount		
At 30 April	4,108,124	5,446,726

4.1 Security

Certain prepaid lease payments of the Group amounting to **RM1,900,828** (2009 - RM1,925,270), are charged to banks as security for borrowings (Note 13).

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2010 RM	2009 RM
At cost:		
Unquoted shares	54,688,890	54,433,890
Less: Allowance for diminution in value	(252,845)	(252,845)
	54,436,045	54,181,045

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. INVESTMENT IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2010 %	2009 %
Kein Hing Industry Sdn. Bhd. ("KHI")	Malaysia	Sheet metal forming, precision machining, component assembly and manufacture and sale of gas appliances	100	100
Kein Hing Appliances Sdn. Bhd. ("KHA") #	Malaysia	Trading in electrical and electronics products and home appliances	83	83
Kein Hing Muramoto (Vietnam) Co., Ltd ("KHMV") *	Vietnam	Sheet metal forming, precision machining and assembly of components for electronic, automotive and other industries	51	51
Kein Hing Polychrome (Vietnam) Co., Ltd ("KHPV") **	Vietnam	Electroplating	85	85
Zenne Appliances Sdn. Bhd. ("ZA") **	Malaysia	Trading and distribution of gas appliances	100	100
Sanko Kein Hing Sdn. Bhd. ("SKH") **	Malaysia	Precision machining of electronics and electrical industries' components	51	-

* Audited by other member firms of KPMG International

** Audited by other firms of auditors

The audit report on subsidiary's financial statements was subject to emphasis of matters on the going concern basis on which the financial statements have been prepared is dependent on the continuous financial support from its holding company and future profitability of the subsidiary

6. INVESTMENT IN ASSOCIATES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At cost:				
Unquoted shares	769,802	769,802	500,722	500,722
Share of post-acquisition reserves	3,130,136	2,714,282	-	-
	3,899,938	3,484,084	500,722	500,722

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. INVESTMENT 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	
			2010 %	2009 %
S&Y Metal Stamping Sdn. Bhd. #	Malaysia	Precision metal stamping	28	28
Polychrome Sdn. Bhd. ##	Malaysia	Electroplating, iron foundries, tinplate makers and smelters	25	25

Held through KHI

Held by the Company

Summary of financial information on associates:

	Revenue (100%) RM	Net profit/ (loss) (100%) RM	Total assets (100%) RM	Total liabilities (100%) RM
2010				
S & Y Metal Stamping Sdn. Bhd.	17,282,314	1,121,280	22,313,182	(12,130,992)
Polychrome Sdn. Bhd.	3,258,213	567,582	5,443,135	(1,247,434)
	20,540,527	1,688,862	27,756,317	(13,378,426)
2009				
S & Y Metal Stamping Sdn. Bhd.	15,336,406	(47,058)	19,644,503	(10,583,597)
Polychrome Sdn. Bhd.	4,116,872	1,340,957	5,593,398	(1,805,279)
	19,453,278	1,293,899	25,237,901	(12,388,876)

7. OTHER INVESTMENTS

	Group	
	2010 RM	2009 RM
At cost:		
Quoted shares in Malaysia	-	528,159
Transferable club memberships	221,580	299,580
Other investment	500,000	-
	721,580	827,739
Less: Allowance for diminution in value of club memberships	(25,580)	(25,580)
	696,000	802,159
Market value:		
Quoted shares in Malaysia	-	612,658

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Non-current					
Non-trade					
Amount due from a subsidiary	8.2	-	-	1,234,773	4,051,600
Current					
Trade					
Trade receivables		20,520,525	18,630,754	-	-
Less: Allowance for doubtful debts	8.3	(228,299)	(458,855)	-	-
		20,292,226	18,171,899	-	-
Amount due from an associate	8.4	38,022	42,672	-	-
Amount due from related parties	8.4	6,322,428	2,577,686	-	-
		26,652,676	20,792,257	-	-
Non-trade					
Amount due from a subsidiary	8.2	-	-	4,404,944	3,561,754
Amount due from related parties	8.5	73,500	1,223,500	-	-
Hire purchase instalments prepaid		894,583	811,627	-	-
Other prepayments		653,342	171,866	-	-
Refundable deposits		342,353	296,287	-	-
Staff loan		197,458	250,262	-	-
Other receivables		963,173	577,072	1,300	1,791
Total current assets		29,777,085	24,122,871	4,406,244	3,563,545
Total		29,777,085	24,122,871	5,641,017	7,615,145

8.1 Analysis of foreign currency exposure

Foreign currency profile of receivables, deposits and prepayments of the Group entities is as follows:

Functional currency	Foreign currency	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
RM	-	21,483,234	17,636,683	1,300	1,791
RM	USD	3,404,252	2,482,337	5,639,717	7,613,354
RM	SGD	508,714	1,013,900	-	-
VND	USD	4,000,550	2,605,339	-	-
VND	-	380,335	384,476	-	-
RM	Yen	-	136	-	-
		29,777,085	24,122,871	5,641,017	7,615,145

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS (Cont'd)

8.2 Amount due from a subsidiary

The non-trade receivable due from a subsidiary 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 instalments with the first instalment payment due and paid on 1 February 2009 and the subsequent instalments payable at successive intervals of 3 months.

8.3 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.

8.4 Amounts due from an associate and related parties

The trade receivables from an associate and related parties are unsecured, interest free and subject to the normal trade terms.

8.5 Amount due from related parties

The non-trade receivable due from related parties represents rental receivable as disclosed in Note 25 to the financial statements.

9. INVENTORIES

	Group	
	2010 RM	2009 RM
At cost:		
Raw materials	6,586,115	5,441,021
Work-in-progress	3,957,483	2,912,882
Manufactured inventories	3,027,674	2,474,544
Trading inventories	346,089	422,051
	13,917,361	11,250,498

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Deposits placed with licensed banks	1,894,679	2,316,972	-	-
Cash and bank balances	5,004,823	5,153,436	290,586	238,111
	6,899,502	7,470,408	290,586	238,111
Less: Deposits pledged	(119,990)	(115,765)	-	-
	6,779,512	7,354,643	290,586	238,111

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

10. CASH AND CASH EQUIVALENTS (Cont'd)

10.1 Cash and cash equivalents of the Group entities are as follows:

Functional currency	Foreign currency	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
RM	-	2,772,128	2,816,649	58,993	69,660
RM	USD	2,503,544	2,781,433	231,593	168,451
VND	USD	1,510,940	1,679,981	-	-
VND	VND	112,890	192,345	-	-
		6,899,502	7,470,408	290,586	238,111

10.2 Deposits placed with licensed banks pledged for a bank facility

The deposits of the Group are pledged for a bank facility granted to a subsidiary.

11. ASSETS CLASSIFIED AS HELD FOR SALE

On 3 November 2009, the Group, via KHPV, had entered into an Assignment Agreement with a third party for the purpose of assigning all its rights, entitlements, obligations and liabilities in relation to a land use rights in Vietnam. On 16 April 2010, the Board of Directors of the Group, via KHA, approved to dispose of a leasehold building. KHA had on 3 May 2010 entered into a Sale and Purchase Agreement with a third party to dispose of a leasehold building for a cash consideration of RM670,000. Accordingly, these properties are classified as held for sale as at the balance sheet date.

Assets classified as held for sale comprise the following:

	Note	Group 2010 RM
Property, plant and equipment	3	636,502
Prepaid lease payments	4	646,939
		1,283,441

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

12. SHARE CAPITAL AND RESERVES

12.1 Share capital

	Amount 2010 RM	Group Number of shares 2010	Amount 2009 RM	Company Number of shares 2009
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.

12.2 Share premium

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

12.3 Translation reserve

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

12.4 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 2010 if paid out as dividends.

The Finance Act 2007 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 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

12.5 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

13. LOANS AND BORROWINGS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Non-current				
Secured term loans	6,023,317	10,574,411	1,234,773	4,051,600
Hire purchase liabilities	6,643,385	5,465,818	-	-
	12,666,702	16,040,229	1,234,773	4,051,600
Current				
Unsecured bills payable	987,866	1,304,378	-	-
Unsecured bankers' acceptance	1,347,000	1,811,000	-	-
Secured bills payable	1,795,706	1,872,933	-	-
Secured bank overdrafts	4,557,279	6,789,465	-	-
Secured term loans	4,350,493	5,702,085	2,469,547	2,701,067
Hire purchase liabilities	5,022,063	4,914,365	-	-
	18,060,407	22,394,226	2,469,547	2,701,067
	30,727,109	38,434,455	3,704,320	6,752,667

The loans and borrowings are denominated in Ringgit Malaysia except for certain secured term loans and secured and unsecured bills payable amounting to **RM7,331,602** (2009 - RM13,520,457) and **RM758,577** (2009 - RM632,350) which are denominated in US Dollar and Vietnam Dong respectively.

13.1 Unsecured bills payable, secured bills payable and unsecured bankers' acceptance

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

Secured bills payable is secured by the Company and a specific debenture covering the fixed charge over certain property, plant and equipment of the Group.

Bankers' acceptance is secured by the Company.

13.2 Security

The bank overdrafts are secured by the following:

- (i) fixed charge over certain landed properties of the Group;
- (ii) fixed charge over certain prepaid lease payments of the Group;
- (iii) fixed charge over certain landed properties of a company in which certain directors of the Company have substantial financial interests; and
- (iv) corporate guarantee by the Company.

The term loans are secured by the following:

- (i) fixed charge over certain landed properties of the Group;
- (ii) fixed charge over certain prepaid lease payments of the Group;
- (iii) fixed deposits pledged by a subsidiary;
- (iv) specific debenture covering the fixed charge over certain property, plant and equipment of the Group; and
- (v) corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

13. LOANS AND BORROWINGS (Cont'd)

13.3 Significant covenants

The main covenants of the 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; and
- (iii) the Group shall not without prior written consent of the bank allow any change in majority shareholders or the majority shareholder's shareholdings.

13.4 Terms and debt repayment schedule

Group	Year of maturity	Total RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM
2010						
Unsecured bills payable						
- variable at 3.9% to 5.2% per annum	2011	987,866	987,866	-	-	-
Unsecured bankers' acceptance						
- variable at 1.0% per annum above IBR	2011	1,347,000	1,347,000	-	-	-
Secured bills payable						
- variable at 4.5% to 10.5% per annum	2011	1,795,706	1,795,706	-	-	-
Secured bank overdrafts						
- variable at 0% to 1.0% per annum above BLR	2011	4,517,227	4,517,227	-	-	-
- variable at 0.15% per annum above BFR	2011	40,052	40,052	-	-	-
Secured term loans						
- variable at 0.75% to 1.75% per annum above BLR	2011 - 2018	1,137,566	255,721	93,019	324,202	464,624
- variable at BFR less 1.7% per annum	2011 - 2019	3,297,636	357,408	371,414	1,203,871	1,364,943
- variable at 1.25% per annum above USD SIBOR	2011 - 2012	3,704,320	2,469,547	1,234,773	-	-
- variable at 6% to 10.5% per annum	2011 - 2012	2,234,288	1,267,817	966,471	-	-
Hire purchase liabilities						
- flat at 2.3% to 4.1%	2011 - 2012	11,665,448	5,022,063	3,973,665	2,669,720	-
		30,727,109	18,060,407	6,639,342	4,197,793	1,829,567

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

13. LOANS AND BORROWINGS (Cont'd)

13.4 Terms and debt repayment schedule (Cont'd)

Group	Year of maturity	Total RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM
2009						
Unsecured bills payable						
- variable at 3.0% to 4.8% per annum	2010	1,304,378	1,304,378	-	-	-
Unsecured bankers' acceptance						
- variable at 0.7% to 1.0% per annum above IBR	2010	1,811,000	1,811,000	-	-	-
Secured bills payable						
- variable at 6.5% to 11.8% per annum	2010	1,872,933	1,872,933	-	-	-
Secured bank overdrafts						
- variable at 0.75% to 1.0% per annum above BLR	2010	6,789,465	6,789,465	-	-	-
Secured term loans						
- variable at 0.75% to 1.75% per annum above BLR	2010 - 2018	5,301,000	1,092,431	1,080,848	2,359,328	768,393
- variable at 1.25% per annum above USD SIBOR	2010 - 2012	6,752,667	2,701,067	2,701,067	1,350,533	-
- variable at 3.3% to 16.5% per annum	2010 - 2012	4,222,829	1,908,587	1,308,337	1,005,905	-
Hire purchase liabilities						
- flat at 2.3% to 4.1%	2010 - 2012	10,380,183	4,914,365	3,066,320	2,399,498	-
		38,434,455	22,394,226	8,156,572	7,115,264	768,393

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

13. LOANS AND BORROWINGS (Cont'd)

13.4 Terms and debt repayment schedule (Cont'd)

Company	Year of maturity	Total RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM
2010						
Secured term loans - variable at 1.25% per annum above USD SIBOR	2011 - 2012	3,704,320	2,469,547	1,234,773	-	-
2009						
Secured term loans - variable at 1.25% per annum above USD SIBOR	2010 - 2012	6,752,667	2,701,067	2,701,067	1,350,533	-

IBR - Inter-Bank Rate

BLR - Base Lending Rate

SIBOR - Singapore Inter-Bank Offer Rate

BFR - Base Financing Rate

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	Payments 2010 RM	Interest 2010 RM	Principal 2010 RM	Payments 2009 RM	Principal 2009 RM	Principal 2009 RM
Less than one year	5,528,278	506,215	5,022,063	5,286,735	372,370	4,914,365
Between one and two years	4,216,487	242,822	3,973,665	3,248,756	182,436	3,066,320
Between two and five years	2,811,545	141,825	2,669,720	2,527,154	127,656	2,399,498
	12,556,310	890,862	11,665,448	11,062,645	682,462	10,380,183

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

14. PAYABLES AND ACCRUALS

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Non-current					
Non-trade					
Amount due to Directors	14.2	3,009,473	3,431,510	-	-
Current					
Trade					
Trade payables		15,214,243	10,208,168	-	-
Amount due to associates	14.3	604,452	554,562	-	-
		15,818,695	10,762,730	-	-
Non-trade					
Other payables		1,604,346	1,858,918	132,002	134,758
Accruals		4,002,343	2,366,752	-	-
Amount due to a related party	14.4	468,228	-	-	-
Amount due to a subsidiary	14.4	-	-	4,377,155	3,225,726
		6,074,917	4,225,670	4,509,157	3,360,484
Total current liabilities		21,893,612	14,988,400	4,509,157	3,360,484
Total		24,903,085	18,419,910	4,509,157	3,360,484

14.1 Analysis of foreign currency exposure

Foreign currency profile of payables and accruals of the Group entities is as follows:

Functional currency	Foreign currency	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
RM	-	20,361,727	16,348,607	4,509,157	3,360,484
RM	Yen	190,116	380,911	-	-
RM	USD	197,390	-	-	-
RM	SGD	75,646	13,290	-	-
VND	USD	3,590,431	1,307,496	-	-
VND	-	487,775	369,606	-	-
		24,903,085	18,419,910	4,509,157	3,360,484

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

14. PAYABLES AND ACCRUALS (Cont'd)

14.2 Amount due to Directors

The long-term non-trade payable due to Directors is in respect of advances, which are unsecured, interest-free and are repayable on demand.

14.3 Amount due to associates

The trade payable due to associates is unsecured, interest-free and subject to the normal trade terms.

14.4 Amount due to a related party and a subsidiary

The non-trade payable due to a subsidiary and a related party is unsecured, interest free and is repayable on demand.

15. DEFERRED TAX LIABILITIES

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Group	
	2010 RM	2009 RM
Property, plant and equipment	4,324,777	4,726,530
Property revaluation reserve	214,000	216,000
Provisions	(415,443)	-
Net tax liabilities	4,123,334	4,942,530

Movement in temporary differences during the year

	At 1.5.2008 RM	Recognised in income statement (note 19) RM	At 30.4.2009 RM	Recognised in income statement (note 19) RM	At 30.4.2010 RM
Property, plant and equipment	5,580,000	(853,470)	4,726,530	(401,753)	4,324,777
Property revaluation reserve	218,000	(2,000)	216,000	(2,000)	214,000
Provisions	(120,000)	120,000	-	(415,443)	(415,443)
Unutilised tax incentive	(511,857)	511,857	-	-	-
	5,166,143	(223,613)	4,942,530	(819,196)	4,123,334

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

15. DEFERRED TAX LIABILITIES (Cont'd)

Unrecognised deferred tax assets

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

	2010 RM	Group 2009 RM restated
Deductible temporary differences	-	807,454
Unabsorbed capital allowances	169,678	148,704
Tax loss carry-forward	748,434	996,465
	918,112	1,952,623

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 **RM450,653** (2009 - RM703,267) 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.

16. GROSS PROFIT

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Sales of goods				
- manufactured products	127,994,001	130,524,191	-	-
- moulds	4,329,333	8,306,244	-	-
- trading products	5,646,848	4,821,792	-	-
Sales of scraps	6,297,924	7,194,609	-	-
Dividends	-	-	2,040,000	2,080,000
	144,268,106	150,846,836	2,040,000	2,080,000
Cost of manufactured goods	(109,434,929)	(122,303,134)	-	-
Cost of trading goods	(4,559,330)	(3,981,777)	-	-
Gross profit	30,273,847	24,561,925	2,040,000	2,080,000

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

17. OPERATING PROFIT

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Operating profit is arrived at after charging:					
Allowance for doubtful debts		218,011	193,113	-	-
Amortisation of prepaid lease payments					
- Leasehold land	4	24,442	24,442	-	-
- Land use rights	4	95,129	102,338	-	-
Auditors' remuneration:					
- Statutory audit					
KPMG		83,000	75,000	22,000	20,000
Affiliate of KPMG		46,400	47,250	-	-
Other auditors		9,800	5,500	-	-
- Other services					
KPMG		10,000	10,000	10,000	10,000
Depreciation on property, plant and equipment	3	11,420,311	10,970,658	5,033	5,033
Goodwill written off		-	7,640	-	-
Property, plant and equipment written off	3	7,771	15,809	-	-
Loss on disposal of property, plant and equipment		2,089	178,470	-	-
Interest expense on:					
- Bank overdrafts		345,984	475,855	-	-
- Hire purchase		615,734	604,843	-	-
- Term loans		738,958	1,151,619	104,605	314,761
- Bills payable		85,123	83,187	-	-
- Bankers' acceptance		38,858	82,076	-	-
Unrealised foreign exchange loss		122,553	620,719	179,460	-
Realised foreign exchange loss		177,603	-	52,629	-
Personnel expenses (including key management personnel):					
- Contributions to Employees' Provident Funds		1,618,291	1,565,334	-	-
- Wages, salaries and others		23,401,775	19,196,735	-	-
Rental of premises		1,359,039	1,008,631	-	-
Write down of inventories		589,494	17,763	-	-

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

17. OPERATING PROFIT (Cont'd)

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
and after crediting:					
Rental income		531,000	531,000	-	-
Gain on disposal of other investments		347,990	-	-	-
Gain on disposal of property, plant and equipment		920	-	-	-
Dividend income from:					
- Other investments		39,848	36,896	-	-
- An associate		-	-	40,000	80,000
Realised foreign exchange gain		143,466	499,304	-	29,828
Reversal of allowance for doubtful debts		41,258	-	-	-
Interest income from:					
- Deposits with licensed banks		61,932	74,513	-	-
- Staff loan		5,381	5,827	-	-
- Foreign currency current account		61	18,073	-	-
- Amount due from a subsidiary		-	-	349,993	535,374

18. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Directors				
Short-term employee benefits				
- Fees	100,000	120,000	100,000	120,000
- Remuneration	910,718	859,331	18,000	20,000
- Contributions to Employees' Provident Fund	104,520	100,992	-	-
- Others (including estimated monetary value of benefits-in-kind)	91,119	80,062	-	-
Total	1,206,357	1,160,385	118,000	140,000

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

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

19. TAX EXPENSE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Current tax expense				
- Malaysian income tax	2,140,191	893,059	-	-
- Overprovision in prior year	(26,560)	(69,189)	-	-
	2,113,631	823,870	-	-
Deferred tax expense				
Reversal of temporary differences				
- Current	(895,704)	(65,558)	-	-
- Under/(Over)provision in prior year	76,508	(158,055)	-	-
	(819,196)	(223,613)	-	-
Total tax expense	1,294,435	600,257	-	-
Reconciliation of tax expense				
Profit before tax	8,681,910	5,375,740	1,712,988	1,929,002
Income tax using Malaysian tax rate of 25% (2009 – 25%)	2,170,478	1,343,935	428,247	482,251
Effect of difference in tax rates of foreign jurisdictions	(61,144)	31,325	-	-
Tax incentive	(1,058,826)	(856,089)	-	-
Non-deductible expenses	460,876	341,915	81,753	37,749
Utilisation of previously unrecognised tax losses	(34,665)	-	-	-
Change in unrecognised temporary differences	(123,876)	46,931	-	-
Current year unrecognised deferred tax assets	5,608	-	-	-
Tax expense on share of results in associates	(113,964)	(80,516)	-	-
Tax exempt income	-	-	(510,000)	(520,000)
	1,244,487	827,501	-	-
Under/(Over)provision in prior year	49,948	(227,244)	-	-
	1,294,435	600,257	-	-

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

20. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 30 April 2010 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	2010 RM	Group 2009 RM
Profit for the year attributable to ordinary shareholders	<u>7,013,305</u>	4,906,015
	2010	Group 2009
Weighted average number of ordinary shares at 30 April	<u>99,000,000</u>	99,000,000
	2010 Sen	Group 2009 Sen
Basic earnings per ordinary share	<u>7.08</u>	4.96

Diluted earnings per ordinary share

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

21. DIVIDENDS

Dividends recognised in the current year by the Company are:

2010	Sen per share	Total amount RM	Date of payment
Final 2009 ordinary, tax exempted	1.5	<u>1,485,000</u>	20 November 2009
2009			
Final 2008 ordinary, tax exempted	1.5	<u>1,485,000</u>	21 November 2008

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

	Sen per share	Group Total amount RM
Final 2010 ordinary, tax exempted	2.0	<u>1,980,000</u>

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

22. SEGMENT REPORTING

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, corporate assets and expenses and tax assets and liabilities.

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 based on the geographical location of assets.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

22. SEGMENT REPORTING (Cont'd)

	Malaysia		Vietnam		Singapore		Europe		Hong Kong	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Geographical segments										
Revenue from external customers by location of customers	102,424,482	105,478,588	29,564,046	29,994,631	5,963,479	8,579,185	4,331,268	3,676,216	3,131,127	2,923,389
Segment assets by location of assets	118,227,655	112,742,179	22,256,992	24,866,515	-	-	-	-	-	-
Capital expenditure by location of assets	9,794,130	12,205,333	995,360	860,532	-	-	-	-	-	-
Geographical segments										
Revenue from external customers by location of customers	2,047,696	1,827,273	958,704	1,787,492	(4,152,696)	(3,419,938)	144,268,106	150,846,836		
Segment assets by location of assets	-	-	-	-	(3,561,202)	(4,296,566)	136,923,445	133,312,128		
Capital expenditure by location of assets	-	-	-	-	-	-	10,789,490	13,065,865		

Geographical segments

Revenue from external customers by location of customers

Segment assets by location of assets

Capital expenditure by location of assets

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

Credit risk

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

At balance sheet date, there were no significant concentrations of credit risk other than **45%** (2009 - 37%) of trade receivables owed by **four** (2009 - 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 Company's means to repay and/or refinance.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

23. FINANCIAL INSTRUMENTS (Cont'd)

Effective interest rates and repricing analysis

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

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

Group 2010	Average effective interest rate per annum %	Total RM	Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM
Financial asset								
Deposits placed								
with licensed banks	2.2	1,894,679	1,894,679	-	-	-	-	-
Financial liabilities								
<i>Fixed rate instruments</i>								
Hire purchase liabilities	3.5	11,665,448	5,022,063	3,973,665	1,859,901	809,819	-	-
<i>Floating rate instruments</i>								
Unsecured bills payable	4.5	987,866	987,866	-	-	-	-	-
Unsecured								
bankers' acceptance	4.5	1,347,000	1,347,000	-	-	-	-	-
Secured bills payable	7.4	1,795,706	1,795,706	-	-	-	-	-
Secured bank overdrafts	6.5	4,557,279	4,557,279	-	-	-	-	-
Secured term loans	4.9	10,373,810	10,373,810	-	-	-	-	-
Group 2009								
Financial asset								
Deposits placed with								
licensed banks	2.8	2,316,972	2,316,972	-	-	-	-	-
Financial liabilities								
<i>Fixed rate instruments</i>								
Hire purchase liabilities	3.4	10,380,183	4,914,365	3,066,320	1,976,970	422,528	-	-
<i>Floating rate instruments</i>								
Unsecured bills payable	4.8	1,304,378	1,304,378	-	-	-	-	-
Unsecured								
bankers' acceptance	4.4	1,811,000	1,811,000	-	-	-	-	-
Secured bills payable	7.5	1,872,933	1,872,933	-	-	-	-	-
Secured bank overdrafts	6.5	6,789,465	6,789,465	-	-	-	-	-
Secured term loans	6.4	16,276,496	16,276,496	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

23. FINANCIAL INSTRUMENTS (Cont'd)

Fair values

Recognised financial instruments

The carrying amounts of cash and cash equivalents, trade and other receivables 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 fair values of other financial assets and liabilities, together with the carrying amounts shown in the balance sheets, as follows:

Group	2010		2009	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial assets				
Other investment	500,000	500,000	-	-
Transferable club memberships	196,000	196,000	274,000	274,000
Financial liability				
Secured term loans	10,373,810	10,373,810	16,276,496	16,276,496

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.

24. CONTINGENT LIABILITIES (UNSECURED)

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Corporate guarantee given to a licensed bank for:				
- housing loans granted to staff	-	500,000	-	-
- banking facilities granted to subsidiary companies	-	-	25,542,779	29,238,053
	-	500,000	25,542,779	29,238,053

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

25. 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 and the Company 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	
	2010 RM	2009 RM	2010 RM	2009 RM
Associates				
S&Y Metal Stamping Sdn. Bhd.				
Sub-contract tooling and metal stamping works	2,006,337	3,275,001	(403,682)	(365,838)
Polychrome Sdn. Bhd.				
Sub-contract electroplating work	1,427,671	2,009,035	(162,748)	(188,724)
Companies in which the Directors have significant financial interests				
TC Yap Holdings Sdn. Bhd.				
Rental of premises	381,450	173,250	-	-
Muramoto Technics (M) Sdn. Bhd.				
Sales of metal components and tooling mould	19,660,165	17,720,539	6,202,428	2,577,686
Rental income	351,000	351,000	58,500	58,500
Production site preparation costs incurred on behalf	-	-	-	1,150,000
Purchase of machines	200,000	-	-	-
Microtechno Precision (M) Sdn. Bhd.				
Rental income	180,000	180,000	15,000	15,000
Production costs incurred on behalf	-	-	120,000	-
Muramoto Asia Pte. Ltd.				
Purchase of machines	468,228	-	468,228	-

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

25. RELATED PARTIES (Cont'd)

Group	Transactions amount for the year ended 30 April		Gross/Net balance outstanding at 30 April	
	2010 RM	2009 RM	2010 RM	2009 RM
Key management personnel of the Company				
Yap Toon Choy Rental of premises	60,000	60,000	-	-
Company				
Subsidiary				
Kein Hing Muramoto (Vietnam) Co., Ltd Interest income	349,993	535,374	83,238	185,423

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.

26. SIGNIFICANT EVENTS

On 3 November 2009, the Group via KHPV had entered into an Assignment Agreement with a third party for the purpose of assigning all its rights, entitlements, obligations and liabilities in relation to a land use rights in Vietnam for a cash consideration of USD654,190 or approximately RM2.1 million. The disposal is expected to result in a gain of approximately RM0.6 million to the Group.

The Company had on 6 October 2009 incorporated a 51%-owned subsidiary, SKH.

27. SUBSEQUENT EVENT

Subsequent to the financial year end, the Group via KHA had on 3 May 2010 entered into a Sale and Purchase Agreement with a third party to dispose of a leasehold building for a cash consideration of RM670,000. The disposal is expected to result in a gain of approximately RM33,000 to the Group.

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 73 are 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 2010 and of their financial performance and cash flows for the financial year then ended.

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: 18 August 2010

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 73 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 above named in Kuala Lumpur on 18 August 2010.

Kok Mun Choon

Before me:

P.Thurirajoo
No. W 438
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

To the members of Kein Hing International Berhad (Company No. 616056-T) (Incorporated in Malaysia)

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 2010 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 73.

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 2010 and of their financial performance and cash flows for the financial year then ended.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the members of Kein Hing International Berhad (Company No. 616056-T) (Incorporated in Malaysia)

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 5 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

Petaling Jaya,

Date: 18 August 2010

Lee Yee Keng

Approval Number: 2880/04/11(J)
Chartered Accountant

LIST OF PROPERTIES

as at 30 April 2010

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	27	488/ 226	1-12-2004	352,331
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	13	7,891/ 6,116	18-2-2004 (Revalued)	7,856,451
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	17	734/ 563	18-2-2004 (Revalued)	699,282
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	14	988/ 795	18-2-2004 (Revalued)	854,069
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	9	4,086/ 2,123	18-2-2004 (Revalued)	3,635,058
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	6	8,195/ 8,179	1-12-2004	12,278,050
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 (CONT'D)

as at 30 April 2010

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 Darul Ehsan	KHI	Residential; Single storey wooden house	Leasehold expiring on 28-10-2046	25	297.6/ 250	25-2-2003	129,482
Lot 1840 Jalan Kolej 43300 Seri Kembangan Selangor Darul Ehsan	KHI	Warehouse/ Industrial; Single-storey warehouse cum car park block	Freehold	2	4,300/ 1,230	1-7-2008	1,166,963
No. 7, Jalan Equine 9A Taman Equine Bandar Putra Permai 43300 Seri Kembangan Selangor Darul Ehsan	KHA	Shop-office; Double-storey shop-office	Leasehold expiring on 18-9-2093	2	145/ 280	19-3-2008	636,503
Plot C3 Thang Long Industrial Park Dong Anh District Hanoi, Vietnam	KHMV	Factory/ Industrial; Single-storey factory with a 2-storey office annexe	Leasehold expiring on 28-2-2047	6	15,693/ 3,564	1-11-2004	6,245,006
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	646,938

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 7 SEPTEMBER 2010

Size of Holdings	No. of Shareholders	No. of Shares	Percentage (%)
1 – 99	8	420	0.00
100 – 1,000	243	199,600	0.20
1,001 – 10,000	694	3,555,500	3.59
10,001 – 100,000	365	12,416,400	12.54
100,001 – 4,949,999 (*)	47	26,250,690	26.52
4,950,000 and above (**)	2	56,577,390	57.15
Total	1,397	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 7 SEPTEMBER 2010

Directors	Direct Shareholdings		Indirect Shareholdings	
	No. of Shares	%	No. of Shares	%
1. Yap Toon Choy	35,707,320	36.07	20,870,070(a)	21.08
2. Shingo Muramoto	-	-	4,372,600(b)	4.42
3. Yong Elaine	20,870,070	21.08	35,707,320(c)	36.07
4. Liew Choon Fong	363,250	0.37	-	-
5. Swee Soo Mang	-	-	-	-
6. Darsan Singh a/l Balwant Singh	-	-	-	-
7. Gan Chee Tsong	-	-	-	-

(a) Deemed interest by virtue of being the spouse of Yong Elaine, a major shareholder of Khib and pursuant to Section 134(12)(c) of the Act.

(b) Deemed interested by virtue of his interest in Muramoto Singapore pursuant to Section 6A of the Act.

(c) Deemed interest by virtue of being the spouse of Yap Toon Choy, a major shareholder of Khib and pursuant to Section 134(12)(c) of the Act.

ANALYSIS OF SHAREHOLDINGS (CONT'D)

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 7 SEPTEMBER 2010

Directors	Direct Shareholdings		Indirect Shareholdings	
	No. of Shares	%	No. of Shares	%
1. Yap Toon Choy	35,707,320	36.07	20,870,070(a)	21.08
2. Yong Elaine	20,870,070	21.08	35,707,320(b)	36.07

(a) Deemed interest by virtue of being the spouse of Yong Elaine, a major shareholder of KHIB and pursuant to Section 134(12)(c) of the Act.

(b) Deemed interest by virtue of being the spouse of Yap Toon Choy, a major shareholder of KHIB and pursuant to Section 134(12)(c) of the Act.

LIST OF TOP THIRTY (30) SHAREHOLDERS AS AT 7 SEPTEMBER 2010

No.	Name	No. of Shares	Percentage %
1.	Yap Toon Choy	35,707,320	36.07
2.	Yong Elaine	20,870,070	21.08
3.	Muramoto Asia Pte. Ltd.	4,372,600	4.42
4.	Yap Ah Fatt	3,933,800	3.98
5.	Kam Loong Mining Sdn. Bhd.	2,542,800	2.57
6.	Tengku Syarif Temenggong Perlis Dato' Seri Diraja Syed Amir Abidin Jamalullail	2,382,200	2.41
7.	Soh Tik Siew	1,487,800	1.50
8.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Koh Kok Hooi	722,900	0.73
9.	Ghan Ah Kooi	668,300	0.68
10.	Yee Tien Soon	635,000	0.64
11.	Mayban Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Lim Saw Cheng	592,100	0.59
12.	RHB Capital Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Chai Kin Loong	536,400	0.54
13.	Yong Yoke Luen	511,400	0.52
14.	Public Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Lee Chee Siong	449,900	0.45
15.	Wong Fook Sum	440,000	0.44
16.	Tng Kee Meng	435,000	0.44
17.	Liew Choon Fong	363,250	0.37
18.	Tan Thian Joo @ Tan Thian Soo	360,000	0.36
19.	Koay Eng Loh	356,600	0.36

ANALYSIS OF SHAREHOLDINGS (CONT'D)

No.	Name	No. of Shares	Percentage %
20.	Teh Ah Lian	350,000	0.35
21.	Ana Low	320,500	0.32
22.	Yap Cheong Kit	261,600	0.26
23.	Ooi Cheng Huat @ Ooi Peng Huat	260,500	0.26
24.	Tan Poh Hwa	257,300	0.26
25.	Ng Kong Poh	220,000	0.22
26.	HLG Nominee (Asing) Sdn. Bhd - Exempt An For UOB Kay Hian Pte Ltd .	210,000	0.21
27.	Mayban Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Ong Eng Boo	202,000	0.20
28.	Gan Siew Kee	201,800	0.20
29.	Chan Weng Pooi	200,000	0.20
30.	Cimsec Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Ng Geok Wah	200,000	0.20

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventh 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 Friday, 22 October 2010 at 10.00 a.m. for the following purposes:-

AGENDA

- 1) To receive the Audited Financial Statements for the year ended 30 April 2010 together with the Directors' and Auditors' Reports thereon.
- 2) To approve the payment of the Directors' Fees for the year ended 30 April 2010.
- 3) To approve a First and Final Tax-Exempt Dividend of 4% for the year ended 30 April 2010.
- 4) To re-elect the following Directors who are retiring in accordance with Article 79 of the Company's Articles of Association:-
 - (a) Mr. Yap Toon Choy
 - (b) Mr. Gan Chee Tsong
- 5) To re-appoint Messrs. KPMG, the retiring Auditors of the Company and to authorise the Board of Directors to fix their remuneration.
- 6) **SPECIAL BUSINESS: -**

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

ORDINARY RESOLUTION NO. 1

- **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."

Resolution 1

Resolution 2

Resolution 3

Resolution 4

Resolution 5

Resolution 6

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

ORDINARY RESOLUTION NO. 2

• PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH T.C. YAP HOLDINGS SDN. BHD. AND MR. YAP TOON CHOY

"THAT approval be and is hereby given to the 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. 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 29 September 2010, being necessary for the day-to-day operations of the 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 Eighth Annual General Meeting ("AGM") of the Company, at which time it will lapse unless, by a resolution passed at the Eighth AGM, the authority is renewed; or
 - (b) the expiration of the period within which the Eighth 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."

Resolution 7

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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.**

"THAT approval be and is hereby given to the 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 29 September 2010, being necessary for the day-to-day operations of the 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 Eighth AGM of the Company, at which time it will lapse unless, by a resolution passed at the Eighth AGM, the authority is renewed; or
 - (b) the expiration of the period within which the Eighth 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."

Resolution 8

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

ORDINARY RESOLUTION NO. 4

• PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH MURAMOTO ASIA PTE. LTD.

"THAT approval be and is hereby given to the KHIB Group to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with Muramoto Asia Pte. Ltd as stated in section 2.3.2 of the Circular to shareholders of the Company dated 29 September 2010, being necessary for the day-to-day operations of the 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 Eighth AGM of the Company, at which time it will lapse unless, by a resolution passed at the Eighth AGM, the authority is renewed; or
 - (b) the expiration of the period within which the Eighth 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."

- 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.

Resolution 9

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a First and Final Tax-Exempt Dividend of 4% in respect of the year ended 30 April 2010 will be payable on 19 November 2010 to Depositors registered in the Record of Depositors at the close of business on 26 October 2010.

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

- a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 26 October 2010 in respect of ordinary transfers; and
- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order Of The Board

KEIN HING INTERNATIONAL BERHAD

NG YIM KONG (LS 0009297)

Company Secretary

29 September 2010

Selangor Darul Ehsan

Notes:-

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

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

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 6 under item 6 of the Agenda, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, with the authority to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued and paid-up capital of the Company for the time being 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.

The general mandate seeks to grant authority to Directors to allot and issue shares is a renewal of the mandate that was approved by the shareholders at the Sixth Annual General Meeting held on 28 October 2009. The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to placement of shares for the purpose of funding current and/or future investment projects, working capital and/or acquisitions.

Up to the date of this Notice, the Company has not issued any shares pursuant to the mandate granted to the Directors at the Sixth Annual General Meeting because there was no need for any fund raising activity for the purpose of investment, acquisition or working capital.

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

The proposed Resolution 7, 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 2010.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Details of Directors who are standing for re-election in Agenda 4 (Mr. Yap Toon Choy and Mr. Gan Chee Tsong) of the Notice of the Seventh Annual General Meeting are laid out in pages 4 to 6 of this Annual Report.



PROXY FORM

KEIN HING INTERNATIONAL BERHAD

(Company No. 616056-T) (Incorporated in Malaysia)

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 Seventh 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 Friday, 22 October 2010 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		

* 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 _____ 2010

(Signature/Common Seal of Member)

Number of shares held:

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.

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STAMP

The Company Secretary

KEIN HING INTERNATIONAL BERHAD

(Company No. 616056-T)

Lot 1863, Jalan Kolej
43300 Seri Kembangan
Selangor Darul Ehsan

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