KEIN HING
INTERNATIONAL BERHAD (616056-T)
(Incorporated in Malaysia under Companies Act. 1965)

Harnessing Our Potential

Annual Report **2014**

Contents **2014**

Corporate **Information**

BOARD OF DIRECTORS

DARSAN SINGH A/L BALWANT SINGH
(Chairman)

YAP TOON CHOY

SHINGO MURAMOTO

YONG ELAINE

SWEE SOO MANG

GAN CHEE TSONG

AUDIT COMMITEE

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 (616056-T)
(Incorporated in Malaysia under Companies Act. 1965)

- **100%** KEIN HING INDUSTRY SDN. BHD.
- **100%** KEIN HING INDUSTRY VIETNAM CO., LTD.
- **51%** KEIN HING MURAMOTO (VIETNAM) CO., LTD.
- **51%** SANKO KEIN HING SDN. BHD.
- **100%** ZENNE APPLIANCES SDN. BHD.
- **100%** ZENNE INFINITY SDN. BHD. (formerly known as Kein Hing Appliances Sdn. Bhd.)
- **80%** KEIN HING POLYCHROME (VIETNAM) CO., LTD.

Company	Principal Activities
Subsidiaries Kein Hing Industry Sdn. Bhd.	Sheet metal forming, precision machining, component assembly and manufacture and sale of gas appliances
Kein Hing Industry Vietnam Co., Ltd	Sheet metal forming, precision machining, manufacturing and fabrication of tools and dies and assembly of components
Kein Hing Muramoto (Vietnam) Co., Ltd	Sheet metal forming, precision machining and assembly of components for electronic, automotive and other industries
Sanko Kein Hing Sdn. Bhd.	Precision machining of electronic and electrical industries components
Zenne Appliances Sdn. Bhd.	Trading and distribution of gas appliances
Zenne Infinity Sdn. Bhd. (formerly known as Kein Hing Appliances Sdn. Bhd.)	Trading in electrical and electronics products and home appliances
Kein Hing Polychrome (Vietnam) Co., Ltd	Dormant

Profile of Board of Directors

DARSAN SINGH A/L BALWANT SINGH

- 60
- 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 his father's practice in 1985. He has been an active practising lawyer in various areas such as corporate and commercial, conveyancing and litigation. In 1987, he set up Darshan, Chong & Co. and is currently the senior partner of the firm.

At present, he sits on the 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

- 58
- Group Managing Director

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

In 1981, he became a Director of Kein Hing Industry Sdn. Bhd. ("KHI") and was subsequently appointed as the Managing Director in 1983. Since his involvement in 1981, he has envisioned that the metal stamping/ forming industry would form the basic foundation of any developed country and this has spurred his dedication in this industry. Over the years in KHI, he gained valuable experience and technical know-how especially through dealings with his Japanese counterparts. With approximately thirty (30) 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 25 September 2014, 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

SHINGO MURAMOTO

- 67
- 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 25 September 2014, 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

- 55
- 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 25 September 2014, 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

SWEE SOO MANG

- 62
- Senior Independent Non-Executive Director

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

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

He left MBF Finance Berhad in 1998 and is presently a financial adviser and corporate financial adviser to various private commercial firms. At present, he sits on the Board of Directors of several other private limited companies. He does not have any family relationship with any Director and/or substantial 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 Nominating Committee and Remuneration Committee of KHIB.

GAN CHEE TSONG

- 39
- 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 Nominating 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 2014.

OPERATING ENVIRONMENT

Based on World Bank's latest Global Economic Prospects report issued on June 10, 2014, emerging economies are headed for a third consecutive year of disappointing growth below 5%, as first quarter weakness in 2014 has delayed an expected pick-up in economic activity. In contrast, recovery in developed countries is gaining momentum, despite first quarter weakness in the United States. These economies are expected to grow by 1.9% in 2014, accelerating to 2.4% in 2015 and 2.5% in 2016. The Euro Area is on target to grow by 1.1% this year, while the United States economy, which contracted in the first quarter due to severe weather, is expected to grow by 2.1% this year (down from the previous forecast of 2.8%).

The global economy is expected to pick up speed as the year progresses and is projected to expand by 2.8% this year, strengthening to 3.4% and 3.5% in 2015 and 2016, respectively. High-income economies will contribute about half of global growth in 2015 and 2016, compared with less than 40% in 2013.

On the domestic front, Bank Negara Malaysia (BNM) has forecast the country's economy to grow at a more conservative 4.5% to 5.5% this year due to risks from the global economy and external factors. The central bank's forecast was slightly below the forecast of 5% and 5.5% envisaged by the Federal Government in the Economic Report 2013/14 released last year. On the other hand, inflation is expected to average 3% to 4% due mainly to domestic cost factors, the ensuing subsidy rationalization and its spillover effect. This is higher than the 2% to 3% as forecast in the Economic Report 2013/2014.

The Bank Negara Malaysia foresees a resilient Malaysian economy, anchored by domestic demand, with additional support from the improvement in the external environment. Exports will continue to benefit from the recovery in the advanced economies while private domestic demand is expected to remain the key driver of the overall growth. Going forward, the Malaysian economy is therefore expected to remain on a steady growth path.

Chairman's Statement

FINANCIAL REVIEW

Despite a moderate economic environment and stiff competition within our industry, the Group registered revenue of RM159.8 million for the financial year ended 30 April 2014 as compared to RM149.6 million reported in the last financial year, representing an improvement in sales by RM10.2 million or approximately 7%. The growth in sales was mainly attributed to the stronger customer demand for home appliances and printer components in both Malaysia and Vietnam respectively. In tandem with the above, the Group reported a Profit Attributable to Owners of the Company of RM1.1 million as compared to a Loss of RM1.2 million last year, representing a turnaround of RM2.3 million. During the financial year under review, the Group incurred a one-off impairment loss of RM0.2 million due to the disposal of investment in an associate, namely Polychrome Sdn. Bhd., which was completed on 23 June 2014.

On the back of improved profitability in our businesses operating in Malaysia and Vietnam respectively, our Group financial position as at the end of the reporting period strengthened with total Equity Attributable to Owners of the Company amounting to RM87 million and it translated into a Net Assets per share of RM0.88.

BUSINESS OUTLOOK AND PROSPECTS

The impending 6% Goods and Services Tax (GST) that will be effective on 1st April 2015, shall have immense impact on the domestic economy. On the one hand, it is an inevitable solution for our weakening fiscal position, but on the grimmer note, the reverse effect will also be felt and will be especially hard on the consumer sentiments and cost of conducting business in Malaysia.

Already our household debts are at all-time high due to mortgage loan/ credit card advances, this extra cost pressure might just pushed many hard-pressed households over the edge, invariably resulting in belt tightening measure that might just escalated into a severe slump in the domestic market, at least in the foreseeable short term period.

Despite the challenges, our Group remains steadfastly committed to focus on its core business of metal forming, exploring further overseas expansion as well as downstream related diversification. In an effort to further intensify our diversification into the consumer market, The Group is now in the midst of executing the rebranding/ restructuring of "Zenne" gas cooker marketing and operation, wherein, Kein Hing Appliances Sdn. Bhd. had been renamed as Zenne Infinity Sdn. Bhd.. After which the sales and marketing of Zenne will be housed under a single locality and under a single organisation structure to allow for effective marketing and after sales service to the customers. The group believes that the exercise shall spur a well-coordinated focus to create another viable profit centre for the Group.

Barring unforeseen circumstances, the Board expects the performance of our Group to remain satisfactory for the financial year ending 30 April 2015.

Chairman's Statement

DIVIDENDS

The Board has proposed to declare a First and Final Single Tier Dividend of 2% for the financial year ended 30 April 2014 amounting to RM990,000.00 subject to the approval of shareholders at the forthcoming Eleventh (11th) Annual General Meeting to be held on Wednesday, 29 October 2014.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to convey my 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 of our Group.

Darsan Singh a/l Balwant Singh
Chairman

3 October 2014
Seri Kembangan

Corporate Social **Responsibility**

The Board, whilst pursuing the business objectives of growth in enhancing shareholders value, is also cognizant of its Corporate Social Responsibility ("CSR") and the importance of the contribution it can make in respect thereof. As a responsible corporation, we wish to not only grow our profits but also broaden the scope of our involvement and commitment to all our stakeholders. More importantly, CSR also enables the Group to be recognised by the community and society at large and that helps to make long term sustainable growth a reality.

In the year under review, programs such as landscaping activities, cooking contests and donation drives for various schools and NGO, Safety and first aid seminar, as well as various health checks were scheduled throughout the year.

The Group, through "Tadika Keluarga Harmoni & Indah", its very own version of Child Care Centre ("CCC") facility has been serving the employees of the Group as well as the Seri Kembangan community in early childhood education and development for more than a decade now. Currently, the CCC now comprises twelve (12) qualified teachers and helpers and has a total of eighty (80) children.

In recognition of our dedication to quality education in young children, we were featured as the role model company under the "Establishment of Child Care Centre at the Work Place" Best Business Practice Circular launched by United Nation International Children's Emergency Fund ("UNICEF") in collaboration with the Companies Commission of Malaysia ("SSM"). A program that includes featured articles, promotional video as well as accompanying tool kit to kick start and inspire other likeminded organisations to adopt the same noble cause and put children's wellbeing as one of their cornerstone objectives. For more information , please refer to http://www.unicef.org/malaysia/media_child_care_centres_in_the_workplace.html

Our Group's very own Environment Management Department ("EMD"), has continued to implement various environmental friendly systems and disseminate safety information to all employees in the Group's operating factories. Our experience has alluded to the fact that CSR initiatives can indeed be leveraged to bring about a deep sense of belonging and loyalty. It ultimately inspires and aligns individuals and society with our corporate goals.

Conclusion

The Group will continue to support and encourage all employees and businesses to find ways to contribute to societies and to help shape communities. The Group's CSR initiatives are an ongoing commitment towards creation of a sustainable growing nation, while instilling a moral, ethical, caring and economically just society.

Statement on
Corporate Governance

1. MANAGEMENT WITH INTEGRITY, TRANSPARENCY AND ACOUNTABILITY

The Board of KHIB is committed to adopt high standards of corporate governance throughout KHIB and its subsidiary companies. The Group appreciates the importance of corporate governance in discharging its responsibility and promoting corporate accountability with the ultimate objective of enhancing shareholders' value.

This statement sets out the manner in which the Group has applied the principles and recommendations of the Malaysian Code on Corporate Governance 2012 ("Code"), and the extent to which it has complied with the recommendation of the Code, except where it was stated otherwise.

2. DIRECTORS

The Board

The Company is led by a proactive Board with a mix of management and entrepreneurial skills, supported by Independent Directors who bring to the Board their different fields of training and expertise. The profile of each Director is set out on pages 4 to 6 of this Annual Report. The Board is satisfied that no individual or group of individuals dominates the Board's decision-making process.

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

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

In order to efficiently managed, the Board meets on a quarterly basis or as when required. During the financial year under review, five (5) Board meetings were held while all the Directors have complied with the requirements in respect of board meeting attendance as provided in the Bursa Malaysia Securities Berhad ("Bursa Securities") requirement.

The Board collectively reviews and considers all corporate proposals prior to their implementation. Corporate proposals are put to vote after careful deliberation. The Chairman of the meeting shall have a second or casting vote in the event of a tie in votes for or against any particular proposal.

The Board is updated on Group's affairs at Board meetings. The Directors are encouraged to obtain information on the Group's activities by consultation with senior management at any time. This is to ensure and enable the Board members to discharge their duties and responsibilities competently and in an informed manner.

Board Charter

The Board has adopted a Board Charter to observe the standards of corporate governance and clarifies, amongst others, the roles and responsibilities of the Board. The Board Charter is subject to review by the Board annually to ensure that it remains consistent with the Board's objectives and responsibilities. The updated Board Charter is made accessible at the Group's website www.keinhing.com.

Code of Conduct

The Company has adopted a Code of Conduct for Directors relating to ethical practices, which is incorporated into the board charter. A separate set of Code of Ethical Practices relating to Group's operations was formulated for staff and employees and both of which can be found from the Company's website at www.keinhing.com.

2. DIRECTORS (CONT'D)

The Board Balance

The Board comprises six (6) members, of which two (2) are Executive Directors, three (3) of the four (4) Non-Executive Directors are Independent. This is in compliance with Paragraph 15.02 of the Main Market 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 judgment.

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, ensuring the integrity and effectiveness of the governance process of the Board and act as facilitator at the meeting whilst the Managing Director is responsible for the management of the Group, making and implementing operational and corporate decision as well as developing, coordinating and implementing business and corporate strategies.

The distinct and separate roles of the Chairman and Managing Director with a clear division of responsibilities ensure a balance of power and authority, such that no one individual has unfettered powers of decision making.

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.

Certain responsibilities of the Board have been delegated to three (3) Board committees; namely, the Audit Committee, the Nominating 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. All pertinent issues discussed at the Board Meetings in arriving at the decision and conclusions are properly recorded by the Company Secretary. The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities which is evidenced by the satisfactory attendance record of the Directors at the Board Meeting. The Board members are required to notify the Board prior to their acceptance of new directorships in other companies with indication of time that will be spent on new appointment.

The Board met five (5) times during the financial year ended 30 April 2014 and details of the Directors' attendance are as appended below:

Directors	Number of Meeting Attended
Darsan Singh a/l Balwant Singh	5/5
Shingo Muramoto	5/5
Yap Toon Choy	5/5
Yong Elaine	5/5
Swee Soo Mang	5/5
Gan Chee Tsong	5/5

2. DIRECTORS (CONT'D)

Sustainability

The Board recognises the importance of sustainability and its increasing significance in the business. The Board is committed to understanding and implementing sustainable practices and to exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success.

Supply of Information

Reports and Board papers on operational, financial and corporate issues as well as minutes of Board Committees' meetings are circulated in advance to all Board Members prior to the meetings. Sufficient time is provided to enable the Directors to review and to obtain further information. Further details or supplementary information may be provided when the needs arise.

The Company Secretary plays an advisory role to the Board by providing appropriate advice and relevant services to ensure that all applicable rules and regulation are complied with. The Company Secretary is also responsible for advising the directors of their obligations and adherence to matters pertaining to disclosure of interest of securities, disclosure of any conflict of interest in transaction involving the Company, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information. Deliberation during the Board and Board Committees' meetings were properly minuted and documented by the Company Secretary.

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

Directors' Training

All Directors have attended the Mandatory Accreditation Programme ("MAP") as prescribed by Bursa Securities and they have been notified and encouraged to undergo various training programmes on a continuous basis to further enhance their skills and knowledge to assist them in discharging their duties and to keep abreast with the latest development in the marketplace. The board has undertaken an assessment on the training needs of each director in order to cater to their specific requirement and skillset.

All the Directors of the Company had attended a training conducted by the Company Secretary pertaining to the subject of "Amendments to Bursa Malaysia Securities Berhad's Listing Requirements and Changes in Corporate Governance Requirements" on 28 March 2014.

Appointment to the Board

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

The functions and activities of the Nominating Committee during the year include:

- review and recommend to the Board the optimal size of the Board, structure and ideal composition, including succession planning;
- review and recommend the requisite mix of skills, diversities (including gender diversity), experience and other attributes, including core competencies of all the Directors;

2. DIRECTORS (CONT'D)

Appointment to the Board (Cont'd)

- consider and ensure that key management personnel have certain enabling attributes such as leadership, essential experience, integrity, assuring competency and sufficient time to effectively discharge their roles and accountabilities as the case may be.
- consider candidates for directorship proposed by the Group Managing Director, other senior executives, Directors or shareholders, in making its recommendation;
- recommend to the Board, Directors to fill the seats on Board Committees.
- 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 board committees and individual Directors.
- determine annually whether or not a Director is Executive, Non-Executive or Independent.
- recommend to the Board for continuation (or not) in service of executive director who are due for retirement by rotation.

The Nominating Committee met once during the financial year with full attendance of the committee members.

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

Nominating Committee Members	Directorship
Darsan Singh a/l Balwant Singh (Chairman)	Independent Non-Executive Director
Swee Soo Mang	Independent Non-Executive Director
Gan Chee Tsong	Independent Non-Executive Director

The Board has via the Nominating Committee reviewed and assessed the size of the Board, required mix of skills, experience, performance and contribution of Directors; effectiveness of the Board as a whole; independence of Independent Directors and training courses required by the Directors. Following the evaluation, the Board concluded that the Board as a whole and its committee were effective with the necessary skills, experience and qualification and is satisfied with the current composition and performance of the Board.

The Board has no specific policy on setting targets on female candidates to be appointed to the Board. The evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company. With the current composition which comprised of one (1) female director, the Board feels that its members have the necessary knowledge, experience, requisite range of skills and competence to enable them to discharge their duties and responsibilities effectively. The Nominating Committee will however, take steps to ensure that suitable female candidates be considered as part of its recruitment exercise.

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 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.

2. DIRECTORS (CONT'D)

Tenure of Independent Director

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. In the event the Director is to remain designated as an Independent Director, the Board shall justify and secure shareholders' approval on a year to year basis.

Mr. Darsan Singh a/l Balwant Singh ("Mr. Darsan") and Mr. Swee Soo Mang ("Mr. Swee") are both Independent Directors who have served in the Board since 9 August 2004. As both Mr. Darsan and Mr. Swee are two (2) of the three (3) members of the Nominating Committee, the Board of Directors has instead assessed and evaluated all facts and circumstances which will be considered in determining their independence.

Based on its evaluation, the Board of Directors is satisfied that both Mr. Darsan and Mr. Swee have satisfactorily demonstrated that they are independent from the management and free from any business or other relationships with the Group that could materially affect or interfere with the exercise of objective and unbiased judgement to act in the best interest of the Group.

The Board had resolved to retain the aforementioned directors as Independent Directors and the shareholders' approval will be sought at the forthcoming AGM of the Company based on the following justification:

i) They fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Securities and therefore would be able to offer impartial judgment and unfettered advice to the board.
ii) They have vast experience in their respective industries which could provide the Board with a diverse set of experience, skill and independent assessment.
iii) They devoted sufficient time and attention to their responsibilities as independent directors of the Company.
iv) They understand the workings of the Group's business in a comprehensive manner.
v) They have exercised due care during their tenure as an independent directors of the Company and carried out their duties in the best interest of the Company and Shareholders of the Company.

Annual Assessment of Independence

The Board had conducted an asessment of level of independence of the three (3) Independent Non-Executive Directors of the company and is generally satisfied with the level of independence demonstrated by them and their ability to act impartially as well as in the best interest of the Group.

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.

3. DIRECTORS ' REMUNERATION (CONT'D)

The remuneration of the Executive Directors consist of basic salary and other emoluments. Any salary review take into account the market rates and the performance of the individual and the Group. The Non-Executive Directors' annual fees reflected their expected roles and responsibilities. In addition, Non-Executive Directors are paid a meeting allowance for each meeting they attended.

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 2014 are as follows:

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Fees	-	100
Emoluments	1,223	19
Employees Provident Funds	102	-
Benefit-in-kind	98	-

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	-	3
RM50,001 to RM100,000	-	1
RM200,001 to RM250,000	1	–
RM1,150,001 to RM1,200,000	1	–

4. SHAREHOLDERS AND COMMUNICATION POLICY

The Board acknowledges the importance of accountability and timely communication with its shareholders and stakeholders. The annual reports and quarterly announcements remain the principal form of communication providing shareholders with an overview of the Group's activities and performance.

Another key avenue of communication with its shareholders is the Company's Annual General Meeting. It provides an informative platform for shareholders to engage directly with the Company's Directors. Notice of Annual General Meeting will be circulated at least twenty-one (21) days before the date of the meeting to enable shareholders sufficient time to peruse the Annual Report and papers supporting the resolutions proposed. The resolutions will generally carry out by show of hand, except for Related Party Transaction, if any (wherein poll will be conducted) and unless otherwise demanded by the shareholders in accordance with the Articles of Association of the Company.

4. SHAREHOLDERS AND COMMUNICATION POLICY (CONT'D)

At each annual general meeting, the Directors of the Company would be present at the meetings to answer any questions that the shareholders may ask. The Chairman of the meeting provided time for the shareholders to ask questions for each agenda in the notice of the annual general meeting. The external auditors were also present at the annual general meeting to answer any questions that the shareholders may ask. The shareholders are also encouraged to meet with the Directors after the meeting while they are welcome to communicate with the other shareholders, proxies and corporate representatives. Alternatively, shareholders can seek additional information through the Group's website: www.keinhing.com or www.zenne.com.my.

Corporate Disclosure Policy

The Board values the importance of transparency and consistency in communication with all the stakeholders, while taking into account of critical commercial confidentiality and regulatory considerations. Pursuant to this objective, a formal corporate disclosure policy together with whistleblowing policy have been established and adopted.

5. ACCOUNTABILITY AND AUDIT

Financial Reporting

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

A statement by the Directors of their responsibilities for preparing the financial statements is set out under the Statement on Directors' Responsibility on page 28 of this Annual Report.

Internal Control

The Board recognises their responsibilities for overall internal control of the Group including but not limited to financial, operation, compliance and risk management. Adherence to the Code will be observed. The Statement of Risk Management and Internal Control are furnished on pages 25 to 27 of this Annual Report.

The internal audit function is outsourced and the fees paid to the internal audit firm for the financial year ended 30 April 2014 was RM27,000.

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. The external auditors have confirmed, at an Audit Committee meeting that they are independent throughout the conduct of their audit engagement in accordance with terms of relevant professional and regulatory requirements.

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 page 10 of this Annual Report.

6. OTHERS

Utilisation of proceeds

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

Material Contracts

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

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 2014 was RM15,000.00 for verifying the Statement on Risk Management and Internal Control and other reporting.

Depository Receipt Programme

During the financial year under review, the Company did not sponsor any Depository Receipt Programme.

Sanctions and/or penalties

There were no sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or management by any relevant regulatory bodies during the financial year.

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 2014 pursuant to the shareholders' mandate obtained by the Company at the Tenth AGM held on 17 October 2013 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 2014 (RM)
1.	KHI produced metal components and tooling mould for Muramoto Technics (Malaysia) Sdn. Bhd. ("MTM").	MTM is a 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")	12,203,848

6. **OTHERS (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 2014 (RM)
2.	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 is a person connected to Yap Toon Choy, Director and Major Shareholder of the Company and Shingo Muramoto, a Director and Shareholder of the Company	Yap Toon Choy, Shingo Muramoto, Yong Elaine and Muramoto Singapore	108,000
3.	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) No.12-2, Block R2, Seksyen 6, Pangsapuri Mutiara Serdang, 43300 Serdang Raya, Selangor Darul Ehsan.	TCY Holdings is a person connected to Yap Toon Choy and Yong Elaine, a Directors and Major Shareholder of the Company	Yap Toon Choy and Yong Elaine	214,425
4.	KHI rented five (5) apartment units and the premises located at the following addresses from Mr. Yap Toon Choy for the use by its employees and shop office purposes respectively:- a) 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. b) No. 13, Jalan Besar, Susur 1, 43300 Seri Kembangan, Selangor Darul Ehsan.	Yap Toon Choy is a Director and Major Shareholder of the Company and a person connected to Yong Elaine, a Director and Major Shareholder of the Company	Yap Toon Choy and Yong Elaine	132,000

6. OTHERS (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 2014 (RM)
5.	KHI produced metal components and tooling mould for Kein Hing Muramoto (Vietnam) Co. Ltd. ("KHMV").	KHMV is a person connected to Yap Toon Choy, Director and Major Shareholder of the Company and Shingo Muramoto, a Director and Shareholder of the Company	Yap Toon Choy, Shingo Muramoto, Yong Elaine and Muramoto Singapore	1,039,270
6.	ZA sold gas appliances to Muramoto Singapore.	Muramoto Singapore is a person connected to Shingo Muramoto, a Director and Shareholder of the Company	Shingo Muramoto and Muramoto Singapore	147,754
7.	KHMV produced metal components and tooling mould for KHI.	KHMV is a person connected to Yap Toon Choy, Director and Major Shareholder of the Company and Shingo Muramoto, a Director and Shareholder of the Company	Yap Toon Choy, Shingo Muramoto, Yong Elaine and Muramoto Singapore	419,059
8.	KHI rented two (2) units of the premises located at the following addresses from Kam Loong Mining Sdn. Bhd. ("Kam Loong") for production and warehouse purposes:- a) Lot 1861A & 1861B, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan. b) Lot 1861C, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan.	Kam Loong is a Major Shareholder of the Company	Kam Loong	216,000

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
Swee 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 including reviewing their audit plans;
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 including meeting the external auditors at least twice a year, without the presence of the executive directors and management;
d) determine the adequacy of the Group's administrative, operating and accounting controls; and
e) assist the Board of Directors in implementing the objectives outlined in the Risk Management Policy, reviewing and updating the existing risk profile and status of completion of action plans.

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

Authority

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) with the risk management coordinator, the quarterly risk management report;
    v) the assistance given by the employees of the Group to the external auditors;
    vi) 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;
    vii) 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;
    viii) 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;
    ix) 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;
    x) any letter of resignation from the external auditors of the Company;
    xi) whether there is reason (supported by grounds) to believe that the Group's external auditors are not suitable for reappointment; and
    xii) identify and evaluate of new strategic risks including corporate matters (for example, regulatory, business development) and key operational risks.
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

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 2014.
iii) Reviewed external auditors' scope of work and audit plan.
iv) Reviewed the extent of application and compliance of Principles and Recommendation set out in the Malaysian Code of Corporate Governance 2012.
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 quarterly risk management report.
viii) Meeting with the External Auditors without the presence of Executive Directors and Management.

During the financial year ended 30 April 2014, 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

Audit Committee Report

Internal Audit function

The Company outsourced its internal audit function to an independent consulting firm which reports directly to the Audit Committee. The internal Auditors carried out regular and systematic reviews on the areas of operations in accordance with the audit plan and to ensure efficacy and effectiveness of the system of internal control as well as compliance with relevant laws and regulations. A risk-based methodology is adopted to evaluate and focus its work mainly on key processes and principle risk areas of the operating units.

During the financial year, the audit committee has reviewed internal audit activities that covered Computer Software Audit, Corporate Purchasing Management - Packaging Material Purchasing, Half-yearly Review of Recurrent Related Party Transactions, Warehouse and Storage Operation for certain customers and Factory Lot 33 respectively.

In the year under review, the internal audits conducted did not reveal any material weakness which would require disclosure in the annual report.

Statement on Risk Management and Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance 2012 (“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 on risk management and internal control for KHIB and its subsidiaries (“Group”).

BOARD’S RESPONSIBILITIES

The Board acknowledges its primary responsibility for the Group’s internal control and risk management system to safeguard shareholders’ investment and the Group’s assets as well as for actively reviewing its adequacy, risk tolerance and integrity of the system. It is also fully committed to actively identify, assess and monitor key business risk, whilst periodically test the effectiveness and efficiency of the internal control procedures in managing those risks.

However, it should be noted that such system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement loss and fraud. For the purpose of this statement, the associated company is not dealt with as part of the Group.

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 whilst reporting directly to the Audit Committee. This, in turn, aids 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 Computer Software Licenses, Corporate Purchasing Management - Packaging Materials, Half-yearly Review of Recurrent Related Party Transactions, Warehouse and Storage Operation for certain customers and Factory Lot 33 respectively.

Any areas for improvement identified during the course of the internal audit were brought to the attention of the Audit Committee. Four (4) internal audit and risk management reports were tabled at the Audit Committee meetings held during the financial year under review. The internal audit reports were also forwarded to and discussed with the Management concerned for attention and necessary action, with the status of actions taken then reported back to the Audit Committee and the Board.

Statement on Risk Management and Internal Control

RISK MANAGEMENT FRAMEWORK

The Board ensures that there is an ongoing process of identifying, evaluating and managing significant risks faced by the Group throughout the financial year. The Board and Management has identified potential risk areas, reviewed current risk level, evaluated likelihood and its impact on the Group businesses and explored all possible countermeasures to manage and control these risks.

The Board has received ongoing reports and assurance from the Management that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group. In addressing the potential risks faced by the Group, the Board has considered:

- the impact and extent of risks facing the Group;
- the categories of risks which may be very significant, major, moderate or minor
- the likelihood of the risks concerned materialising;
- the Group's ability to reduce the risks that may materialise and their impact on the business; and
- the cost of operating particular controls relative to the benefit thereby obtained in managing and the related risks.

During the financial year, the Management had compiled and evaluated the risk profiles for each of the departments in accordance with their inherent business risk factors, its corresponding ratings and any subsequent counter-measures required. These risk profiles had been progressively presented to the Audit and Risk Management Committee for review. In addition, the Board had received reasonable assurance from the Managing Director and Financial Controller that the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, which is based on the risk management and internal control system of the Company.

KEY ELEMENTS OF INTERNAL CONTROLS

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

- Organisational Structure
  The Board has in place an organisation structure with well-defined delegation of responsibilities and accountabilities within the Group's senior management. The roles and responsibilities, appropriate authority limits and approval procedures are established in order to enhance the internal control system of the Group's various operations.

- Board Committees
  Board Committees such as Audit Committee, Nominating Committee and Remuneration Committee are established with formal terms of references clearly outlining their functions and duties delegated by the Board. The Audit Committee meets at least four times a year and reviews the effectiveness of the Group's system of internal control and risk management. The Committee meets with the internal auditors and external auditors to review their reports whilst assisting the Board to review the effectiveness of the on-going monitoring processes on risk and control matters for areas within their scope.

- Control Activities
  The Group continuously reviews and updates its policies, procedures and standards in accordance with changes in the operating environment.

Statement on Risk Management and Internal Control

- Budgeting and Monitoring Processes
  The Group has in place budgeting process for all operating units with periodical monitoring of performance so that major variances are followed-up and management action taken.

- Information and Communication Controls
  The Group's computerized information systems are streamlined to ensure compliance with hardware and software regulations and guidelines for system integrity, effectiveness and efficiency, whilst the Managing Director acts as the channel of communication between the Board and the Management. The Managing Director is empowered to manage the business of the Group and implement the Board's directive and policies.

Review of the Statement by External Auditors

The external auditors, Messrs KPMG have reviewed this statement on risk management and internal control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised), *Guidance for Auditors on Engagement to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the financial year ended 30 April 2014, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material aspects:

(a) has not been prepared in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
(b) is factually inaccurate.

RPG 5 (Revised) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

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.

The statement made in accordance with the resolution of the Board of Directors dated 22 August 2014.

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 2014, 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; and
- Applied the going concern basis.

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 2014

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 April 2014.

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:		
Owners of the Company	1,159,984	3,899,448
Non-controlling interests	1,432,948	-
	2,592,932	3,899,448

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review.

DIVIDENDS

Since the end of the previous financial year, the Company paid a final tax exempt ordinary dividend of 1 sen per ordinary share, totalling RM990,000, in respect of the financial year ended 30 April 2013 on 20 November 2013.

The final single tier dividend recommended by the Directors in respect of the financial year ended 30 April 2014 is 1 sen per ordinary share totalling RM990,000. This dividend will be recognised in the subsequent financial year upon approval by the shareholders in the forthcoming Annual General Meeting.

DIRECTORS OF THE COMPANY

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

Yap Toon Choy
Yong Elaine
Shingo Muramoto
Darsan Singh A/L Balwant Singh
Swee Soo Mang
Gan Chee Tsong

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 financial 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:

	Number of ordinary shares of RM0.50 each			
Company	**At 1.5.2013**	**Bought**	**Sold**	**At 30.4.2014**
Direct interest				
Yap Toon Choy	37,126,520	-	-	37,126,520
Yong Elaine	20,870,070	-	-	20,870,070
Deemed interest *				
Shingo Muramoto	4,372,600	-	-	4,372,600

	Contributed capital (US Dollars)			
	At 1.5.2013	**Addition**	**Redemption**	**At 30.4.2014**
Kein Hing Muramoto (Vietnam) Co., Ltd				
Deemed interest *				
Shingo Muramoto	1,078,000	-	-	1,078,000

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

By virtue of their interests in the shares of the Company, Yap Toon Choy, Yong Elaine and Shingo Muramoto are also deemed interested in the shares of the 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 2014 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 27 to the financial statements.

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

ISSUE OF SHARES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

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

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts, or the amount of provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 April 2014 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.

SIGNIFICANT EVENTS

The significant events during the financial year is disclosed in Note 28 to the financial statements.

SUBSEQUENT EVENT

The subsequent event after the financial year is disclosed in Note 29 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: 22 August 2014

Statements of **Financial Position**

As at 30 April 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM	RM	RM	RM
Assets					
Property, plant and equipment	3	**83,653,275**	85,164,550	**-**	-
Prepaid lease payments	4	**3,980,775**	3,795,284	**-**	-
Investments in subsidiaries	5	**-**	-	**59,754,073**	57,264,873
Investment in an associate	6	**-**	1,505,747	**-**	500,722
Other investments	7	**695,893**	695,552	**-**	-
Amount due from a subsidiary	8	**-**	-	**1,055,017**	1,708,084
Total non-current assets		**88,329,943**	91,161,133	**60,809,090**	59,473,679
Trade and other receivables	8	**28,468,272**	25,877,275	**1,519,652**	782,046
Inventories	9	**18,068,810**	14,666,683	**-**	-
Current tax assets		**-**	995,664	**-**	-
Cash and bank balances	10	**16,959,704**	14,644,060	**32,763**	78,954
Assets classified as held for sale	11	**1,400,000**	-	**500,722**	-
Total current assets		**64,896,786**	56,183,682	**2,053,137**	861,000
Total assets		**153,226,729**	147,344,815	**62,862,227**	60,334,679
Equity					
Share capital	12	**49,500,000**	49,500,000	**49,500,000**	49,500,000
Reserves		**37,616,925**	36,522,822	**13,076,473**	10,167,025
Equity attributable to owners of the Company		**87,116,925**	86,022,822	**62,576,473**	59,667,025
Non-controlling interests	12	**8,001,825**	6,062,826	**-**	-
Total equity		**95,118,750**	92,085,648	**62,576,473**	59,667,025
Liabilities					
Loans and borrowings	13	**8,972,771**	9,567,341	**-**	-
Trade and other payables	14	**1,013,644**	1,641,101	**-**	-
Deferred tax liabilities	15	**4,080,752**	4,191,498	**-**	-
Total non-current liabilities		**14,067,167**	15,399,940	**-**	-
Loans and borrowings	13	**19,611,120**	18,084,114	**-**	-
Trade and other payables	14	**23,580,726**	21,389,580	**283,754**	667,654
Current tax liabilities		**848,966**	385,533	**2,000**	-
Total current liabilities		**44,040,812**	39,859,227	**285,754**	667,654
Total liabilities		**58,107,979**	55,259,167	**285,754**	667,654
Total equity and liabilities		**153,226,729**	147,344,815	**62,862,227**	60,334,679

The notes on pages 18 to 94 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 30 April 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Revenue	16	**159,812,888**	149,568,176	**4,050,000**	4,050,000
Cost of sales		**(129,687,114)**	(122,966,269)	**-**	-
Gross profit		**30,125,774**	26,601,907	**4,050,000**	4,050,000
Other income		**2,038,443**	1,229,549	**471**	38,970
Distribution expenses		**(2,212,127)**	(2,340,881)	**-**	-
Administrative expenses		**(22,855,615)**	(22,205,828)	**(301,059)**	(313,470)
Other expenses		**(1,190,123)**	(614,852)	**-**	(328,926)
Results from operating activities		**5,906,352**	2,669,895	**3,749,412**	3,446,574
Investment income		**308,019**	352,680	**171,695**	155,316
Finance costs		**(1,930,897)**	(1,745,215)	**-**	-
Operating profit	17	**4,283,474**	1,277,360	**3,921,107**	3,601,890
Share of profit of equity-accounted associate, net of tax		**152,950**	103,170	**-**	-
Profit before tax		**4,436,424**	1,380,530	**3,921,107**	3,601,890
Income tax expense	19	**(1,843,492)**	(1,214,420)	**(21,659)**	(17,895)
Profit for the year		**2,592,932**	166,110	**3,899,448**	3,583,995
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Share of capital reserve by a non-controlling interest of a subsidiary		**-**	142,207	**-**	-
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		**1,432,977**	(124,973)	**-**	-
Fair value of available-for-sale financial assets		**193**	4,440	**-**	-
Total comprehensive income for the year		**4,026,102**	187,784	**3,899,448**	3,583,995
Profit/(Loss) attributable to:					
Owners of the Company		**1,159,984**	(1,182,651)	**3,899,448**	3,583,995
Non-controlling interests		**1,432,948**	1,348,761	**-**	-
Profit for the year		**2,592,932**	166,110	**3,899,448**	3,583,995
Total comprehensive income/(expense) attributable to:					
Owners of the Company		**2,110,828**	(1,253,068)	**3,899,448**	3,583,995
Non-controlling interests		**1,915,274**	1,440,852	**-**	-
Total comprehensive income for the year		**4,026,102**	187,784	**3,899,448**	3,583,995
Basic earnings/(loss) per ordinary share (sen):	20	**1.17**	(1.19)		
Dividends per ordinary share (sen):	21	**1.00**	1.00		

The notes on pages 18 to 94 are an integral part of these financial statements.

Consolidated Statement of **Changes in Equity**

For the year ended 30 April 2014

Group	Note	Share capital RM	Share premium RM	Translation reserve RM	Fair value reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
		← Attributable to owners of the Company					→		
		← Non-distributable			→	Distributable			
At 1 May 2012		49,500,000	2,668,992	(74,156)	(7,149)	36,178,203	88,265,890	4,621,974	92,887,864
Foreign currency translation differences for foreign operations		-	-	(74,857)	-	-	(74,857)	92,091	17,234
Fair value of available-for-sales financial asset		-	-	-	4,440	-	4,440	-	4,440
Total other comprehensive (expense)/income for the year		-	-	(74,857)	4,440	-	(70,417)	92,091	21,674
(Loss)/Profit for the year		-	-	-	-	(1,182,651)	(1,182,651)	1,348,761	166,110
Total comprehensive income for the year		-	-	(74,857)	4,440	(1,182,651)	(1,253,068)	1,440,852	187,784
Dividends to owners of the Company	21	-	-	-	-	(990,000)	(990,000)	-	(990,000)
At 30 April 2013		49,500,000	2,668,992	(149,013)	(2,709)	34,005,552	86,022,822	6,062,826	92,085,648
		Note 12.1	Note 12.2	Note 12.3	Note 12.4			Note 12.6	
At 1 May 2013		49,500,000	2,668,992	(149,013)	(2,709)	34,005,552	86,022,822	6,062,826	92,085,648
Foreign currency translation differences for foreign operations		-	-	950,651	-	-	950,651	482,326	1,432,977
Fair value of available-for-sales financial asset		-	-	-	193	-	193	-	193
Total other comprehensive income for the year		-	-	950,651	193	-	950,844	482,326	1,433,170
Profit for the year		-	-	-	-	1,159,984	1,159,984	1,432,948	2,592,932
Total comprehensive income for the year		-	-	950,651	193	1,159,984	2,110,828	1,915,274	4,026,102
Acquisition and disposal of non-controlling interests		-	-	-	-	(26,725)	(26,725)	23,725	(3,000)
Dividends to owners of the Company	21	-	-	-	-	(990,000)	(990,000)	-	(990,000)
At 30 April 2014		**49,500,000**	**2,668,992**	**801,638**	**(2,516)**	**34,148,811**	**87,116,925**	**8,001,825**	**95,118,750**
		Note 12.1	Note 12.2	Note 12.3	Note 12.4			Note 12.6	

The notes on pages 18 to 94 are an integral part of these financial statements.

Statement of **Changes in Equity**

For the year ended 30 April 2014

		Non-distributable		*Distributable*	
		Share capital	**Share premium**	**Retained earnings**	**Total**
Company	**Note**	**RM**	**RM**	**RM**	**RM**
At 1 May 2012		49,500,000	2,668,992	4,904,038	57,073,030
Profit for the year and total comprehensive income for the year		-	-	3,583,995	3,583,995
Dividends to owners of the Company	21	-	-	(990,000)	(990,000)
At 30 April 2013/1 May 2013		49,500,000	2,668,992	7,498,033	59,667,025
Profit for the year and total comprehensive income for the year		-	-	3,899,448	3,899,448
Dividends to owners of the Company	21	-	-	(990,000)	(990,000)
At 30 April 2014		**49,500,000**	**2,668,992**	**10,407,481**	**62,576,473**
		Note 12.1	Note 12.2		

The notes on pages 18 to 94 are an integral part of these financial statements.

Statement of **Cash Flows**

For the year ended 30 April 2014

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Cash flows from operating activities				
Profit before tax	**4,436,424**	1,380,530	**3,921,107**	3,601,890
Adjustments for:				
Amortisation of prepaid lease payments				
- Land use rights	**102,025**	66,897	**-**	-
Depreciation of property, plant and equipment	**10,979,675**	10,536,604	**-**	-
Dividend income	**-**	-	**(4,050,000)**	(4,050,000)
Finance costs	**1,930,897**	1,745,215	**-**	-
Gain on disposal of assets held for sale	**-**	(11,297)	**-**	-
Loss/(Gain) on disposal of property, plant and equipment	**1,642**	(57,630)	**-**	-
Impairment loss on investment in a subsidiary	**-**	-	**-**	328,926
Impairment loss on trade receivables	**208,773**	-	**-**	-
Impairment loss on investment in an associate	**208,697**	-	**-**	-
Investment income	**(308,019)**	(352,680)	**(171,695)**	(155,316)
Property, plant and equipment written off	**164,579**	76,771	**-**	-
Share of profit of equity-accounted associate, net of tax	**(152,950)**	(103,170)	**-**	-
Operating profit/(loss) before changes in working capital	**17,571,743**	13,281,240	**(300,588)**	(274,500)
Changes in working capital:				
Inventories	**(3,402,127)**	(444,050)	**-**	-
Trade and other receivables	**(2,799,919)**	(1,956,754)	**-**	211,200
Trade and other payables	**2,719,292**	(1,021,755)	**9,000**	2,000
Cash generated from/(used in) operations	**14,088,989**	9,858,681	**(291,588)**	(61,300)
Income tax paid	**(495,141)**	(2,051,235)	**(19,659)**	(17,895)
Net cash generated from/(used in) operating activities	**13,593,848**	7,807,446	**(311,247)**	(79,195)
Cash flows from investing activities				
Acquisition of additional shares in subsidiaries	**-**	-	**(2,486,200)**	(2,472,768)
Acquisition of non-controlling interests' share in a subsidiary	**(3,000)**	-	**(3,000)**	-
Acquisition of other investments	**-**	(15,761)	**-**	-
Acquisition of property, plant and equipment (ii)	**(6,753,388)**	(5,172,921)	**-**	-
Dividend received	**50,000**	50,000	**4,050,000**	4,050,000
Proceeds from disposal of assets held for sale	**-**	647,800	**-**	-
Proceeds from disposal of property, plant and equipment	**48,005**	123,517	**-**	-
Increase in prepaid lease payments	**-**	(2,116,412)	**-**	-
Interest received	**222,508**	265,047	**86,184**	67,683
Increase in pledged deposits with licensed banks	**(3,824)**	(3,719)	**-**	-
Net cash (used in)/from investing activities	**(6,439,699)**	(6,222,449)	**1,646,984**	1,644,915

Statement of **Cash Flows**

For the year ended 30 April 2014

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Cash flows from financing activities				
Advances to subsidiaries	**-**	-	**(391,928)**	(1,637,780)
Advances from a non-controlling interest in a subsidiary	**-**	980,000	**-**	-
Proceeds from term loans	**2,650,945**	3,328,788	**-**	-
Repayment of advances to Directors	**(1,237,757)**	(261,858)	**-**	-
Repayment of finance lease liabilities	**(3,286,492)**	(5,227,876)	**-**	-
Repayment of term loans	**(2,176,728)**	(2,221,526)	**-**	-
Proceeds from other borrowings	**2,552,512**	730,181	**-**	-
Dividends paid	**(990,000)**	(990,000)	**(990,000)**	(990,000)
Interest paid	**(1,763,230)**	(1,573,464)	**-**	-
Net cash used in financing activities	**(4,250,750)**	(5,235,755)	**(1,381,928)**	(2,627,780)
Net increase/(decrease) in cash and cash equivalents	**2,903,399**	(3,650,758)	**(46,191)**	(1,062,060)
Exchange differences on translation of the financial statements of foreign operations	**57,796**	(212,702)	**-**	-
Cash and cash equivalents at 1 May	**7,383,549**	11,247,009	**78,954**	1,141,014
Cash and cash equivalents at 30 April (i)	**10,344,744**	7,383,549	**32,763**	78,954

Notes to statements of cash flows

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
	Note	**2014**	**2013**	**2014**	**2013**
		RM	**RM**	**RM**	**RM**
Deposits with licensed banks	10	**8,510,253**	6,811,756	**-**	-
Less: Pledged deposits	10	**(133,546)**	(129,722)	**-**	-
		8,376,707	6,682,034	**-**	-
Cash and bank balances	10	**8,449,451**	7,832,304	**32,763**	78,954
Bank overdraft	13	**(6,481,414)**	(7,130,789)	**-**	-
		10,344,744	7,383,549	**32,763**	78,954

(ii) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM8,594,962 (2013: RM8,974,901) of which RM1,841,574 (2013: RM3,801,980) was acquired by means of finance lease arrangements.

The notes on pages 18 to 94 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 of the Company as at and for the financial year ended 30 April 2014 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 financial year ended 30 April 2014 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 and Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 22 August 2014.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014 (Cont'd)

- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Properties (Annual Improvements 2011-2013 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 11, *Joint Arrangements (Accounting for Acquisitions of Interests in Joint Operations)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Clarification of Acceptable Methods of Depreciation)*
- Amendments to MFRS 138, *Intangible Assets (Clarification of Acceptable Methods of Amortisation)*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

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

- from the annual period beginning on 1 May 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014, except for IC Interpretation 21 which is not applicable to the Group and the Company.

- from the annual period beginning on 1 May 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014.

- from the annual period beginning on 1 May 2016 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016.

  The initial application of the abovementioned standards, amendments or interpretations are not expected to have any material financial impacts to the current and prior period financial statements of the Group and of the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

1. BASIS OF PREPARATION (CONT'D)

(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 in conformity with Malaysian Financial Reporting Standards ("MFRSs") 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 estimates are revised and in any future periods affected.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group adopted MFRS 10, Consolidated Financial Statements in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, 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.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Associates

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

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(v) Associates (Cont'd)

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, 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 associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale. The cost of the investment includes transaction costs.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) 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 associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency

(i) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those 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 profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

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

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 May 2011 which are treated as assets and liabilities of the Company. 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 other comprehensive income and accumulated in the Foreign Currency Translation Reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Loans and receivables

Loans and receivables category comprises debt instruments, transferable club investments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(b) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments and other investments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets are subject to review for impairment (see Note 2(i)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

Fair value through profit or loss category comprises financial liabilities that are derivatives or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) 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. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Recognition and measurement (Cont'd)

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date and in accordance to Note 2(s).

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.

The gains or losses on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component 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 component will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

• Buildings	42.5 - 50 years
• Leasehold land	99 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

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the Group's statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance in an operating lease is classified as prepaid lease payments.

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 land use rights is amortised on a straight-line basis over the lease term, ranged from 43 years to 46 years.

(f) Inventories

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

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Cash and cash equivalents

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Non-current assets held for sale

Non-current assets 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 are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale are not amortised or depreciated.

(i) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries and associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment (Cont'd)

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and non-current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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 cash-generating units. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (group of cash-generating 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 the end of each reporting period 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 since the last impairment loss was recognised. 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 profit or loss in the financial year in which the reversals are recognised.

(j) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not re-measured subsequently.

Share issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Employee benefits

(i) 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 liability 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.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(l) Provisions

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

(m) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities 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, and the amount of revenue can be measured reliably.

(ii) Rental income

Rental income is recognised in profit or loss as it accrues.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date the Group's or the Company's right to receive payment is established.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or 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 end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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.

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(r) 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 not recognised in the statements of financial position and 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.

(s) Fair value measurement

From 1 May 2013, the Group adopted MFRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In accordance with the transitional provision of MFRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Buildings on freehold land	Leasehold land	Buildings on leasehold land	Plant and machinery, electrical installations and factory equipment	Office equipment, furniture and fittings and renovation	Motor vehicles	Assets under construction	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost									
At 1 May 2012	10,774,745	15,652,218	2,031,007	7,553,666	93,776,487	14,209,801	4,440,287	3,067,660	151,505,871
Additions	-	-	-	210,733	5,764,918	1,639,193	1,191,686	168,371	8,974,901
Disposals	-	-	-	-	(66,280)	(84,491)	(380,791)	-	(531,562)
Write off	-	-	-	-	(268,754)	(128,587)	(62,252)	-	(459,593)
Reclassification	-	2,375,388	-	860,645	(64,580)	64,578	-	(3,236,031)	-
Effect of movements in exchange rates	-	-	-	-	217	505	1,451	-	2,173
At 30 April 2013/ 1 May 2013	10,774,745	18,027,606	2,031,007	8,625,044	99,142,008	15,700,999	5,190,381	-	159,491,790
Additions	-	-	-	395,816	6,299,846	1,301,028	598,272	-	8,594,962
Disposals	-	-	-	-	(297,363)	(20,847)	(225,564)	-	(543,774)
Write off	-	-	-	-	(1,645,259)	(2,066,322)	-	-	(3,711,581)
Effect of movements in exchange rates	-	-	-	413,827	1,334,687	73,648	61,312	-	1,883,474
At 30 April 2014	**10,774,745**	**18,027,606**	**2,031,007**	**9,434,687**	**104,833,919**	**14,988,506**	**5,624,401**	**-**	**165,714,871**

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

Group	Freehold land RM	Buildings on freehold land RM	Leasehold land RM	Buildings on leasehold land RM	Plant and machinery, electrical installations and factory equipment RM	Office equipment, furniture and fittings and renovation RM	Motor vehicles RM	Assets under construction RM	Total RM
Depreciation and impairment loss									
At 1 May 2012									
Accumulated depreciation	-	2,629,002	179,064	1,222,290	54,526,463	5,265,134	630,767	-	64,452,720
Accumulated impairment loss	-	-	-	-	250,000	-	-	-	250,000
	-	2,629,002	179,064	1,222,290	54,776,463	5,265,134	630,767	-	64,702,720
Depreciation for the year	-	356,407	24,442	268,961	7,975,003	1,232,215	679,576	-	10,536,604
Disposals	-	-	-	-	(63,314)	(79,567)	(322,793)	-	(465,674)
Write off	-	-	-	-	(225,088)	(95,482)	(62,252)	-	(382,822)
Effect of movements in exchange rates	-	-	-	(6,153)	(53,426)	(3,112)	(897)	-	(63,588)
Accumulated depreciation	-	2,985,409	203,506	1,485,098	62,159,638	6,319,188	924,401	-	74,077,240
Accumulated impairment loss	-	-	-	-	250,000	-	-	-	250,000
At 30 April 2013/ 1 May 2013	-	2,985,409	203,506	1,485,098	62,409,638	6,319,188	924,401	-	74,327,240

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

Group	Freehold land	Buildings on freehold land	Leasehold land	Buildings on leasehold land	Plant and machinery, electrical installations and factory equipment	Office equipment, furniture and fittings and renovation	Motor vehicles	Assets under construction	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Depreciation and impairment loss (continued)									
At 1 May 2013									
Accumulated depreciation	-	2,985,409	203,506	1,485,098	62,159,638	6,319,188	924,401	-	74,077,240
Accumulated impairment loss	-	-	-	-	250,000	-	-	-	250,000
	-	2,985,409	203,506	1,485,098	62,409,638	6,319,188	924,401	-	74,327,240
Depreciation for the year	-	379,990	24,443	314,450	8,039,627	1,422,181	798,984	-	10,979,675
Disposals	-	-	-	-	(248,420)	(20,144)	(225,563)	-	(494,127)
Write off	-	-	-	-	(1,546,147)	(2,000,855)	-	-	(3,547,002)
Effect of movements in exchange rates	-	-	-	61,759	656,939	40,655	36,457	-	795,810
Accumulated depreciation	-	3,365,399	227,949	1,861,307	69,061,637	5,761,025	1,534,279	-	81,811,596
Accumulated impairment loss	-	-	-	-	250,000	-	-	-	250,000
At 30 April 2014	**-**	**3,365,399**	**227,949**	**1,861,307**	**69,311,637**	**5,761,025**	**1,534,279**	**-**	**82,061,596**
Carrying amounts									
At 30 April 2013/ 1 May 2013	10,774,745	15,042,197	1,827,501	7,139,946	36,732,370	9,381,811	4,265,980	-	85,164,550
At 30 April 2014	**10,774,745**	**14,662,207**	**1,803,058**	**7,573,380**	**35,522,282**	**9,227,481**	**4,090,122**	**-**	**83,653,275**

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

3.1 Property, plant and equipment on finance lease arrangements

Carrying amounts of property, plant and equipments under finance lease arrangements are as follows:

	Group 2014 RM	Group 2013 RM
Plant and machinery, electrical installations and factory equipment	**5,590,668**	12,048,042
Motor vehicles	**1,225,385**	2,592,335
	6,816,053	14,640,377

3.2 Security

Certain property, plant and equipment of the Group amounting to RM39,808,239 (2013: RM37,582,805) are charged to banks as security for loans and borrowings (Note 13).

3.3 Capitalisation of qualifying assets

Borrowing costs for qualifying asset which is under construction amounting to RM Nil (2013: RM74,768) are being capitalised.

4. PREPAID LEASE PAYMENTS

	Group Land use rights RM
Cost	
At 1 May 2012	2,187,630
Additions	2,116,412
Effect of movements in exchange rates	(46,866)
At 30 April 2013/1 May 2013	4,257,176
Effect of movements in exchange rates	323,213
At 30 April 2014	**4,580,389**
Amortisation	
At 1 May 2012	444,018
Charge for the year	66,897
Effect of movements in exchange rates	(49,023)
At 30 April 2013/1 May 2013	461,892
Charge for the year	102,025
Effect of movements in exchange rates	35,697
At 30 April 2014	**599,614**
Carrying amount	
At 30 April 2013/1 May 2013	3,795,284
At 30 April 2014	**3,980,775**

Certain prepaid lease payments of the Group amounting to RM1,769,684 (2013: RM1,694,209) are charged to banks as security for loans and borrowings (Note 13).

5. INVESTMENT IN SUBSIDIARIES

	Company 2014 RM	Company 2013 RM
At cost:		
Unquoted shares	**60,335,844**	57,698,550
Less: Impairment loss	**(581,771)**	(581,771)
	59,754,073	57,116,779
Advances to a subsidiary treated as quasi-investment	**-**	148,094
	59,754,073	57,264,873

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2014 %	Effective ownership interest 2013 %
Kein Hing Industry Sdn. Bhd.	Malaysia	Sheet metal forming, precision machining, component assembly and manufacture and sale of gas appliances	**100**	100
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
Zenne Infinity Sdn. Bhd. (*formerly known as Kein Hing Appliances Sdn. Bhd.*)#	Malaysia	Trading in electrical and electronics products and home appliances	**100**	97
Zenne Appliances Sdn. Bhd.#	Malaysia	Trading and distribution of gas appliances	**100**	100
Sanko Kein Hing Sdn. Bhd.#	Malaysia	Precision machining of electronics and electrical industries' components	**51**	51
Kein Hing Polychrome (Vietnam) Co., Ltd#@	Vietnam	Dormant	**80**	85
Kein Hing Industry Vietnam Co., Ltd#	Vietnam	Sheet metal forming, precision machining, manufacturing and fabrication of tools and dies and assembly of components	**100**	100

* *Audited by other member firms of KPMG International*

\# *Audited by other firms of auditors*

@ *Polychrome Sdn. Bhd. ("PSB") is an associate of the Company and holds the remaining 20% of the equity interest in Kein Hing Polychrome (Vietnam) Co., Ltd ("KHPV"). Following the asset which is classified as "assets held for sale" (Note 11), there was deemed disposal of equity interest in KHPV to non-controlling interests and accordingly the effective ownership interest in KHPV has reduced from 85% to 80%.*

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

5.1 Non-controlling interest in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	KHMV RM	2014 Other subsidiaries with immaterial NCI RM	Total RM
NCI percentage of ownership interest and voting interest	**49%**		
Carrying amount of NCI	**8,220,530**	**(221,829)**	**7,998,701**
Profit/(Loss) allocated to NCI	**1,846,286**	**(415,667)**	**1,430,619**
Summarised financial information before intra-group elimination			
As at 30 April			
Non-current assets	**20,811,345**		
Current assets	**10,946,013**		
Non-current liabilities	**(3,213,026)**		
Current liabilities	**(11,767,740)**		
Net assets	**16,776,592**		
Year ended 30 April			
Revenue	**43,767,154**		
Profit for the year	**3,767,931**		
Total comprehensive income	**3,767,931**		
Cash flows from operating activities	**6,048,566**		
Cash flows from investing activities	**(6,445,032)**		
Cash flows from financing activities	**1,218,228**		
Exchange differences on translation of the financial statements of foreign operations	**(276,399)**		
Net increase in cash and cash equivalents	**545,363**		
Dividends paid to NCI	**-**		

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

5.1 Non-controlling interest in subsidiaries (Cont'd)

	KHMV RM	2013 Other subsidiaries with immaterial NCI RM	Total RM
NCI percentage of ownership interest and voting interest	49%		
Carrying amount of NCI	5,913,856	148,970	6,062,826
Profit/(Loss) allocated to NCI	1,531,659	(182,898)	1,348,761
Summarised financial information before intra-group elimination			
As at 30 April			
Non-current assets	16,288,586		
Current assets	8,716,985		
Non-current liabilities	(2,501,409)		
Current liabilities	(10,435,069)		
Net assets	12,069,093		
Year ended 30 April			
Revenue	36,332,619		
Profit for the year	3,125,834		
Total comprehensive income	3,125,834		
Cash flows from operating activities	4,605,676		
Cash flows from investing activities	(2,985,191)		
Cash flows from financing activities	(1,414,587)		
Exchange differences on translation of the financial statements of foreign operations	(186,688)		
Net increase in cash and cash equivalents	19,210		
Dividends paid to NCI	-		

6. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2014 RM	2013 RM	**2014 RM**	2013 RM
At cost:				
Unquoted shares	**500,722**	500,722	**500,722**	500,722
Share of post-acquisition reserves	**1,107,975**	1,005,025	**-**	-
Less: Impairment loss	**(208,697)**	-	**-**	-
Assets classified as held for sale	**(1,400,000)**	-	**(500,722)**	-
	-	1,505,747	**-**	500,722

6. INVESTMENT IN AN ASSOCIATE (CONT'D)

Details of the significant associate and its activities are as follows:

Name of associate	Country of incorporation	Principal activities	Effective ownership interest 2014 %	Effective ownership interest 2013 %
Polychrome Sdn. Bhd. @	Malaysia	Electroplating, iron founders, tinplate makers and smelters	-	25

@ *Assets classified as held for sale (Note 11)*

On 29 April 2014, the Company had entered into an agreement to dispose of its entire equity interest of 400,000 ordinary shares representing 25% effective ownership interest in Polychrome Sdn. Bhd. ("PSB") to the existing individual substantial shareholders and directors of PSB for a total cash consideration of RM1,400,000 (the "Agreement"). Following the Agreement, the investment in an associate is classified as "assets held for sale" as at 30 April 2014 (refer to Note 11).

The summarised financial information for an associate, not adjusted for percentage ownership held by the Group is as follows:

	Revenue (100%) RM	Net profit (100%) RM	Total assets (100%) RM	Total liabilities (100%) RM
2014				
Polychrome Sdn. Bhd.	-	-	-	-
2013				
Polychrome Sdn. Bhd.	5,823,387	412,679	6,905,605	(882,619)

7. OTHER INVESTMENTS

Group	Transferable club memberships RM	Other investment RM	Total RM
2014			
Available-for-sale financial assets, at fair value	**-**	**497,484**	**497,484**
Others, at cost	**223,989**	**-**	**223,989**
Less: Impairment loss	**(25,580)**	**-**	**(25,580)**
	198,409	**497,484**	**695,893**
2013			
Available-for-sale financial assets, at fair value	-	497,291	497,291
Others, at cost	223,841	-	223,841
Less: Impairment loss	(25,580)	-	(25,580)
	198,261	497,291	695,552

8. TRADE AND OTHER RECEIVABLES

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Non-current					
Non-trade					
Amount due from a subsidiary	8.1	**-**	-	**1,055,017**	1,708,084
Current					
Trade					
Trade receivables		**21,311,488**	23,166,475	**-**	-
Less: Impairment loss		**(304,251)**	(104,214)	**-**	-
		21,007,237	23,062,261	**-**	-
Amount due from related parties	8.2	**2,150,488**	135,804	**-**	-
Total trade		**23,157,725**	23,198,065	**-**	-
Non-trade					
Amount due from a subsidiary	8.1	**-**	-	**1,518,352**	780,746
Amount due from a related party	8.3	**9,000**	9,000	**-**	-
Prepaid finance lease payments		**386,898**	636,130	**-**	-
Other prepayments		**650,709**	484,969	**-**	-
Refundable deposits		**378,969**	540,939	**-**	-
Staff loan		**83,487**	136,821	**-**	-
Other receivables	8.4	**3,801,484**	871,351	**1,300**	1,300
		5,310,547	2,679,210	**1,519,652**	782,046
		28,468,272	25,877,275	**1,519,652**	782,046

8.1 Amount due from a subsidiary

The non-trade receivable due from a subsidiary arises from unsecured advances granted to a subsidiary in accordance with six (6) (2013: 6) separate loan agreements which earn interest at fixed rate of 3% (2013: 3%) per annum and are repayable by way of 10 quarterly instalments with the first instalment payment due and payable on 1 January 2012, 1 July 2012, 1 January 2013, 1 January 2014, 1 January 2015 and 1 July 2015 respectively and the subsequent instalments payable at successive intervals of 3 months.

8.2 Amount due from related parties

The trade receivable due from related parties are unsecured, interest free and subject to the normal trade terms of 30 days (2013: 30 days).

8.3 Amount due from a related party

The amount due from a related party represents rental receivable as disclosed in Note 27 to the financial statements.

8. TRADE AND OTHER RECEIVABLES (CONT'D)

8.4 Other receivables

Other receivables of the Group included the following:-

(i) Prepaid tooling costs of RM1,307,709 (2013: Nil) which will be recovered from certain customers.

(ii) Progress payment of RM1,362,886 (2013: Nil) made to a third party in relation to the acquisition of a land use right as disclosed in Note 28.

9. INVENTORIES

	Group	
	2014	**2013**
	RM	**RM**
At cost:		
Raw materials	**7,930,279**	5,988,154
Work-in-progress	**4,507,762**	3,657,544
Manufactured inventories	**4,585,142**	4,543,704
Trading inventories	**1,045,627**	477,281
	18,068,810	14,666,683
Recognised in profit or loss:		
Inventories recognised as cost of sales	**129,687,114**	122,966,269
Write-down to net realisable value	**20,624**	-
Reversal of write-down	**147,237**	25,545

The write-down and reversal are included in cost of sales.

10. CASH AND BANK BALANCES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Deposits placed with licensed banks	**8,510,253**	6,811,756	**-**	-
Cash and bank balances	**8,449,451**	7,832,304	**32,763**	78,954
	16,959,704	14,644,060	**32,763**	78,954

Included in deposits placed with licensed banks of the Group is RM133,546 (2013: RM129,722) pledged for a bank facility granted to a subsidiary (see Note 13).

11. ASSETS CLASSIFIED AS HELD FOR SALE

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Carrying amount of assets held for sale (Note 6)	**1,400,000**	-	**500,722**	-

12. SHARE CAPITAL AND RESERVES

12.1 Share capital

	Group and Company			
	Amount 2014 RM	Number of shares 2014	Amount 2013 RM	Number of shares 2013
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

Share premium 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 the Group entities with functional currencies other than RM.

12.4 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

12. SHARE CAPITAL AND RESERVES (CONT'D)

12.5 Non-controlling interests

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

It also included 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 did not have voting rights in meetings.

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

13. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's and the Company's interest bearing loans and borrowings. For more information about the Group's and the Company's exposure to interest rate and foreign currency risk, refer to Note 23.

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Non-current				
Secured term loans	**6,441,278**	6,712,167	**-**	-
Unsecured term loans	**256,193**	-	**-**	-
Finance lease liabilities	**2,275,300**	2,855,174	**-**	-
	8,972,771	9,567,341	**-**	-
Current				
Unsecured bankers' acceptance	**4,895,000**	2,582,000	**-**	-
Secured bills payable	**3,248,790**	3,009,278	**-**	-
Secured bank overdrafts	**4,823,183**	5,511,308	**-**	-
Unsecured bank overdrafts	**1,658,231**	1,619,481	**-**	-
Secured term loans	**2,671,789**	2,408,783	**-**	-
Unsecured term loans	**225,907**	-	**-**	-
Finance lease liabilities	**2,088,220**	2,953,264	**-**	-
	19,611,120	18,084,114	**-**	-
	28,583,891	27,651,455	**-**	-

The loans and borrowings are denominated in Ringgit Malaysia except for certain secured term loans and secured bills payable amounting to RM6,995,881 (2013: RM5,106,782) and RM1,155,117 (2013: RM1,780,536) which are denominated in US Dollar and Vietnam Dong respectively.

13. LOANS AND BORROWINGS (CONT'D)

13.1 Unsecured bankers' acceptance, bank overdrafts and term loans

Bankers' acceptance, bank overdrafts and term loans are supported by a corporate guarantee issued by the company.

13.2 Security

The secured bills payable are secured by the following:

(i) standby letter of credit from a bank at the request of a subsidiary; and
(ii) a specific debenture covering the fixed charge over certain property, plant and equipment of the Group (Note 3).

The secured bank overdrafts are secured by the following:

(i) fixed charge over certain landed properties of the Group (Note 3);
(ii) fixed charge over certain landed properties of a company in which certain Directors of the Company have substantial financial interests; and
(iii) corporate guarantee by the Company.

The secured term loans are secured by the following:

(i) fixed charge over certain landed properties of the Group (Note 3);
(ii) certain fixed deposits pledged by a subsidiary (Note 10);
(iii) specific debenture covering the fixed charge over certain property, plant and equipment of the Group (Note 3); and
(iv) corporate guarantee by the Company.

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. LOANS AND BORROWINGS (CONT'D)

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2014 RM	Interest 2014 RM	Present value of minimum lease payments 2014 RM	Future minimum lease payments 2013 RM	Interest 2013 RM	Present value of minimum lease payments 2013 RM
Less than one year	**2,292,267**	**204,047**	**2,088,220**	3,194,243	240,979	2,953,264
Between one and two years	**1,431,596**	**96,353**	**1,335,243**	1,816,535	116,889	1,699,646
Between two and five years	**977,360**	**37,303**	**940,057**	1,203,886	48,358	1,155,528
	4,701,223	**337,703**	**4,363,520**	6,214,664	406,226	5,808,438

14. TRADE AND OTHER PAYABLES

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Non-current					
Non-trade					
Amount due to a non-controlling interest of a subsidiary	14.1	**1,013,644**	1,641,101	**-**	-
Current					
Trade					
Trade payables		**14,566,017**	12,036,446	**-**	-
Non-trade					
Amount due to Directors	14.2	**988,724**	2,226,481	**-**	-
Other payables		**1,590,651**	1,460,140	**-**	-
Accruals	14.3	**4,976,526**	4,916,385	**145,002**	136,002
Amount due to a non-controlling interest of a subsidiary	14.1	**1,458,808**	750,128	**-**	-
Amount due to a subsidiary	14.4	**-**	-	**138,752**	531,652
		9,014,709	9,353,134	**283,754**	667,654
Total current liabilities		**23,580,726**	21,389,580	**283,754**	667,654
Total		**24,594,370**	23,030,681	**283,754**	667,654

14. TRADE AND OTHER PAYABLES (CONT'D)

14.1 Amount due to a non-controlling interest of a subsidiary

The non-trade amount due to a non-controlling interest of a subsidiary arises from unsecured advances which bears interest at the rate of 3% (2013: 3%) per annum and is repayable by way of 10 quarterly instalments with the first instalment payment due and payable on 1 January 2012, 1 July 2012, 1 January 2013, 1 January 2014, 1 January 2015, and 1 July 2015 respectively and the subsequent instalments payable at successive intervals of 3 months.

14.2 Amount due to Directors

Non-trade payable due to Directors is in respect of advances, which are unsecured, interest-free and restructured in term of repayment on 1 May 2010 to repay in 4 years' time, and the repayment is further extended by another 1 year to 30 April 2015.

14.3 Accruals

Accruals included provision for severance allowance via Kein Hing Muramoto (Vietnam) Co., Ltd amounting to RM164,465 (2013: RM148,597). Under the Vietnamese Labour Code, when an employee who has worked for 12 months or more ("eligible employee") voluntarily terminates his/her labour contract, the employer is required to pay the eligible employee a severance allowance calculated based on years of service and the employee's compensation at termination. Provision for severance allowance has been provided based on employees' years of service and their current salary level.

Pursuant to the Law on Social Insurance, effective from 1 January 2009 the Company and its employees are required to contribute to an unemployment insurance fund managed by the Vietnam Social Insurance Agency. The contribution to be paid by each party is calculated at 1% of the lower of the employees' basic salary and 20 times the general minimum salary level as specified by the Government from time to time. With the implementation of the unemployment insurance scheme, the Company is no longer required to provide severance allowance for the service period after 1 January 2009. However, severance allowance to be paid to the existing eligible employees as of 31 December 2008 will be determined based on the eligible employees' years of service as of 31 December 2008 and their average salary for the six-month period prior to the termination date.

14.4 Amount due to a subsidiary

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

15. DEFERRED TAX LIABILITIES

Recognised deferred tax liabilities/(assets)

Deferred tax liabilities/(assets) are attributable to the following:

	Group	
	2014	**2013**
	RM	**RM**
Property, plant and equipment	**4,132,780**	4,240,326
Other temporary differences	**(52,028)**	(48,828)
Net tax liabilities	**4,080,752**	4,191,498

Movement in temporary differences during the financial year

	At 1.5.2012 RM	Recognised in profit or loss (Note 19) RM	At 30.4.2013 RM	Recognised in profit or loss (Note 19) RM	At 30.4.2014 RM
Property, plant and equipment	4,236,441	3,885	4,240,326	(107,546)	**4,132,780**
Other temporary differences	(89,409)	40,581	(48,828)	(3,200)	**(52,028)**
	4,147,032	44,466	4,191,498	(110,746)	**4,080,752**

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2014	**2013**
	RM	**RM**
Unabsorbed capital allowances	**2,925,000**	1,473,000
Unutilised tax losses carry-forward	**1,070,000**	779,000
	3,995,000	2,252,000

The unabsorbed capital allowances and unutilised tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items in the financial statements because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

16. REVENUE

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Sales of goods				
- manufactured products	**140,734,559**	130,575,192	**-**	-
- moulds	**4,894,612**	4,242,014	**-**	-
- trading products	**6,956,990**	7,186,828	**-**	-
Sales of scraps	**7,226,727**	7,564,142	**-**	-
Dividends	**-**	-	**4,050,000**	4,050,000
	159,812,888	149,568,176	**4,050,000**	4,050,000

17. OPERATING PROFIT

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Operating profit is arrived at after charging:					
Amortisation of prepaid lease payments	4	**102,025**	66,897	**-**	-
Auditors' remuneration					
- Statutory audit					
KPMG		**100,000**	90,000	**30,000**	26,000
Overseas affiliates of KPMG		**52,164**	48,300	**-**	-
Other auditors		**27,320**	26,600	**-**	-
- Other services					
KPMG		**15,000**	15,000	**15,000**	10,000
Impairment loss on investment in a subsidiary		**-**	-	**-**	328,926
Depreciation on property, plant and equipment	3	**10,979,675**	10,536,604	**-**	-
Loss on disposal of property, plant and equipment	3	**1,642**	-	**-**	-
Property, plant and equipment written off	3	**164,579**	76,771	**-**	-
Impairment loss on trade receivables	8	**208,773**	-	**-**	-
Bad debts written off		**1,930**	-	**-**	-
Impairment loss on investment in an associate	6	**208,697**	-	**-**	-
Finance costs on:					
- Bank overdrafts		**579,089**	385,324	**-**	-
- Finance lease		**284,219**	404,283	**-**	-
- Term loans		**929,922**	839,614	**-**	-
- Bills payable		**38,862**	39,646	**-**	-
- Bankers' acceptance		**98,805**	76,348	**-**	-
Realised foreign exchange loss		**149,447**	106,731	**-**	-
Personnel expenses (including key management personnel):					
- Contributions to Employees' Provident Funds		**1,654,557**	1,852,305	**-**	-
- Wages, salaries and others		**27,886,166**	29,830,184	**118,800**	118,400
Rental expense for premises		**1,570,267**	1,735,334	**-**	-
Write down of inventories	9	**20,624**	-	**-**	-

17. OPERATING PROFIT (CONT'D)

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
and after crediting:					
Dividend income from:					
- An associate		**-**	-	**50,000**	50,000
- Subsidiaries		**-**	-	**4,000,000**	4,000,000
Gain on disposal of assets held for sale		**-**	11,297	**-**	-
Gain on disposal of property, plant and equipment		**-**	57,630	**-**	-
Realised foreign exchange gain		**1,285,093**	384,100	**471**	38,970
Rental income from premises		**108,000**	290,250	**-**	-
Reversal of write down of inventories	9	**147,237**	25,545	**-**	-
Investment income from:					
- Deposits with licensed banks		**290,108**	332,847	**-**	175
- Staff loan		**1,340**	2,790	**-**	-
- Foreign currency current account		**1,171**	1,643	**-**	-
- Other investments		**15,400**	15,400	**-**	-
- Amount due from subsidiaries		**-**	-	**171,695**	155,141

18. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Directors				
Short-term employee benefits				
- Fees	**100,000**	100,000	**100,000**	100,000
- Remuneration	**1,242,200**	963,400	**18,800**	18,400
- Contributions to Employees' Provident Fund	**101,880**	65,880	**-**	-
- Others (including estimated monetary value of benefits-in-kind)	**97,654**	102,904	**-**	-
Total	**1,541,734**	1,232,184	**118,800**	118,400

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.

19. INCOME TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Total income tax expense	**1,843,492**	1,214,420	**21,659**	17,895
Major components of income tax expense include:				
Current tax expense				
- Malaysian income tax	**1,054,666**	107,236	**22,000**	16,650
- Foreign income tax	**721,318**	614,109	**-**	-
- Under provision in prior year	**178,254**	448,609	**(341)**	1,245
	1,954,238	1,169,954	**21,659**	17,895
Deferred tax expense				
Reversal and origination of temporary differences	**(202,580)**	43,161	**-**	-
Under provision in prior year	**91,834**	1,305	**-**	-
	(110,746)	44,466	**-**	-
Total income tax expense	**1,843,492**	1,214,420	**21,659**	17,895

Reconciliation of tax expense

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Profit for the year	**2,592,932**	166,110	**3,899,448**	3,583,995
Total income tax expense	**1,843,492**	1,214,420	**21,659**	17,895
Profit excluding tax	**4,436,424**	1,380,530	**3,921,107**	3,601,890
Income tax using Malaysian tax rate of 25% (2013: 25%)	**1,109,106**	345,133	**980,277**	900,473
Effect of difference in tax rates of foreign jurisdictions	**(466,128)**	(381,458)	**-**	-
Non-deductible expenses	**532,914**	745,943	**54,223**	128,677
Changes in unrecognised temporary differences	**435,750**	119,112	**-**	-
Tax expense on share of results in associates	**(38,238)**	(25,792)	**-**	-
Tax exempt income	**-**	(38,432)	**(1,012,500)**	(1,012,500)
	1,573,404	764,506	**22,000**	16,650
Under/(Over) provision in prior year				
- income tax expense	**178,254**	448,609	**(341)**	1,245
- deferred tax expense	**91,834**	1,305	**-**	-
	1,843,492	1,214,420	**21,659**	17,895

20. EARNINGS/(LOSS) PER ORDINARY SHARE

Basic earnings/(loss) per ordinary share

The calculation of basic earnings/(loss) per ordinary share at 30 April 2014 was based on the profit/(loss) attributable to the ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2014	2013
	RM	RM
Profit/(Loss) for the year attributable to owners of the Company	**1,159,984**	(1,182,651)

	Group	
	2014	2013
Weighted average number of ordinary shares at 30 April	**99,000,000**	99,000,000

	Group	
	2014	2013
	Sen	Sen
Basic earnings/(loss) per ordinary share	**1.17**	(1.19)

Diluted earnings/(loss) per ordinary share

There is no dilution in earnings/(loss) per ordinary share as there is no potential diluted ordinary share.

21. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	Total amount RM	Date of payment
2014			
Final 2013 ordinary, tax exempted	1.0	**990,000**	20 November 2013
2013			
Final 2012 ordinary, tax exempted	1.0	990,000	20 November 2012

21. DIVIDENDS (CONT'D)

After the end of the reporting period, the following dividend was proposed by the Board of Directors. This dividend will be recognised in the subsequent financial year upon approval by the shareholders at a general meeting.

	Group	
	Sen per share	Total amount RM
Final 2014 ordinary, single tier	1.0	990,000

22. OPERATING SEGMENTS

The Group has three (3) reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Board of Directors (the decision makers) review internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Manufacturing	*Sheet metal forming, precision machining, component assembly and manufacture and sale of gas appliances*
Trading	*Trading in electrical and electronic products and home appliances*
Investment holding	*Investment holding*

Inter-segment pricing is determined based on negotiated terms. The accounting policies of the reportable segments are the same as described in Note 2(q).

Performance is measured based on segment profit before tax, finance costs and interest income, as included in the internal management reports that are reviewed by the Group's Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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.

22. OPERATING SEGMENTS (CONT'D)

Group	Manufacturing 2014 RM	Manufacturing 2013 RM	Trading 2014 RM	Trading 2013 RM	Investment holding 2014 RM	Investment holding 2013 RM	Total 2014 RM	Total 2013 RM
Segment profit/(loss)	**7,145,128**	3,378,682	**46,233**	38,209	**(250,588)**	(553,426)	**6,940,773**	2,863,465
Included in the measure of segment profit/(loss) are:								
Revenue from external customers	**152,855,898**	142,381,348	**6,956,990**	7,186,828	**-**	-	**159,812,888**	149,568,176
Inter-segment revenue	**5,855,337**	5,546,642	**462,803**	261,188	**-**	-	**6,318,140**	5,807,830
Finance costs	**(2,091,620)**	(1,878,795)	**(10,972)**	(21,561)	**-**	-	**(2,102,592)**	(1,900,356)
Investment income	**308,019**	352,506	**-**	-	**171,695**	155,316	**479,714**	507,822
Share of net results in an associate	**152,950**	103,170	**-**	-	**-**	-	**152,950**	103,170
Segment assets	**174,527,186**	147,926,459	**2,534,207**	2,107,618	**534,785**	80,254	**177,596,178**	150,114,331
Included in the measure of segment assets are:								
Investment in an associate	**-**	1,505,747	**-**	-	**-**	-	**-**	1,505,747
Segment liabilities	**58,830,348**	52,658,852	**760,563**	703,350	**147,002**	136,002	**59,737,913**	53,498,204
Included in the measure of segment liabilities are:								
Capital expenditure	**10,487,394**	11,424,459	**28,668**	257,104	**-**	-	**10,516,062**	11,681,563
Depreciation	**11,035,326**	10,433,591	**196,534**	173,645	**-**	-	**11,231,860**	10,607,236
Amortisation of prepaid lease payments	**102,025**	66,897	**-**	-	**-**	-	**102,025**	66,987

22. OPERATING SEGMENTS (CONT'D)

Reconciliations of reportable segment revenues, profit before tax, assets and liabilities

Reconciliation of consolidated revenues

	Group 2014 RM	Group 2013 RM
Total revenue for reportable segments	**166,131,028**	155,376,006
Elimination of inter-segment revenue	**(6,318,140)**	(5,807,830)
Consolidated revenue	**159,812,888**	149,568,176

Reconciliation of consolidated profit before tax

	Group 2014 RM	Group 2013 RM
Total profit for reportable segments	**6,940,773**	2,863,465
Investment income	**308,019**	352,680
Finance costs	**(1,930,897)**	(1,745,215)
Consolidation adjustments	**(881,471)**	(90,400)
Consolidated profit before tax	**4,436,424**	1,380,530

Reconciliation of consolidated total assets

	Group 2014 RM	Group 2013 RM
Total assets for reportable segments	**177,596,178**	150,114,331
Consolidation adjustments	**(24,369,449)**	(2,769,516)
Consolidated total assets	**153,226,729**	147,344,815

Reconciliation of consolidated total liabilities

	Group 2014 RM	Group 2013 RM
Total liabilities for reportable segments	**59,737,913**	53,498,204
Consolidation adjustments	**(1,629,934)**	1,760,963
Consolidated total liabilities	**58,107,979**	55,259,167

22. OPERATING SEGMENTS (CONT'D)

Geographical segments

The manufacturing segment of the Group operates in Vietnam apart from its home country, Malaysia.

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 the assets.

	Malaysia RM	Vietnam RM	Japan RM	Europe RM	Hong Kong RM	Thailand RM	Others RM	Adjustment RM	Consolidated RM
2014									
Geographical segments									
Revenue from external customers by location of customers	**104,505,991**	**48,487,537**	**2,442,508**	**3,204,505**	**2,220,693**	**2,537,334**	**2,732,460**	**(6,318,140)**	**159,812,888**
Segment assets by location of assets	**138,641,449**	**38,954,729**	**-**	**-**	**-**	**-**	**-**	**(24,369,449)**	**153,226,729**
2013									
Geographical segments									
Revenue from external customers by location of customers	101,161,586	40,280,154	2,893,824	3,972,458	1,936,380	3,104,262	2,027,342	(5,807,830)	149,568,176
Segment assets by location of assets	120,824,556	29,289,775	-	-	-	-	-	(2,769,516)	147,344,815

23. FINANCIAL INSTRUMENTS

23.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Available-for-sale financial assets ("AFS"); and
(c) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM	L&R/ (FL) RM	AFS RM
2014			
Financial assets			
Group			
Other investments	695,893	198,409	497,484
Trade and other receivables	27,430,665	27,430,665	-
Cash and cash equivalents	16,959,704	16,959,704	-
	45,086,262	44,588,778	497,484
Company			
Amount due from subsidiaries	2,573,369	2,573,369	-
Cash and cash equivalents	32,763	32,763	-
	2,606,132	2,606,132	-
Financial liabilities			
Group			
Loans and borrowings	(28,583,891)	(28,583,891)	-
Trade and other payables	(24,594,370)	(24,594,370)	-
	(53,178,261)	(53,178,261)	-
Company			
Amount due to a subsidiary	(138,752)	(138,752)	-
Trade and other payables	(145,002)	(145,002)	-
	(283,754)	(283,754)	-

23. FINANCIAL INSTRUMENTS (CONT'D)

23.1 Categories of financial instruments (Cont'd)

	Carrying amount RM	L&R/ (FL) RM	AFS RM
2013			
Financial assets			
Group			
Other investments	695,552	198,261	497,291
Trade and other receivables	24,756,176	24,756,176	-
Cash and cash equivalents	14,644,060	14,644,060	-
	40,095,788	39,598,497	497,291
Company			
Amount due from subsidiaries	2,488,830	2,488,830	-
Cash and cash equivalents	78,954	78,954	-
	2,567,784	2,567,784	-
Financial liabilities			
Group			
Loans and borrowings	(27,651,455)	(27,651,455)	-
Trade and other payables	(23,030,681)	(23,030,681)	-
	(50,682,136)	(50,682,136)	-
Company			
Amount due to a subsidiary	(531,652)	(531,652)	-
Trade and other payables	(136,002)	(136,002)	-
	(667,654)	(667,654)	-

23.2 Net gains and losses arising from financial instruments

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Net gains/(losses) on:				
Available-for-sale financial assets	**193**	4,440	**-**	-
Loans and receivables	**308,019**	352,680	**171,695**	155,316
Financial liabilities measured at amortised cost	**(1,930,897)**	(1,745,215)	**-**	-
	(1,622,685)	(1,388,095)	**171,695**	155,316

23. FINANCIAL INSTRUMENTS (CONT'D)

23.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

23.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, other investments and deposits with licensed banks and approved financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

23.4.1 Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group associations to business partners with good credit rating.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts of receivables in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are business partners and customers with high creditworthiness that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade and other receivables (excluding prepaid lease payments and other prepayments) as at the end of the reporting period by geographic region was:

	Group	
	2014	**2013**
	RM	**RM**
Malaysia	**17,920,224**	14,651,967
Vietnam	**8,566,317**	7,415,815
Europe	**103,277**	1,311,447
Japan	**90,673**	709,039
Hong Kong	**104,333**	233,337
Others	**645,841**	434,571
	27,430,665	24,756,176

23. FINANCIAL INSTRUMENTS (CONT'D)

23.4 Credit risk (Cont'd)

23.4.1 Receivables (Cont'd)

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

Group	Note	Gross	Individual impairment	Net
		RM	RM	RM
2014				
Not past due		**22,841,016**	**-**	**22,841,016**
Past due 0 – 30 days		**286,158**	**-**	**286,158**
Past due 31 – 120 days		**10,778**	**-**	**10,778**
Past due more than 120 days		**324,024**	**(304,251)**	**19,773**
	8	**23,461,976**	**(304,251)**	**23,157,725**
2013				
Not past due		22,935,325	-	22,935,325
Past due 0 – 30 days		52,489	-	52,489
Past due 31 – 120 days		6,500	-	6,500
Past due more than 120 days		307,965	(104,214)	203,751
	8	23,302,279	(104,214)	23,198,065

The allowance for impairment losses of trade receivables as at the end of the reporting period was:

	Group	
	2014	2013
	RM	RM
At 1 May	**104,214**	104,214
Impairment loss recognised	**208,773**	-
Impairment loss written off	**(8,736)**	-
At 30 April	**304,251**	104,214

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.4 Credit risk (Cont'd)

23.4.2 Other investments

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group had invested in a structured investment with a licensed bank and transferable club memberships. The maximum exposure to credit risk is represented by the carrying amounts of other investments in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations except for the impairment loss recognised in respect of certain transferable club memberships below. The Group does not have overdue investments that have not been impaired.

The other investments are unsecured.

Impairment losses

An impairment loss in respect of certain transferable club membership of RM25,580 (2013: RM25,580) has been recognised in the previous years and as at the end of the reporting period, there was no indication that the other investments are not recoverable.

23.4.3 Inter company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured interest bearing loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts of intercompany balances in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. Shareholder's loans are on schedule based on the Loan Agreements.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.4 Credit risk (Cont'd)

23.4.4 Bank balances and deposits with licensed banks and other financial assets

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's cash and cash equivalents are deposited with licensed banks and approved financial institutions with high creditworthiness.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amounts of cash and cash equivalents in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations in respect of these deposits.

The other financial assets are unsecured.

23.4.5 Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks and other financial institutions in respect of banking and finance lease facilities granted to certain subsidiaries.

The Company monitors on an ongoing basis the results of subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM20,317,044 (2013: RM20,047,350) representing the outstanding banking and finance lease facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

23.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

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.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.5 Liquidity risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities and other liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM	Contractual interest rate per annum	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2014							
Secured bills payable	**3,248,790**	**5.6% - 6.0%**	**3,295,981**	**3,295,981**	**-**	**-**	**-**
Unsecured bankers' acceptance	**4,895,000**	**4.7%**	**4,930,266**	**4,930,266**	**-**	**-**	**-**
Secured bank overdrafts	**4,823,183**	**6.8% - 7.6%**	**4,823,183**	**4,823,183**	**-**	**-**	**-**
Unsecured bank overdrafts	**1,658,231**	**7.1% - 7.6%**	**1,658,231**	**1,658,231**	**-**	**-**	**-**
Secured term loans	**9,113,067**	**6.0% - 15.0%**	**10,546,791**	**3,362,951**	**2,711,626**	**3,688,735**	**783,478**
Unsecured term loans	**482,100**	**7.1%**	**524,557**	**258,040**	**258,040**	**8,478**	**-**
Finance lease liabilities	**4,363,520**	**3.2%**	**4,701,223**	**2,292,267**	**1,431,596**	**977,360**	**-**
Amount due to Directors	**988,724**	**-**	**988,724**	**988,724**	**-**	**-**	**-**
Amount due to a non-controlling interest of a subsidiary	**2,472,452**	**3.0%**	**2,652,557**	**1,537,408**	**613,743**	**501,406**	**-**
Trade and other payables	**21,133,194**	**-**	**21,133,194**	**21,133,194**	**-**	**-**	**-**
	53,178,261		**55,254,707**	**44,280,245**	**5,015,005**	**5,175,979**	**783,478**
2013							
Secured bills payable	3,009,278	5.6% - 6.0%	3,055,368	3,055,368	-	-	-
Unsecured bankers' acceptance	2,582,000	4.7%	2,603,686	2,603,686	-	-	-
Secured bank overdrafts	5,511,308	6.8% - 7.6%	5,511,308	5,511,308	-	-	-
Unsecured bank overdrafts	1,619,481	7.1% - 7.6%	1,619,481	1,619,481	-	-	-
Secured term loans	9,120,950	6.0% - 15.0%	10,691,539	2,981,025	2,590,544	4,087,441	1,032,529
Finance lease liabilities	5,808,438	3.2%	6,214,664	3,194,243	1,816,535	1,203,886	-
Amount due to Directors	2,226,481	-	2,226,481	2,226,481	-	-	-
Amount due to a non-controlling interest of a subsidiary	2,391,229	3.0%	2,640,144	894,088	630,908	1,115,148	-
Trade and other payables	18,412,971	-	18,412,971	18,412,971	-	-	-
	50,682,136		52,975,642	40,498,651	5,037,987	6,406,475	1,032,529

23. FINANCIAL INSTRUMENTS (CONT'D)

23.5 Liquidity risk (Cont'd)

Maturity analysis

Company	Carrying amount RM	Contractual interest rate per annum	Contractual cash flows RM	Under 1 year RM
2014				
Amount due to a subsidiary	**138,752**	**-**	**138,752**	**138,752**
Trade and other payables	**145,002**	**-**	**145,002**	**145,002**
	283,754		**283,754**	**283,754**
2013				
Amount due to a subsidiary	531,652	-	531,652	531,652
Trade and other payables	136,002	-	136,002	136,002
	667,654		667,654	667,654

23.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's and the Company's financial position or cash flows.

23.6.1 Currency risk

The Group and the Company is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar (USD).

Risk management objectives, policies and processes for managing the risk

The Group and the Company does not engage in foreign currency hedging on its foreign currency exposures but the management monitors these exposures on an ongoing basis to 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 and the Company also set up USD bank accounts as a natural hedge against any fluctuation in USD.

The Group and the Company are also exposed to foreign currency risk in respect of their investment in foreign subsidiaries. The Group and the Company does not hedge this exposure by having foreign currency borrowings but keeps this policy under review and will take necessary action to minimise the exposure of the risk.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.6 Market risk (Cont'd)

23.6.1 Currency risk (Cont'd)

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Group Denominated in USD		Company Denominated in USD	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Trade and other receivables	**7,457,788**	9,251,667	**-**	-
Cash and cash equivalents	**6,740,478**	6,271,683	**6,063**	5,656
Trade and other payables	**(3,947,407)**	(6,080,859)	**-**	-
Loans and borrowings	**(6,995,881)**	(3,765,851)	**-**	-
Net exposure in the statement of financial position	**3,254,978**	5,676,640	**6,063**	5,656

Currency risk sensitivity analysis

A 10% (2013: 10%) strengthening of Ringgit Malaysia against USD at the end of the reporting period would have decreased profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignore any impact of forecasted sales and purchases.

	Group Profit or loss		Company Profit or loss	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
USD	**(325,498)**	(567,664)	**(606)**	(566)

A 10% (2013: 10%) weakening of Ringgit Malaysia against USD at the end of reporting period would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The exposure to currency risk other than USD is not material and hence, sensitivity analysis is not presented.

23.6.2 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 borrowings.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.6 Market risk (Cont'd)

23.6.2 Interest rate risk (Cont'd)

Risk management objectives, policies and processes for managing the risk

The Group and the Company do not use derivative financial instruments to hedge their borrowings obligations.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

Group	2014 RM	2013 RM
Fixed rate instruments		
Financial assets	**8,510,253**	6,811,756
Financial liabilities	**(6,835,972)**	(8,199,667)
	1,674,281	(1,387,911)
Floating rate instruments		
Financial liabilities	**(24,220,372)**	(21,843,017)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss			
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	2014	2014	2013	2013
Group	RM	RM	RM	RM
Floating rate instruments	**(242,204)**	**242,204**	(218,430)	218,430

23. FINANCIAL INSTRUMENTS (CONT'D)

23.7 Fair value information

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and loans and borrowings approximate fair values due to the relatively short term nature of these financial instruments or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

It was not practicable to estimate the fair value of the Group's transferable club memberships due to the lack of availability of reliable fair value and the fair value cannot be reliably measured.

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 table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
Group	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total fair value**	**Carrying amount**
2014	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Financial assets										
Other investments	-	497,484	-	497,484	-	-	-	-	497,484	497,484
	-	497,484	-	497,484	-	-	-	-	497,484	497,484
Financial liabilities										
Amount due to a non-controlling interest	-	-	-	-	-	-	2,472,452	2,472,452	2,472,452	2,472,452
Secured term loans	-	-	-	-	-	-	9,113,067	9,113,067	9,113,067	9,113,067
Unsecured term loans	-	-	-	-	-	-	482,100	482,100	482,100	482,100
Finance lease liabilities	-	-	-	-	-	-	4,363,520	4,363,520	4,363,520	4,363,520
	-	-	-	-	-	-	16,431,139	16,431,139	16,431,139	16,431,139

23. FINANCIAL INSTRUMENTS (CONT'D)

23.7 Fair value information (Cont'd)

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value *	Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Total		
	RM	RM	RM	RM	RM	RM	RM
2013							
Financial assets							
Other investments	-	497,291	-	497,291	-	497,291	497,291
	-	497,291	-	497,291	-	497,291	497,291
Financial liabilities							
Amount due to a non-controlling interest	-	-	-	-	2,391,229	2,391,229	2,391,229
Secured term loans	-	-	-	-	9,120,950	9,120,950	9,120,950
Finance lease liabilities	-	-	-	-	5,808,438	5,808,438	5,808,438
	-	-	-	-	17,320,617	17,320,617	17,320,617

* Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of MFRS 13.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.7 Fair value information (Cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year. (2013: no transfer in either directions)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Other investments

The fair values of financial assets that are not quoted in an active market are determined by reference to their closing estimated valuation derived from market quotations at the end of the reporting period.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.7 Fair value information (Cont'd)

Non-derivative financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Interest rates used to determine fair value

In respect of long term borrowings in variable interest rates, the carrying amounts approximate fair value as they are re-priced to market interest rates for liabilities with similar risk profiles.

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	Group	
	2014	**2013**
	%	**%**
Amount due to a non-controlling interest of a subsidiary	**7.60**	7.60

24. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that is at 1.0 time or below.

		Group	
		2014	**2013**
	Note	**RM**	**RM**
Total loans and borrowings	13	**28,583,891**	27,651,455
Less: Cash and bank balances	10	**(16,959,704)**	(14,644,060)
Net debt		**11,624,187**	13,007,395
Total equity		**95,118,750**	92,085,648
Debt-to-equity ratio		**0.12**	0.14

There was no change in the Group's approach to capital management during the financial year.

25. CAPITAL COMMITMENTS

	Group	
	2014	2013
	RM	RM
Capital expenditure commitments		
Property, plant and equipment		
Approved and contracted for	**1,516,584**	878,795
Approved but not contracted for	**586,800**	1,800,000
	2,103,384	2,678,795

26. CONTINGENT LIABILITIES

	Company	
	2014	2013
	RM	RM
Corporate guarantee given to licensed banks for:		
- banking facilities granted to subsidiaries	**20,317,044**	20,047,350

27. 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.

Related parties also include key management personnel 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. Key management personnel comprise primarily all the Directors of the Group.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company, other than key management personnel compensation, are shown below:

27. Related parties (CONT'D)

Significant related party transactions (Cont'd)

Group	Transactions amount for the year ended 30 April 2014 RM	2013 RM	Gross/Net balance outstanding at 30 April 2014 RM	2013 RM
Companies in which the Directors have significant financial interests				
TC Yap Holdings Sdn. Bhd.				
Rental expense for premises	**214,425**	214,425	**-**	-
Muramoto Technics (M) Sdn. Bhd.				
Sales of metal components and tooling mould	**12,203,848**	7,355,120	**2,126,352**	135,804
Rental income	**108,000**	290,250	**9,000**	9,000
Purchase of machines	**-**	387,400	**-**	-
Muramoto Asia Pte. Ltd.				
Sales of gas appliances	**147,754**	96,221	**24,136**	-
Companies in which a Major Shareholder has significant financial interests				
Kam Loong Mining Sdn. Bhd.				
Rental expense for premises	**216,000**	207,000	**-**	-
Key management personnel of the Company				
Yap Toon Choy				
Rental expense for premises	**132,000**	132,000	**-**	-

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 negotiated terms.

28. SIGNIFICANT EVENTS DURING THE YEAR

(a) On 18 July 2013, Kein Hing Industry Vietnam Co., Ltd. ("KHIV"), a wholly-owned subsidiary of the Company had entered into a Supplementary Land Lease Agreement with a third party to acquire an additional vacant industrial land measuring approximately 7,500 square meters at a cash consideration of VND12,580,860,000 or equivalent to approximately RM1,949,686. KHIV had made progress payment for the land use right amounting to RM1,362,886 as at 30 April 2014 (refer to Note 8.4).

(b) On 28 August 2013, the Company had acquired an additional 30,000 ordinary shares in Zenne Infinity Sdn. Bhd. (formerly known as Kein Hing Appliances Sdn. Bhd.) ("ZI") from a non-controlling interest for a cash consideration of RM3,000 only, thus making ZI a wholly-owned subsidiary of the Company.

(c) On 29 April 2014, the Company had entered into an agreement to dispose of its entire equity interest of 400,000 ordinary shares representing 25% effective ownership interest in Polychrome Sdn. Bhd. ("PSB") to the existing individual substantial shareholders and directors of PSB for a total cash consideration of RM1,400,000 (the "Agreement"). Following the Agreement, the investment in an associate is classified as held for sale as at 30 April 2014 (refer to Note 6 and Note 11).

29. EVENTS SUBSEQUENT TO FINANCIAL YEAR END

On 23 June 2014, the Company had completed the transfer of 400,000 ordinary shares to the existing individual substantial shareholders and directors of PSB and the total cash consideration of RM1,400,000 had also been received. Thus, the sale was completed.

30. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 30 April 2014, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group	
	2014	**2013**
	RM	**RM**
Total retained earnings of the Company and its subsidiaries		
- realised	**43,141,806**	39,707,339
- unrealised	**(5,621,373)**	(4,651,036)
	37,520,433	35,056,303
Total share of retained earnings of associates		
- realised	**-**	1,194,225
- unrealised	**-**	(189,200)
	37,520,433	36,061,328
Add: Consolidated adjustments	**(3,371,622)**	(2,055,776)
Total retained earnings	**34,148,811**	34,005,552

The determination of realised and unrealised profits is based on the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

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 33 to 94 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as of 30 April 2014 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 30 on page 94 to the financial statements have been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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: 22 August 2014

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 33 to 94 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 22 August 2014.

Kok Mun Choon

Before me:

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 statements of financial position as at 30 April 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 94.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 judgement, 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 entity's preparation of financial statements that give a true and fair view 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 entity'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 give a true and fair view of the financial position of the Group and of the Company as of 30 April 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 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 subsidiary 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 REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 30 on page 94 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards and International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Chan Kam Chiew
Approval Number: 2055/06/16(J)
Chartered Accountant

Petaling Jaya,
Date: 22 August 2014

List of **Properties**

As At 30 April 2014

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	KHI	Residential; Single storey bungalow house	Freehold	31	488/ 226	1-12-2004	332,663
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	17	7,891/ 7,900	18-2-2004 (Revalued)	9,652,022
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	21	734/ 563	18-2-2004 (Revalued)	656,009
Lot 44, Jalan 6/2 43300 Seri Kembangan Selangor Darul Ehsan	KHI	Factory/ Industrial; Single storey semidetached factory with a 2-storey office annexe	Leasehold expiring on 7-11-2099	18	988/ 795	18-2-2004 (Revalued)	744,368
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	13	4,086/ 2,123	18-2-2004 (Revalued)	3,350,527
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	10	8,195/ 8,179	1-12-2004	11,502,796
Tempat Batu 5 Jalan Kuala Lumpur Mukim Bentong Daerah Bentong Pahang Darul Makmur	KHI	Agriculture; Fruit orchard and vacant land	Freehold	N/A	3.4171 Hectares	8-1-2003	236,425
S153, Serdang Jaya 43300 Seri Kembangan Selangor Darul Ehsan	KHI	Residential; Single storey wooden house	Leasehold expiring on 28-10-2046	29	297.6/ 250	25-2-2003	117,482

List of **Properties**

As At 30 April 2014

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 1840 Jalan Kolej 43300 Seri Kembangan Selangor Darul Ehsan	KHI	Warehouse/ Industrial; Single-storey warehouse cum car park block	Freehold	6	4,300/ 1,230	1-7-2008	1,166,962
Lot 5038 Jalan Perindustrian HP4 HICOM Industrial Park Pegoh 78000 Alor Gajah Melaka	KHI	Industrial land	Freehold	N/A	16,776	21-6-2011	1,890,070
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	10	15,693/ 5,093	1-11-2004	6,933,749
Lot No. IN1-7A VSIP Hai Phong Township Industrial and Service Park Thuy Nguyen District Dinh Vu-Cat Hai Economic Zone Hai Phong Vietnam	KHIV	Industrial land	Leasehold expiring on 7-6-2058	N/A	8,800	31-7-2012	2,211,092

Analysis of **Shareholdings**

As At 5 September 2014

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

Size of Holdings	No. of Shareholders	No. of Shares	Percentage (%)
1 – 99	7	330	0.00
100 – 1,000	243	186,890	0.19
1,001 – 10,000	558	2,838,500	2.87
10,001 – 100,000	316	10,956,550	11.07
100,001 – 4,949,999 (*)	37	16,383,140	16.55
4,950,000 and above (**)	3	68,634,590	69.33
Total	**1,164**	**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

		Direct Shareholdings		Indirect Shareholdings	
	Directors	No. of Shares	%	No. of Shares	%
1.	Yap Toon Choy	37,126,520	37.50	20,870,070 (a)	21.08
2.	Shingo Muramoto	-	-	4,372,600 (b)	4.42
3.	Yong Elaine	20,870,070	21.08	37,126,520 (c)	37.50
4.	Swee Soo Mang	-	-	-	-
5.	Darsan Singh a/l Balwant Singh	-	-	-	-
6.	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**

As At 5 September 2014

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		Direct Shareholdings		Indirect Shareholdings	
No.	Substantial Shareholders	No. of Shares	%	No. of Shares	%
1.	Yap Toon Choy	37,126,520	37.50	20,870,070 [a]	21.08
2.	Yong Elaine	20,870,070	21.08	37,126,520 [b]	37.50
3.	Kam Loong Mining Sdn. Bhd.	10,638,000	10.75	-	-
4.	Yap Ah Fatt	20,000	0.02	10,638,000 [c]	10.75
5.	Foo Khen Ling	1,100,000	1.11	10,638,000 [c]	10.75

(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.

(c) Deemed interest by virtue of his/her direct interest in Kam Loong Mining Sdn. Bhd. pursuant to Section 6A of the Act.

LIST OF TOP THIRTY (30) SHAREHOLDERS

No.	Shareholders	No. of Shares	Percentage %
1.	Yap Toon Choy	37,126,520	37.50
2.	Yong Elaine	20,870,070	21.08
3.	Kam Loong Mining Sdn. Bhd.	10,638,000	10.75
4.	Muramoto Asia Pte. Ltd.	4,372,600	4.42
5.	Soh Tik Siew	1,487,800	1.50
6.	Foo Khen Ling	1,100,000	1.11
7.	Maybank Nominees (Asing) Sdn Bhd - Exempt An for DBS Bank Limited (Client A/C)	810,000	0.82
8.	Lee Hong Hai	680,900	0.69
9.	Ghan Ah Kooi	668,300	0.68
10.	Yee Tien Soon	635,000	0.64
11.	Teh Ah Lian	606,000	0.61

Analysis of **Shareholdings**
As At 5 September 2014

No.	Shareholders	No. of Shares	Percentage %
12.	Wong Fook Sum	490,000	0.49
13.	Ana Low	420,500	0.42
14.	Chan Weng Pooi	319,000	0.32
15.	CIMSEC Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Ng Geok Wah (B BRKLANG-CL)	316,800	0.32
16.	RHB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Chai Kin Loong (MTK)	316,400	0.32
17.	HLIB Nominees (Asing) Sdn Bhd - Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	310,000	0.31
18.	Gan Siew Kee	301,800	0.30
19.	Yap Cheong Kit	261,600	0.26
20.	Ooi Cheng Huat @ Ooi Peng Huat	260,500	0.26
21.	Lim Tau San	200,000	0.20
22.	Tong Sun Sun	200,000	0.20
23.	Yap Siew Lee	196,000	0.20
24.	Ooi Cheng Huat @ Ooi Peng Huat	191,000	0.19
25.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account For Tan Cheoh Leong (STF)	185,000	0.19
26.	HLIB Nominees (Tempatan) Sdn Bhd - Exempt An For Wong Kwong Miao	182,400	0.18
27.	Tan Amoi	179,900	0.18
28.	Chan Kok Heng	169,100	0.17
29.	UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	156,900	0.16
30.	Tan Lan Diang	156,000	0.16

Notice of **Annual General Meeting**

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting of the Company will be held at Factory B, Lot 1863 and 1864, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan on Wednesday, 29 October 2014 at 10.00 a.m. for the following purposes:-

AGENDA

1)	To receive the Audited Financial Statements for the year ended 30 April 2014 together with the Directors' and Auditors' Reports thereon.	**Please refer to Note B on this Agenda**
2)	To approve the payment of the Directors' Fees for the year ended 30 April 2014.	**RESOLUTION 1**
3)	To approve a First and Final Single Tier Dividend of 2% for the year ended 30 April 2014.	**RESOLUTION 2**
4)	To re-elect the following Directors who are retiring in accordance with Article 79 of the Company's Articles of Association:-	
	(a) Ms. Yong Elaine	**RESOLUTION 3**
	(b) Mr. Swee Soo Mang	**RESOLUTION 4**
5)	To re-appoint Messrs. KPMG, the retiring Auditors of the Company and to authorise the Board of Directors to fix their remuneration.	**RESOLUTION 5**

6) **SPECIAL BUSINESS: -**

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

ORDINARY RESOLUTION NO. 1 **RESOLUTION 6**

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

  "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being, subject always to the approvals of the relevant regulatory authorities."

ORDINARY RESOLUTION NO. 2 **RESOLUTION 7**

- **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 Kein Hing International Berhad ("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 2.3.3 of the Circular to shareholders of the Company dated 3 October 2014 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 Twelfth Annual General Meeting ("AGM") of the Company, at which time it will lapse unless, by a resolution passed at the Twelfth AGM, the authority is renewed; or

(b) the expiration of the period within which the Twelfth AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(c) it is revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

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

ORDINARY RESOLUTION NO. 3 **RESOLUTION 8**

- **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 2.3.3 of the Circular to shareholders of the Company dated 3 October 2014, 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 Twelfth AGM of the Company, at which time it will lapse unless, by a resolution passed at the Twelfth AGM, the authority is renewed; or

(b) the expiration of the period within which the Twelfth AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(c) it is revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

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

ORDINARY RESOLUTION NO. 4 **RESOLUTION 9**

- **PROPOSED RENEWAL OF 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 2.3.3 of the Circular to shareholders of the Company dated 3 October 2014, 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 Twelfth AGM of the Company, at which time it will lapse unless, by a resolution passed at the Twelfth AGM, the authority is renewed; or

(b) the expiration of the period within which the Twelfth AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(c) it is revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

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

ORDINARY RESOLUTION NO. 5 **RESOLUTION 10**

- **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH KAM LOONG MINING SDN. BHD.**

"**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 Kam Loong Mining Sdn. Bhd., the Major Shareholder of KHIB as stated in section 2.3.3 of the Circular to shareholders of the Company dated 3 October 2014, 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 Twelfth AGM of the Company, at which time it will lapse unless, by a resolution passed at the Twelfth AGM, the authority is renewed; or

(b) the expiration of the period within which the Twelfth AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(c) it is revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

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

ORDINARY RESOLUTION NO. 6 **RESOLUTION 11**

- **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH 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 Kein Hing Muramoto (Vietnam) Co., Ltd. as stated in section 2.3.3 of the Circular to shareholders of the Company dated 3 October 2014**,** 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 Twelfth AGM of the Company, at which time it will lapse unless, by a resolution passed at the Twelfth AGM, the authority is renewed; or

(b) the expiration of the period within which the Twelfth AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(c) it is revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

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

Notice of **Annual General Meeting**

ORDINARY RESOLUTION NO. 7 **RESOLUTION 12**

- **PROPOSED SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK**

"**THAT** subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant regulatory authorities, the Company be and is hereby authorised to purchase and/or to hold up to ten percent (10%) of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the best interest of the Company and an amount not exceeding the retained profits and share premium reserves of the Company, be allocated by the Company for the Proposed Share Buy-Back. The retained profits and share premium reserves of the Company stood at RM10,407,481 and RM2,668,992 respectively for the financial year ended 30 April 2014.

AND THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to cancel such shares or retain such shares as the Treasury Shares or a combination of both. The Directors of the Company are further authorised to resell the Treasury Shares on Bursa Securities or distribute the Treasury Shares as dividends to the shareholders of the Company or subsequently cancel the Treasury Shares or any combination of the three.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to carry out the Proposed Share Buy-Back immediately upon the passing of this resolution until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occur first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and to take all steps as are necessary and/or to do all such acts and things as the Directors of the Company deem fit and expedient in the interest of the Company to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, amendments and/or variations as may be imposed by the relevant authorities."

ORDINARY RESOLUTION NO. 8 **RESOLUTION 13**

- **AUTHORITY FOR MR. DARSAN SINGH A/L BALWANT SINGH TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

  "THAT authority be and is hereby given to Mr. Darsan Singh a/l Balwant Singh who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance 2012."

ORDINARY RESOLUTION NO. 9 **RESOLUTION 14**

- **AUTHORITY FOR MR. SWEE SOO MANG TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

  "THAT authority be and is hereby given to Mr. Swee Soo Mang who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance 2012."

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

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a First and Final Single Tier Dividend of 2% in respect of the year ended 30 April 2014 will be payable on **20 November 2014,** to Depositors registered in the Record of Depositors at the close of business on **31 October 2014**.

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 31 October 2014 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 (LS0009297)
Company Secretary

3 October 2014
Selangor Darul Ehsan

Notes:-

A. *Appointment of Proxy*

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.*
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. *A Proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *The completed instrument of proxy once deposited will not preclude the member from attending and voting in person at the General Meeting should the Member subsequently wish to do so.*
6. *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.*
7. *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.*
8. *A member who is not resident in Malaysia or Singapore may by cable or other telegraphic communication appoint a proxy/proxies to vote for him at any General Meeting of the Company provided such cable or other telegraphic communication shall have been received at the Office not less than forty-eight (48) hours before the time for the holding of the General Meeting or adjournment thereof.*

B. *Audited Financial Statements*

This agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the members/shareholders for the Audited Financial Statements. Hence, this Agenda item is not forward for voting.

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 sought to grant authority to Directors to allot and issue shares is a renewal of the mandate that was approved by the shareholders at the Tenth Annual General Meeting held on 17 October 2013. 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 further placement of shares for purpose of funding current and/or future investment or projects, working capital and/or acquisitions.

Up to the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Tenth 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 Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Resolution 7, 8, 9, 10 and 11 under item 6 of the Agenda, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature 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 without 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 dispatched together with the Annual Report of the Company for the financial year ended 30 April 2014.

(c) Proposed Shareholders' Mandate for Share Buy-Back

The Resolution 12 proposed under item 6 of the Agenda, is to seek the authority for the Company to purchase and/or hold up to 10% of the total issued and paid-up share capital of the Company listed on Bursa Malaysia Securities Berhad. For further information on the Proposed Shareholders' Mandate for Share Buy-Back, please refer to the Circular to Shareholders dated 3 October 2014 enclosed together with the Company's 2014 Annual Report.

(d) Authority to continue to act as an Independent Non-Executive Director of the Company pursuant to the Malaysian Code on Corporate Governance 2012

Mr. Darsan Singh a/l Balwant Singh has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and has met the definition of "independent director" as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board has recommended that he should continue to act as an Independent Non-Executive Director of the Company.

(e) Authority to continue to act as Independent Non-Executive Director of the Company pursuant to the Malaysian Code on Corporate Governance 2012

Mr. Swee Soo Mang has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and has met the definition of "independent director" as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board has recommended that he should continue to act as an Independent Non-Executive Director of the Company.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd in accordance with Article 55(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 22 October 2014. Only a depositor whose name appears on the Record of Depositors as at 22 October 2014 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

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KEIN HING INTERNATIONAL BERHAD (616056-T)
(Incorporated in Malaysia under Companies Act. 1965)

Proxy **Form**

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 Eleventh Annual General Meeting of the Company to be held at Factory B, Lot 1863 and 1864, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan on Wednesday, 29 October 2014 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 – To approve payment of Directors' Fees		
2.	Resolution 2 – To approve First and Final Single Tier Dividend of 2%		
3.	Resolution 3 – To re-elect Ms Yong Elaine as Director		
4.	Resolution 4 – To re-elect Mr Swee Soo Mang as Director		
5.	Resolution 5 – To re-appoint Messrs KPMG as Auditors and to authorise the Board of Directors to fix their remuneration		
6.	Resolution 6 – To authorise the issuance and allotment of shares pursuant to Section 132D of the Companies Act, 1965		
7.	Resolution 7 – To approve renewal of shareholders' mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT") with T.C. Yap Holdings Sdn Bhd and Mr Yap Toon Choy		
8.	Resolution 8 – To approve renewal of shareholders' mandate for RRPT with Muramoto Technics (Malaysia) Sdn Bhd and Kein Hing Muramoto (Vietnam) Co., Ltd		
9.	Resolution 9 – To approve renewal of shareholders' mandate for RRPT with Muramoto Asia Pte Ltd		
10.	Resolution 10 – To approve renewal of shareholders' mandate for RRPT with Kam Loong Mining Sdn Bhd		
11.	Resolution 11 – To approve renewal of shareholders' mandate for RRPT with Kein Hing Muramoto (Vietnam) Co., Ltd		
12.	Resolution 12 – To approve the renewal of authority for the purchase of its own shares by the Company		
13.	Resolution 13 – Authority for Mr Darsan Singh a/l Balwant Singh to continue in office as Independent Non-Executive Director		
14.	Resolution 14 – Authority for Mr Swee Soo Mang to continue in office as Independent Non-Executive Director		

** 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 __________________ 2014

Number of shares held:

____

(Signature/Common Seal of Member)

Notes: -

1. *A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy or Proxies to attend and vote on his(her) behalf. A Proxy may but need not be a member of the Company.*
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. *A Proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *The completed instrument of proxy once deposited will not preclude the member from attending and voting in person at the General Meeting should the Member subsequently wish to do so.*
6. *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.*
7. *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.*
8. *A member who is not resident in Malaysia or Singapore may by cable or other telegraphic communication appoint a proxy/proxies to vote for him at any General Meeting of the Company provided such cable or other telegraphic communication shall have been received at the Office not less than forty-eight (48) hours before the time for the holding of the General Meeting or 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

fold here

Kein Hing International Berhad (616056-T)
Lot 1863, Jalan Kolej, 43300 Seri Kembangan
Selangor Darul Ehsan, Malaysia.