HOLDING Steadfast

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

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BOARD OF DIRECTORS

Darsan Singh a/l Balwant Singh
(Chairman / Independent Non-Executive Director)

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(Group Managing Director)

Shingo Muramoto
(Non-Independent Non-Executive Director)

Yong Elaine
(Executive Director)

Swee Soo Mang
(Senior Independent Non-Executive Director)

Gan Chee Tsong
(Independent Non-Executive Director)

AUDIT COMMITTEE

Swee Soo Mang (Chairman)
Darsan Singh a/l Balwant Singh
Gan Chee Tsong

NOMINATING COMMITTEE

Darsan Singh a/l Balwant Singh (Chairman)
Swee Soo Mang
Gan Chee Tsong

REMUNERATION COMMITTEE

Darsan Singh a/l Balwant Singh (Chairman)
Swee Soo Mang
Yap Toon Choy

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

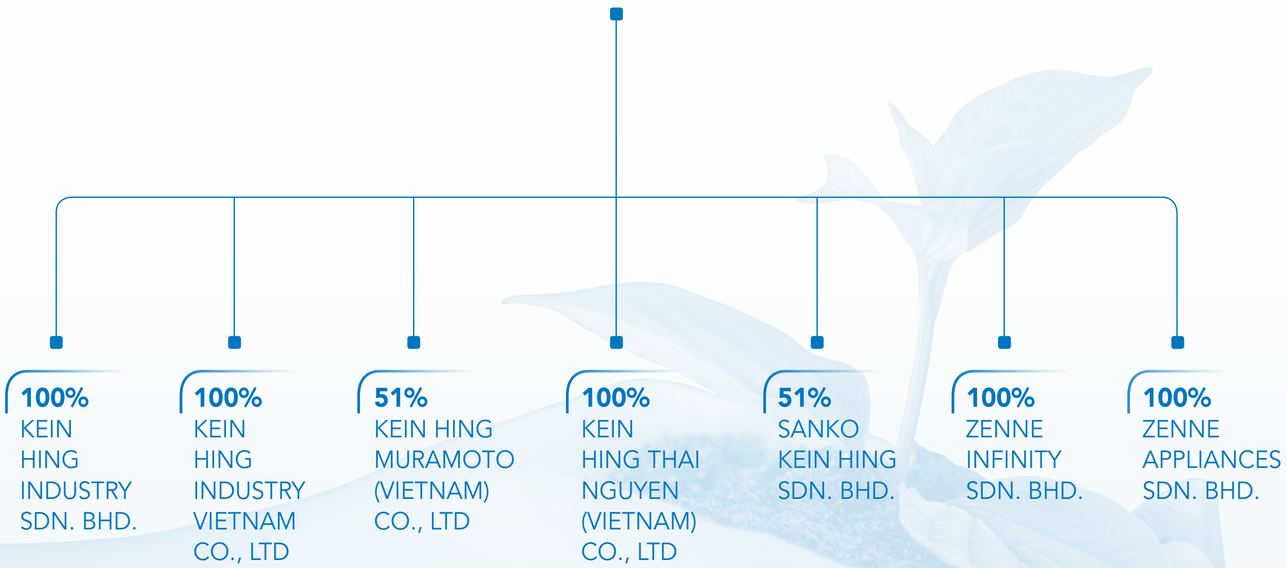
Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur,
Malaysia.
Tel : +603 2783 9299
Fax : +603 2783 9222

STOCK EXCHANGE LISTING

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

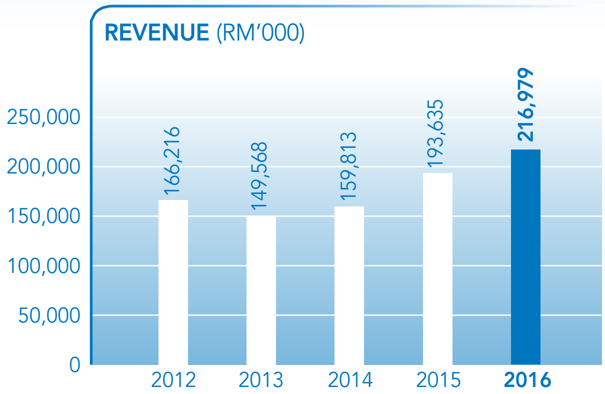
Corporate Structure

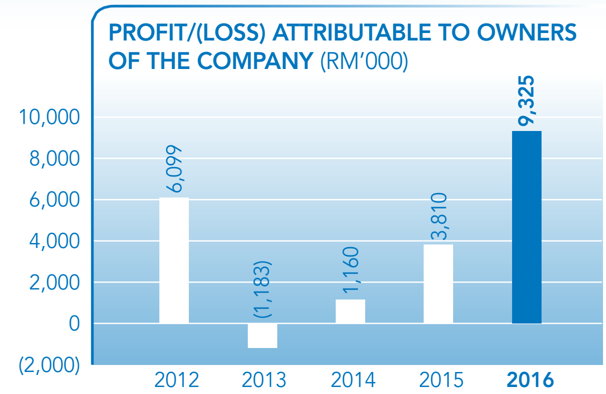
KEIN HING INTERNATIONAL BERHAD (616056-T)
(Incorporated in Malaysia under Companies Act, 1965)

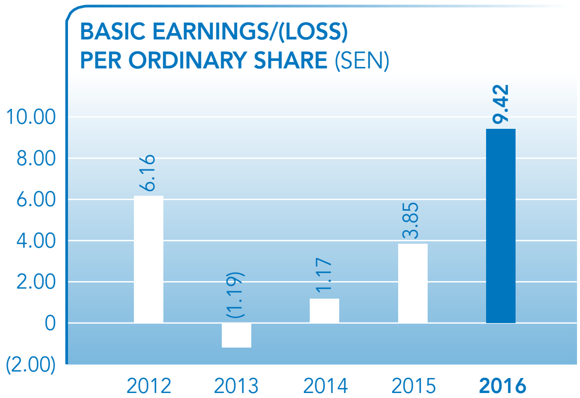


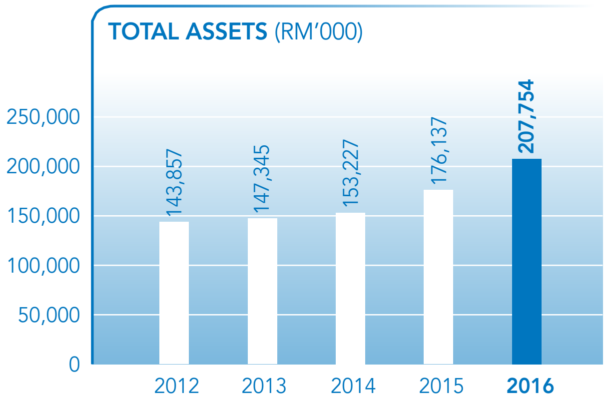
Company	Principal Activities
Subsidiaries Kein Hing Industry Sdn. Bhd.	Sheet metal forming, precision machining, component assembly and manufacture and sale of gas appliances
Kein Hing Industry Vietnam Co., Ltd	Sheet metal forming, precision machining, manufacturing and fabrication of tools and dies and assembly of components, and sub-leasing of unused factory and warehouses
Kein Hing Muramoto (Vietnam) Co., Ltd	Sheet metal forming, precision machining and assembly of components for electronics, automotive and other industries
Kein Hing Thai Nguyen (Vietnam) Co., Ltd	Sheet metal forming, precision machining, manufacturing and fabrication of tools and dies and assembly of components
Sanko Kein Hing Sdn. Bhd.	Precision machining of electronics and electrical industries' components
Zenne Infinity Sdn. Bhd.	Trading in electrical and electronics products, home appliances and gas appliances
Zenne Appliances Sdn. Bhd.	Ceased business operation

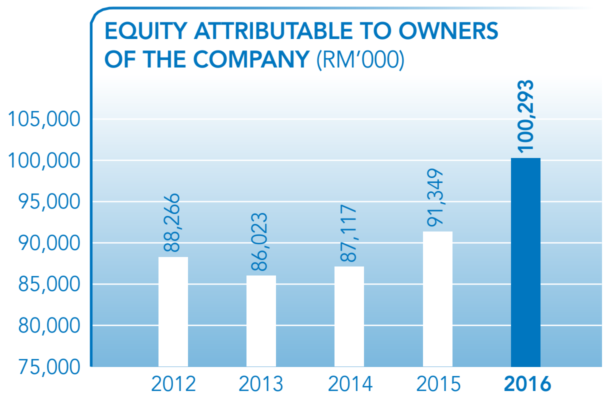
5-Years Financial Highlights

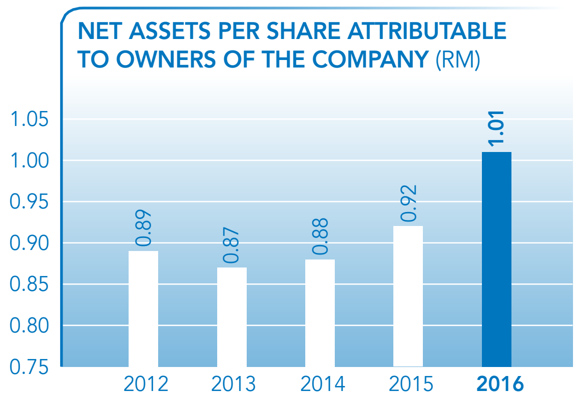












Profile of the Directors

DARSAN SINGH A/L BALWANT SINGH
Aged 62, Male, Malaysian
- Independent Non-Executive Chairman

Darsan Singh a/l Balwant Singh 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 which was his father's practice in 1985. He has been an active practicing lawyer in various areas such as corporate and commercial, conveyancing and litigation. In 1987, he set up Darshan, Chong & Co. and is currently the senior partner of the firm.

At present, he sits on the Board of Directors of several other private limited companies but he does not hold any directorship in other public companies. He does not have any family relationships with any Director and/or major shareholders of KHIB. He does not have any conflict of interest with KHIB. He has no conviction for any offence within the past five (5) years other than traffic offences, if any.

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

YAP TOON CHOY
Aged 60, Male, Malaysian
- Group Managing Director

Yap Toon Choy 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 knowhow especially through dealings with his Japanese counterparts. With more than 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 but he does not hold any directorship in other public 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 26 August 2016, he does not have any conflict of interest with KHIB. He has no conviction for any offence within the past five (5) years other than traffic offences, if any.

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

Profile of the Directors

SHINGO MURAMOTO
Aged 69, Male, Japanese
- Non-Independent Non-Executive Director

Shingo Muramoto 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 but he does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or major shareholders of KHIB. Save for his previous position as Managing Director of the Muramoto Group from which he has resigned on 30 March 2014, he does not have any conflict of interest with KHIB. He has no conviction for any offence within the past five (5) years other than traffic offences, if any.

YONG ELAINE
Aged 57, Female, Singaporean
- Executive Director

Yong Elaine 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 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 but she does not hold any directorship in other public companies. Yong Elaine is the spouse of Yap Toon Choy, who is the Group Managing Director and major shareholder of KHIB. Save for the recurrent related party transactions disclosed in the Circular to Shareholders dated 26 August 2016, she does not have any conflict of interest with KHIB. She has no conviction for any offence within the past five (5) years other than traffic offences, if any.

Profile of the Directors

SWEE SOO MANG

Aged 64, Male, Malaysian
- Senior Independent Non-Executive Director

Swee Soo Mang 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 but he does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or major shareholder of KHIB. He does not have any conflict of interest with KHIB. He has no conviction for any offence within the past five (5) 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

Aged 41, Male, Malaysian
- Independent Non-Executive Director

Gan Chee Tsong 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 founded GCT Management Services in 2011, of which he remains the managing partner and has since serviced a wide spectrum of clients in various industries.

He does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or major shareholders of KHIB. He does not have any conflict of interest with KHIB. He has no conviction for any offence within the past five (5) years other than traffic offences, if any.

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

Profile of the Key Senior Management

YAP TOON CHOY

Aged 60, Male, Malaysian
– Group Managing Director

Yap Toon Choy serves as Group Managing Director of KHIB since 9 August 2004. He also serves as the Managing Director of KHI, a wholly-owned subsidiary of KHIB since 1983 and the General Director of all the three (3) subsidiary companies incorporated in Vietnam. He gained valuable experience and technical know-how over the past 30 years especially through dealings with his Japanese counterparts.

He is responsible for various key aspects of the KHIB Group management in areas such as engineering, quality assurance, marketing and new product planning, new market opportunities, purchasing, overall co-ordination and implementation of the Group strategies in Malaysia and Vietnam. He provides leadership and vision towards the growth of KHIB Group.

YONG ELAINE

Aged 57, Female, Singaporean
- Executive Director

Yong Elaine serves as Executive Director of KHIB since 9 August 2004. She also serves as the Executive Director of KHI since 1984. She has more than 20 years' experience in dealing with various bankers and leasing companies for funding and treasury management. With her finance background and the relevant experience, she has been actively involved in corporate finance of KHIB, core treasury functions in areas of cash management, planning and control, and financing activities of KHI over the past 20 years.

She also oversees the Human Resource Management, amongst others, the implementation of human resource programs and policies, and provision of consulting services relating to the various aspects of human resource development and management for KHI.

KOK MUN CHOON

Aged 45, Male, Malaysian
– Financial Controller

Kok Mun Choon was appointed as the Financial Controller of KHI on 2 January 2008. He was admitted as a member the Association of Chartered Certified Accountants ("ACCA") on 14 November 1998 and has subsequently been awarded ACCA Fellowship on 15 October 2003. He is also a member of the Malaysian Institute of Accountants since 9 June 1999.

He began his career with Moores Rowland, an audit firm in 1995 as an audit assistant and was later promoted to audit senior until he left in 1999. Later in the same year, he joined a public listed company that was principally engaged in food service industry as a Manager of Finance & Accounts and over the years, he was promoted to Senior Manager where he gained vast experience through involvement in various corporate exercises, group reporting, audit and tax. In September 2006, he joined another public listed company which principal activities were to carry on the business of operation, maintenance and management of water treatment facilities as a Senior Manager of Finance & Accounts and was also assigned to assist the consolidation of financial statements and other corporate tasks under the corporate finance division of the holding company.

He does not hold any directorship in public companies and KHIB. He does not have any family relationship with any director and/or major shareholder of KHIB. He also does not have any conflict of interest with KHIB. He has no conviction for any offence within the past five (5) years other than traffic offences, if any.

FUKUI CHIE

Aged 54, Female, Japanese
– Senior Manager, Marketing and New Product Planning

Fukui Chie was appointed as Senior Manager of Marketing and New Product Planning of KHI on 1 July 2003. She obtained Associate Degree in Science from the Ohio University in United States. She had since held various positions in sales, new product development, marketing and also export market of Zenne gas cookers. On 6 October 2009, she was also appointed as the director of Sanko Kein Hing Sdn Bhd ("SKH"), a 51%-owned subsidiary company of the Company, where she oversees the overall management and operation of SKH.

Throughout her 13 years with KHI, she coordinates various meetings and discussions between customers and the engineering team for new item development and new businesses. She is also involved in product marketing and export of Zenne brand of gas cookers specifically to Hong Kong. Since October 2009, she is assigned to manage new business related to camera parts and optical components mainly targeted at Japanese customers in both Malaysia and Vietnam.

She does not hold any directorship in public companies and KHIB. She does not have any family relationship with any director and/or major shareholder of KHIB. She also does not have any conflict of interest with KHIB. She has no conviction for any offence within the past five (5) years other than traffic offences, if any.

Profile of the Key Senior Management

YOSHIKAZU NODA
Aged 47, Male, Japanese
– Senior Manager, Marketing (Vietnam Operation)

Yoshikazu Noda joined KHI as Senior Manager of Sales and Marketing on 28 April 2008. In 1987, he graduated from Minami High School and subsequently he joined the aluminium die cast engineering of Asahi Kosei Co., Ltd in Japan. He was subsequently transferred to Asahi Kosei Malaysia where he was involved in die casting, fabrication of moulds and quality control, and he held the position of General Manager before he left. During his employment with KHI, he assists Marketing to obtain new items and new customers particularly in automotive industries where he is able to achieve sales growth for KHI.

Since 2009, he is assigned to develop new businesses in Vietnam and establish contacts with potential customer particularly Japanese customers who are expanding their manufacturing operation in Vietnam. In this position, he is also responsible to assist the successful implementation of the Group's future expansion plans in Vietnam specifically the business of metal stamping, precision machining, assembly of components and fabrication of tooling.

He does not hold any directorship in public companies and KHIB. He does not have any family relationship with any director and/or major shareholder of KHIB. He also does not have any conflict of interest with KHIB. He has no conviction for any offence within the past five (5) years other than traffic offences, if any.

ANA LOW
Aged 47, Female, Malaysian
– Senior Manager, Purchasing

Ana Low joined KHI and has been working under Purchasing Department since 19 October 1992. Currently, she is the senior manager who is primarily responsible for sourcing of raw materials, inventory control and supplier management.

With her decades of experience in Purchasing, she is also responsible for the implementation of the policies, standards and procedures particularly on the procurement of raw materials from various sources, local and overseas steel service centers. Throughout her 24 years with KHI, she has been coordinating various meetings and discussions with customers, local and overseas suppliers and the Authorities particularly for the import of steel materials.

She does not hold any directorship in public companies and KHIB. She does not have any family relationship with any director and/or major shareholder of KHIB. She also does not have any conflict of interest with KHIB. She has no conviction for any offence within the past five (5) years other than traffic offences, if any.

CHYE NYUK FONG
Aged 44, Female, Malaysian
– Senior Manager, Production

Chye Nyuk Fong joined KHI on 15 May 2000 and worked under the Production Control Department. She obtained Diploma in Technology (Material Engineering) from TAR College and Bachelor of Science (Physics) from Universiti Putra Malaysia respectively. Currently, she is holding the position as Senior Manager of Production Management Control (PMC) Department under KHI.

She is primarily responsible for production, material planning and also managing manpower, machines and other resources in the production department. She is also assigned to specifically be in charge of CNC precision machining and together with the engineering team, she is involved in developing new machining methods and engineering processes for KHI.

She does not hold any directorship in public companies and KHIB. She does not have any family relationship with any director and/or major shareholder of KHIB. She also does not have any conflict of interest with KHIB. She has no conviction for any offence within the past five (5) years other than traffic offences, if any.

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 2016.

OPERATING ENVIRONMENT

The World Bank, in its June 2016 issue of Global Economic Prospects, has reduced its forecast for the global economy in 2016. It predicts that the world economy will only expand 2.4% in 2016, down from the 2.9% it expected early this year. The World Bank's forecast is even more pessimistic than the International Monetary Fund's projection for global growth of 3.2% made in April 2016. Looking ahead, emerging market and developing economies will face challenges including the fall-out of sluggish advanced economy growth, tighter financial conditions and low commodity prices. Nevertheless, the World Bank expects developing and emerging market economies as a group to grow 3.5% in 2016. But the exporters, crushed by tumbling prices of oil and other commodities are expected to expand 0.4% only in 2016. Japan will expand 0.5%, a bit slower than 2015 whereas, China's economic growth will remain unchanged at 6.7%.

In Malaysia, Bank Negara Malaysia expects that the global economy will improve in 2016 although considerable downside risks remain. Nevertheless, the extent of the recovery will be contingent on several factors including commodity price developments, financial market conditions and the ability of economies to contain rising domestic vulnerabilities. Overall, the Malaysian economy is expected to grow by 4.0% to 4.5% in 2016 (2015: 5.0%) and private expenditure will remain as the key driver of growth, with continued support from the public sector. In 2016, key economic sectors are projected to expand at a more moderate pace. The manufacturing sector is also expected to increase their capital spending to support the adoption of automation in order to increase efficiency and productivity, given the more competitive business environment (Source: Bank Negara Malaysia Annual Report 2015).

Chairman's Statement

FINANCIAL REVIEW

The Group registered a record revenue of RM217.0 million for the financial year ended 30 April 2016, representing a growth of RM23.4 million or 12% as compared to a revenue of RM193.6 million reported last year. The vast improvement in revenue was mainly attributed to an increase in sales of tooling for new items awarded by the customers and also the sudden surge in demand for parts from customers that manufacture TVs, home appliances, printers and also automotive components in Malaysia and Vietnam.

In tandem with the increase in revenue, the Group achieved a remarkable Profit Attributable to Owners of the Company ("Net Profit") of RM9.3 million for the financial year under review. As compared to the Group's Net Profit of RM3.8 million in 2015, the Net Profit increased by RM5.5 million or 145% in 2016. The improvement in profitability was also attributed to an increase in efficiency and productivity following the implementation of several manufacturing systems developed by a wholly owned subsidiary company, Kein Hing Industry Sdn Bhd ("KHI").

With high profits generated by the businesses operating in Malaysia and Vietnam, the Group's financial position also strengthened significantly. The Equity Attributable to Owners of the Company had surpassed RM100 million and stood at RM100.3 million as at 30 April 2016 or Net Assets per share of RM1.01 (2015: RM0.92).

BUSINESS OUTLOOK AND PROSPECTS

The Group will remain focused on its core business of metal forming, and continue its overseas expansion in Vietnam. In 2015, the Group through its wholly owned subsidiary company, Kein Hing Industry Vietnam Co., Ltd ("KHIV"), embarked on the construction of a single storey factory with 3-storey offices and warehouse annexed at the Vietnam Singapore Industrial Park (VSIP), Hai Phong, Vietnam ("KHIV Factory"). KHIV Factory with a total built-up area of approximately 97,000 square feet was completed in December 2015 and production has commenced since then. Barring unforeseen circumstances, KHIV Factory is expected to grow gradually and contribute significantly to Group results when it reaches the optimal production and sales in the next 2 to 3 years.

Apart from KHIV Factory, the Group also ventured into the investment property business through KHI. In October 2015, KHI completed the construction of a factory cum warehouse with a total built-up area of approximately 56,000 square feet at Lot 5038, Jalan Perindustrian HP4, Hicom Pegoh Industrial Park, Mukim Pegoh, 78000 Alor Gajah, Melaka ("KHI Warehouse"). KHI Warehouse which is situated opposite Honda Malaysia's plant has been rented out to a third party and earning rental income since October 2015.

Chairman's Statement

On the product division, the Group Zenne Marketing team has penetrated into new overseas markets in addition to Hong Kong, Singapore, Vietnam, Philippines and Myanmar following the export of Zenne gas cookers to the Republic of Mauritius, and also Indonesia in the near future.

The 2016 global economy is fragile. The Group revenue is expected to encounter some fluctuation as a result of less predictable customers' orders. Nevertheless, the Group foresees that it will still be able to perform better than some of its industry peers based on its strength in engineering and quality track record, coupled with the anticipation of stronger customers' demand in Vietnam. Against this backdrop, the Board of Directors expects that the performance of the Group should remain satisfactory for the financial year ending 30 April 2017.

DIVIDENDS

The Board of Directors has proposed a First and Final Single Tier Dividend of 3% for the financial year ended 30 April 2016 amounting to RM1,485,000 which shall be tabled for the approval of shareholders at the forthcoming Thirteenth (13th) Annual General Meeting to be held on Wednesday, 19 October 2016.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to convey my appreciation to all the Directors, Management and employees 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 continued support.

Darsan Singh a/l Balwant Singh
Chairman
16 August 2016
Seri Kembangan

Corporate Social Responsibilities

Whilst pursuing the business objectives of profit and growth in enhancing shareholders' value, the Board is cognizant of the input of the Group's footprint on the society and the environment that it co-exist with, and the need for the Group to practise, preserve and promote activities that will continuously contribute and benefit the economy, environment, and society today and in the future. This is our Group's Corporate Social Responsibilities ("CSR").

"GREEN AND HEALTHY"

The Group continues to promote the "Green and Healthy" theme and is also constantly improving its workplace, the community and the environment it operates in. Through its Environment Management Department, the Group continues to monitor the implementation and effectiveness of various environmental friendly systems and also dissemination of safety information to all its operating factories in Malaysia and Vietnam. We are pleased to report that our main factories have been certified and will continue to be certified with the ISO 14001 Certification for Environmental Management Systems in view of the Group's commitment to its CSR.

KHI is also realizing the Green mission through garden factory concept which successfully provides safe haven for our local fauna and enhance the biodiversity to nature such as birds, butterflies, beetles, squirrels and even monkeys.

EARLY EDUCATION AND CHILDREN

KHI Pre-School was established by the Company's wholly owned subsidiary company, Kein Hing Industry Sdn Bhd ("KHI") in 1998 with the mission of creating a brighter future for all children. KHI advocates for access to early education, safety and quality child care standards through its CSR programs. The childcare within workplace demonstrates how businesses can go beyond corporate philanthropy and adopt child-focused CSR practices that help meet children's rights and contribute toward sustainable development.

Corporate Social Responsibilities

KHI's initiative was recognized by the Companies Commission of Malaysia ("SSM") in partnership with United Nation International Children's Emergency Fund ("UNICEF") in 2010 in line with their CSR framework, which advocates child-focused CSR that truly integrates children's rights with business practices, creating a win-win situation for children, communities and businesses themselves. 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 launched by UNICEF in collaboration with SSM. A program that includes best practices articles, promotional video as well as accompanying tool kit to kick start and inspire other likeminded organisations to initiate early childhood education and care centre 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

During the last 18 years, KHI has made remarkable gains in recognizing the impact of the provision of childcare and education on the productivity of its employees. The corporate commitment to support children's rights - through core business activities, strategic social investments and philanthropy, KHI had published a cookbook entitled 'Children Can Cook' in 2011. This action strongly support children's rights which includes the provision for equal treatment of an individual irrespective of race, language, religion, political opinions or other status. Currently, KHI Pre-School which comprises seventeen (17) qualified teachers and helpers has a total of eighty five (85) children under its childcare and education.

WORKPLACE AND SOCIAL POLICIES

The Group also constantly review its workplace and policies in order to provide a more conducive working environment and ensure proper development and utilization of its human resources. In addition, social and sport activities are organised by the Group for its employees in order to promote staff interaction. The Group's annual dinner grand shows have always been fully participated and attended by employees from Malaysia and Vietnam, together with our valued customers, Zenne gas cooker dealers, suppliers and other stakeholders to better inculcate and promote our values and culture.

In the year under review, programs such as company-wide blood donation, recycling management day, donation drives and cooking competition for various schools, landscaping and gardening activities, employees' day with games and cash voucher benefits, employees' holiday trips and various health checks were scheduled throughout the year.

CONCLUSION

As part of our CSR agenda, the Group strive to minimize any adverse impact our operations may have on the environment and to achieve continuous improvement with regards to its factories' environmental performance. The Group strongly believes that KHI Pre-School facility under the name of "Tadika Keluarga Harmoni & Indah" will lend support to its corporate sustainability in the long run. The Group will also consistently support and encourage all its employees and relevant stakeholders to seek noble means for contributing to societies and to help to shape moderate and caring communities.

Statement on Corporate Governance

1. MANAGEMENT WITH INTEGRITY, TRANSPARENCY AND ACCOUNTABILITY

The Board is committed to ensure that a high standard of corporate governance is practised throughout the Company and its subsidiaries ("the Group") in discharging its responsibilities with integrity, transparency and professionalism to protect and enhance shareholders' value and the financial position of the Group. The Board has always been vigilant of the fiduciary duties entrusted upon the Board as a principle guide in discharging its duties.

The Board recognises the importance of good corporate governance and supports the principles and recommendations promulgated in the Malaysian Code on Corporate Governance 2012 ("the Code") to enhance business prosperity and maximise shareholder value. The Board will continuously evaluate the Group's corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in the Code to the best interest of the shareholders of the Company. As such, the Board plays a primary role in ensuring that good corporate governance is being practised.

Below is a statement and description in general pursuant to Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") on how the Group has applied the principles and recommendations as laid out in the Code throughout the current financial year.

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 5 to 7 of this Annual Report. The Board is satisfied that no individual or group of individuals dominates the Board's decision-making process.

The Board is entrusted with the responsibility of setting the goals and the direction 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.

Statement on Corporate Governance

2. DIRECTORS (CONT'D)

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.

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 MMLR, 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 Meeting

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 participation and 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 the new appointment.

The Board met five (5) times during the financial year ended 30 April 2016 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	4/5
Yap Toon Choy	5/5
Yong Elaine	5/5
Swee Soo Mang	5/5
Gan Chee Tsong	5/5

2. DIRECTORS (CONT'D)

The Board Meeting (Cont'd)

Matters that were discussed, reviewed and approved during the Board Meeting held during the financial year ended 30 April 2016 included amongst others the following:

(a) Approval of the Unaudited Quarterly Report for announcement to Bursa Malaysian Securities Berhad and the Securities Commission.
(b) Review and approval of the audited financial statements of the Company and the Group.
(c) Review of the quarterly risk management report presented by the Group's Risk Management Coordinator.
(d) Review, discussion and approval of the annual business plan and budget of the Group.
(e) Discussion and recommendation of the proposed first and final single tier ordinary dividend to the shareholders for approval.
(f) Review and recommendation to the shareholders for approval:
    (i) The re-election of director(s).
    (ii) The retention of those independent directors who have been with the Company for more than nine years cumulatively, the renewal of the mandate for recurrent related party transactions and the mandate for share buy-back, and the directors' fees.
(g) Review the recommendation of the Audit Committee for the re-appointment of the External Auditors, and recommended it to the shareholders for approval.
(h) Review and discussion of the impact on the Company amendments to the MMLR, changes in Malaysian Financial Reporting Standards and the Auditing Standards particularly key audit matters and the format of the long form Independent Auditors' Report that will be applicable to the Company and the Group's audited financial statements for the financial year ending 30 April 2017.

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.

2. DIRECTORS (CONT'D)

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.

During the financial year ended 30 April 2016, all the directors have attended at least one training programme. Amongst the training programme and seminars attended by the Directors during the financial year ended 30 April 2016 were as follows:-

- Latest Amendments to Bursa Malaysia Securities Berhad's Listing Requirements and Changes in Corporate Governance Requirements for Directors on 30 June 2015
- Bursa Malaysia Securities Berhad's Sustainability Reporting Guide on 16 March 2016

Appointment to the Board

All new nominees to the Board are reviewed and vetted by the Nominating Committee before a recommendation is made to the Board for appointment. During the financial year under review, there was no new appointment to the Board.

Nominating Committee

The Nominating Committee of the Company was set up on 6 December 2004 with written terms of reference approved by the Board, dealing with its authority and duties which include the selection and assessment of directors. The terms of reference of the Nominating Committee is made available on the Company's website at www.keinhing.com.

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

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

The NC met once on 26 August 2015 during the financial year under review with full attendance of the NC members.

The NC conducted an evaluation of the performance of the Directors for the financial year ended 30 April 2016, and reviewed and assessed the size of the Board, the 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 NC concluded that the Board as a whole and its committees were effective with the necessary skills, experience and qualification and is satisfied with the current composition and performance of the Board.

Statement on Corporate Governance

2. DIRECTORS (CONT'D)

Nominating Committee (Cont'd)

The Board although has no specific policy on gender diversity, is fully conversant with the benefit and contribution of a diverse Board to the decision making process and performance of the Company. For the moment the Board has not set any target for the appointment of female candidates to the Board. Any such appointment will be made based on merit and will follow the Company's guideline on evaluation and selection of candidates. The evaluation and selection of the suitability of candidates is conducted based on the candidates' compatibility, competency, character, time commitment, integrity and experience in meeting the needs of the Company. With the current composition which comprises one (1) female director, the Board feels that its members have the necessary knowledge, experience, requisite range of skills and competency to enable them to discharge their duties and responsibilities effectively. The NC will however, take steps to ensure that suitable female candidates be considered as part of its recruitment exercise.

For the financial year ending 30 April 2017, the NC will review the term of office and performance of the Audit Committee ("AC") and each of its members annually to determine whether the AC members have carried out their duties in accordance with their terms of reference.

Re-election of Directors

In accordance with the 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 AGM and shall then be eligible for re-election.

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, and another Independent Director, Mr. Gan Chee Tsong ("Mr. Gan") has also served in the Board since 26 July 2007. As Mr. Darsan, Mr. Swee and Mr. Gan are 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 Mr. Darsan, Mr. Swee and Mr. Gan 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 judgment 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.

Statement on Corporate Governance

2. DIRECTORS (CONT'D)

Annual Assessment of Independence

The Board had conducted an assessment 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

The Directors' remuneration packages are reviewed and recommended to the Board for approval.

Remuneration Committee

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

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

The remuneration of the Executive Directors consists of basic salary and other emoluments. Any salary review will 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	Senior Independent Non-Executive Director
Yap Toon Choy	Group Managing Director

During the financial year ended 30 April 2016, the Remuneration Committee had performed its duty to assess the remuneration package of its Executive Directors and proposed the remuneration of Executive Directors to the Board for consideration.

Details of the remuneration for the Directors of the Company for the financial year ended 30 April 2016 are as follows:

	Group (RM'000)	Company (RM'000)
Fees	125	125
Emoluments	1,585	18
Employees Provident Funds	118	-
Benefit-in-kind	80	-
Total	**1,908**	**143**

3. DIRECTORS' REMUNERATION (CONT'D)

Details of the remuneration for the Directors of the Company for the financial year ended 30 April 2016 are as follows (Cont'd):

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Fees	-	125
Emoluments	1,567	18
Employees Provident Funds	118	-
Benefit-in-kind	80	-

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
RM200,001 to RM250,000	1	–
RM250,001 to RM300,000	–	1
RM1,300,001 to RM1,350,000	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.

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 welcomed 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.

Poll Voting

Pursuant to the amendments to the MMLR on 24 March 2016, the Company will conduct poll voting for any resolution set out in the notice of general meetings or notice of resolutions and its related amendments with effect from 1 July 2016. Hence, the resolutions tabled at the Company's forthcoming Thirteenth Annual General Meeting to be convened on 19 October 2016 will be by poll voting.

4. SHAREHOLDERS AND COMMUNICATION POLICY (CONT'D)

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 32 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 29 to 31 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 2016 was RM20,000.

Risk Management

The Board carries out its responsibilities in relation to managing the Company's risk in a systematic and methodical manner. This includes risk assessment evaluation and the setting up of a risk management framework to monitor risks on a regular basis including recovery and reviewing the risk management report prepared by the Risk Management Working Committee which comprises all Head of Departments as members. The Risk Management Working Committee report is first reviewed by the Audit Committee and presented to the Board by the Risk Management Coordinator.

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 pages 13 to 14 of this Annual Report.

Statement on Corporate Governance

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.

Audit and Non-Audit Fees

Audit and non-audit fees paid by the Group and the Company for the financial year ended 30 April 2016 are as follows:

	Group (RM)	Company (RM)
Audit fees		
- KPMG Malaysia	110,000	33,000
- Overseas affiliates of KPMG Malaysia	86,456	-
- Other auditors	17,400	-
Total	**213,856**	**33,000**
Non-audit fees		
- KPMG Malaysia	15,000	15,000
- Local affiliates of KPMG Malaysia	21,645	4,700
- Overseas affiliates of KPMG Malaysia	61,286	-
- Other auditors	12,800	-
Total	**110,731**	**19,700**
Grand Total	**324,587**	**52,700**

Non-audit fees paid by the Company to the external auditors was RM15,000 for verifying the Statement on Risk Management and Internal Control and other reporting.

Non-audit fees paid by the Group and the Company further include tax compliance and other services provided by both local and overseas affiliates of the external auditors and also other auditors of certain subsidiary companies.

Statement on Corporate Governance

6. OTHERS (CONT'D)

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 2016 pursuant to the shareholders' mandate obtained by the Company at the Twelfth AGM held on 29 October 2015 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 2016 (RM)
1.	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
2.	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
3.	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

Audit Committee Report

The Audit Committee ("AC") was formed on 6 December 2004 with its terms of reference approved by the Board of Directors. The terms of reference of the AC is made available on the Company's website at www.keinhing.com.

COMPOSITION

The AC has three (3) members, namely:

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

All the AC members are Independent Non-Executive Directors, and one of the AC members, Mr. Gan Chee Tsong is a member of the Malaysian Institute of Accountants. The Chairman of the AC, Mr. Swee Soo Mang, is a senior independent director. Hence, the composition of the AC meets with the requirements of paragraphs 15.09 (1)(a), (b), (c)(i) and 15.10 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("MMLR").

ATTENDANCE AND MEETINGS

The attendance of the AC members at the following AC meetings held during the financial year ended 30 April 2016 are outlined below:

Audit Committee Members	Dates of Meetings				
	26/06/2015	26/08/2015	30/09/2015	16/12/2015	16/03/2016
Swee Soo Mang	√	√	√	√	√
Darsan Singh a/l Balwant Singh	√	√	√	√	√
Gan Chee Tsong	√	√	√	√	√

In compliance with paragraph 15.13 of the MMLR, the AC invited the relevant employees, such as the Financial Controller, the Accountant, the Compliance Officer, the Risk Management Coordinator to attend the AC meetings to brief and clarify specific matters or issues arising from the presentation of each of their respective agenda tabled at the AC meetings. The outsourced internal auditor was invited to attend the AC meeting every quarter to present the internal audit report to the AC, while the external auditors were also invited to attend the AC meetings to present their audit plan, audit memorandum and audited financial statements. The AC also met with the external auditors without the presence of the Executive Directors and Management twice during the financial year under review.

After each AC meeting, the Chairman of the AC will report to the Board of Directors at the Board meeting held following the AC meeting on salient matters/issues discussed, deliberated and/or dealt with at the AC meetings and recommendations made by the AC for the Board's consideration and where appropriate for the Board's approval. In this way, the AC kept the Board immediately informed on all agenda tabled at the AC meeting and the related outcome without having to wait for the minutes of the AC meeting to be prepared. The minutes of the AC meetings are recorded by the Company Secretary and tabled to the AC for review and confirmation at the next following AC meeting. Subsequently, upon confirmation, the AC minutes are given to the Board for notation.

For the financial year ended 30 April 2016, the Board had reviewed the terms of office of the AC members and assessed the performance of the AC and its members once every three year. Commencing this current financial year ending 30 April 2017, the Nominating Committee will carry out this function in accordance with paragraph 15.20 of the MMLR. The Board was satisfied that the AC and its members had discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference.

SUMMARY OF WORK

During the financial year ended 30 April 2016 ("FY2016"), the AC's activities were as follows:

(i) Unaudited Quarterly Results

The AC reviewed the Unaudited Results which were prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134: *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") including Appendix 9B of the MMLR for the fourth (4^{th}) quarter of FY2015, and the first (1^{st}), second (2^{nd}) and third (3^{rd}) quarters of FY2016 at the AC meetings held on 26 June 2015, 30 September 2015, 16 December 2015 and 16 March 2016 respectively prior to recommending them for approval at the respective Board of Directors Meetings held following each of the AC meetings.

(ii) Group Budget 2016

At the AC Meeting held on 26 June 2015, the AC reviewed and recommended the Group Budget 2016 to the Board for approval.

(iii) Audited Financial Statements

The AC reviewed the report on the status of the audit for the financial year ended 30 April 2015 presented by the External Auditors ("KPMG") comprising amongst others, key findings and significant risk areas arising from the audit at the AC meeting held on 26 June 2015.

At a subsequent AC meeting held on 26 August 2015, the AC went through the External Auditors' report presented by KPMG and noted that all outstanding matters reported earlier in respect of the audit of the Company for the financial year ended 30 April 2015 had been cleared and that KPMG would issue a clean report on the audit as well as the Statement of Risk Management and Internal Control. At this meeting, the audited financial statements for the financial year ended 30 April 2015 together with the reports of the Auditors and Directors were tabled for the AC's review before recommending them to the Board for approval.

In reviewing the Unaudited Group Results for each quarter and audited financial statements for the financial year ended 30 April 2016, the AC had reviewed with KPMG and the Financial Controller the following:

(a) changes in or implementation of major accounting policy changes;
(b) significant matters highlighted including financial reporting issues, significant judgements made by the Management, significant and unusual events or transactions, and how these matters were addressed; and
(c) compliance with accounting standards and other legal requirements.

(iv) External Audit

The status of the audit for the financial year ended 30 April 2015 and audit report presented by KPMG were reviewed by the AC at the AC meetings held on 26 June 2015 and 26 August 2015 respectively.

The AC met with KPMG twice in the absence of the Executive Directors and Management during the current financial year under review at the AC meeting held on 26 August 2015 and 16 March 2016 respectively. The AC had enquired about Management's cooperation given to KPMG and KPMG's evaluation of the system of internal controls of the Group. KPMG was satisfied with Management's cooperation given to them.

Audit Committee Report

SUMMARY OF WORK (CONT'D)

(iv) External Audit (Cont'd)

At the AC meeting held on 16 March 2016, the AC reviewed and discussed the External Audit Plan for the financial year ended 30 April 2016 with the presence of the audit partner of KPMG. The AC also reviewed KPMG's proposal to increase their total audit and non-audit fees from RM115,000 to RM125,000 for the audit of the Company and its wholly-owned company, Kein Hing Industry Sdn Bhd, together with the review of the Directors' Statement of Risk Management and Internal Control and Supplementary Financial information on the Breakdown of the Realised and Unrealised Retained Earnings, and had recommended it to the Board for approval. At the same meeting, KPMG had declared to the AC that they were independent for the purpose of the audit in accordance with the terms of the relevant professional and regulatory requirements.

Subsequent to the financial year, at the AC meeting held on 26 June 2016, the AC went through the Status of the Audit Briefing with KPMG and obtained clarification and explanation from the audit partner of KPMG regarding the audit status and outstanding matters, the significant risk areas, component auditors' work, uncorrected audit misstatements and other matters. In the process, KPMG also highlighted and discussed matters relating to management judgments and estimates regarding trade and other receivables and inventories. The AC also reviewed the changes in the sustainability reporting requirements presented by KPMG.

The AC had reviewed the performance of KPMG notably with regards to KPMG's resources and timeliness in completing the Company's audit and had recommended KPMG to be re-appointed as auditors of the Company for the ensuing year at the forthcoming Thirteenth Annual General Meeting of the Company at a fee to be determined by the Board of Directors.

(v) Risk Management

The AC reviewed four (4) Risk Management Report at the AC meetings held on 26 June 2015, 30 September 2015, 16 December 2015 and 16 March 2016 respectively. The Risk Management Coordinator briefed the AC by going through the risk scorecard and risk profile. After its review, the AC was satisfied that the risk plans and risk controls have been implemented by the Management and the risks are kept within the scale of low risk. Therefore, the AC had recommended the Risk Management Report to the Board for approval at each of the quarterly Board meeting.

(vi) Internal Audit

The Internal Audit function of the Company is outsourced to Naim & Associates ("Internal Auditors"), a firm of Chartered Accountants. The Internal Auditors report directly to the AC.

During the financial year ended 30 April 2016, the Internal Auditors had made four (4) audit visits to carry out their duties and had presented the following Internal Audit Reports to the AC pursuant to their internal audit review of the following audit areas in the Internal Audit Plan approved by the AC at the following AC meetings:

Internal Audit Report	Audit Committee Meetings
• Delivery and Warehouse Operation at Factory B of Kein Hing Industry Sdn Bhd ("KHI")	26 June 2015
• Group's Recurrent Related Party Transactions and Computer Software Licensing	30 September 2015
• Measuring Equipment of KHI	16 December 2015
• Control and Custody of Measuring Equipment of KHI (Factory B)	16 March 2016

The AC is satisfied with the performance of the Internal Auditors.

Audit Committee Report

SUMMARY OF WORK (CONT'D)

(vi) Internal Audit (Cont'd)

The Internal Auditors had conducted internal control reviews as part of the organisation's on-going process to review the adequacy and integrity of the system of internal controls of the organisation and to ensure that policies, procedures and guidelines established by the Company have been adhered to and that the processes in place are efficient and effective. The overall opinion of the Internal Auditors regarding their audit review of the above audit areas was "Satisfactory".

At the Board meeting following each of the AC meetings, the Chairman of the AC had given a briefing to the Board on the Internal Audit Report presented by the Internal Auditors.

(vii) Related Party Transactions

Included in the notice of each of the meetings of the AC held on 26 June 2015, 30 September 2015, 16 December 2015 and 16 March 2016, is an agenda to review any related party transactions and conflict of interest situations that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

Up to the date of this report, there were no related party transactions and conflict of interest situations brought to the attention of the AC except for the recurrent related party transactions which will be tabled to the shareholders for approval at the forthcoming Thirteen Annual General Meeting of the Company to obtain the renewal of the shareholders' mandate for recurrent related party transactions of a revenue or trading nature as contained in the Circular to Shareholders dated 26 August 2016.

The AC reviewed on a quarterly basis the Management's list of related parties and the recurrent related party transactions of a revenue and trading nature which are mainly rental paid for premises used as factories, warehouse and accommodation for staff. To ensure that all recurrent related party transactions are undertaken on an arm's length basis and on the Group's normal commercial terms consistent with the Group's usual business arrangements, practices and policies and on prices and terms not more favourable to the related parties than those generally available to the public and will not be detrimental to the minority shareholders, the AC had authorised the Internal Auditors, to conduct half yearly internal audit review on behalf of the AC on the adequacy of the review methods or procedures of the KHIB Group established by Management to identify, evaluate, report and monitor the recurrent related party transactions and to ensure that Management follows the review methods or procedures in accordance with the Review Methods or Procedures as set out in paragraph 4.1 of the Proposed Renewal of Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature in the Circular to Shareholders dated 26 August 2016. The Internal Auditors were satisfied that the Management had complied with the Review Methods or Procedures to identify, evaluate, report and monitor the recurrent related party transactions of a revenue or trading nature.

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 Main Market Listing Requirements, paragraph 15.26(b), the Directors of listed companies are required to produce a statement about the state of risk management and internal control of the listed Companies as a group 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 recognises the importance of sound risk management practices and internal controls to safeguard shareholders' investments and the Company's assets. The Board acknowledges its responsibility and is committed in maintaining the Company's risk management and system of internal control as well as reviewing its adequacy, integrity and effectiveness.

There are inherent limitations in any system of internal control and the system is designed to manage and mitigate the impact rather than completely eliminate the risks that may impact the achievement of the Company's business objectives. Therefore, the system of internal control can only provide reasonable but no absolute assurance against material misstatement or loss.

The Group has established an ongoing process for identifying, evaluating, monitoring and managing significant risks faced, or potentially exposed to, by the Group in pursuing its corporate objectives. The adequacy and effectiveness of this process have been continually reviewed by the Board and are in accordance with the Internal Control Guidelines.

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 under review, the internal audit covered the following:-

- operation of delivery and warehouse in the main factory located at Lot 1863, Jalan Kolej, 43300 Seri Kembangan, Selangor, among others, procedures in monitoring of inbound and outbound activities for parts, storage and handling, segregation of duties, proper authorization, document control and warehousing management.
- information technology policy and procedures particularly focusing on software licenses to ensure that installed software was not under-licensed and proper records have been maintained for all procured licenses.
- review the Group's recurrent related party transactions on a half-yearly basis which objective is to ensure that the methods and procedures are adequate to monitor, track and identify recurrent related party transactions of the Group.
- control and custody of measuring equipment which covered policy and procedures from acquisition, maintenance, internal and external calibration to physical custody by the respective person in charge, and also guidelines and record on fixed assets control and prevention of loss and damages to the measuring equipment.

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 reports and also four (4) risk management reports were tabled respectively 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. During the financial year, the Management has made available the resources required for the internal auditors to carry out the internal audit function. There were no significant findings from the reviews conducted by the Internal Auditors.

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 countermeasures required. These risk profiles had been progressively presented to the Audit 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 welldefined 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 (4) 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 ongoing 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.

- Management meetings
  Regular Management meetings are held to raise issues, discuss, review and monitor the business development and resolve operational and management issues and review financial performances against the budgets for each operating unit and regular visits by the Senior Personnel or Management team to each operating unit as and when necessary.

- 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.

Statement on Risk Management and Internal Control

KEY ELEMENTS OF INTERNAL CONTROLS (CONT'D)

- Ongoing training
  As and when necessary, provision of staff training and development programs to equip staff with the appropriate knowledge and skills to enable staff to carry out their job functions productively and effectively.

- Hands on approach
  Close involvement of the Executive Directors of the Group in its daily operations.

- Related party transactions monitoring
  Related party transactions are disclosed, reviewed and monitored by the Audit committee on a periodic basis.

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 2016, 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 risk management and 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 risk management and internal control and the work processes.

The statement made in accordance with the resolution of the Board of Directors dated 16 August 2016.

Statement on Directors' Responsibility

In Relation To The Financial Statements

As required by the Companies Act, 1965 ("the Act") and Listing Requirements of Bursa Malaysia Securities Berhad, 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 financial year ended 30 April 2016, the Directors have ascertained that:

- appropriate accounting policies have been consistently applied;
- reasonable and prudent judgements and estimates have been made;
- all applicable accounting standards in Malaysia are strictly adhered to; and
- going concern basis is applied.

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 2016

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 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	9,324,716	1,958,352
Non-controlling interests	2,425,785	-
	11,750,501	1,958,352

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 first and final single tier dividend of 1 sen per ordinary share totalling RM990,000, in respect of the financial year ended 30 April 2015 on 20 November 2015.

The first and final single tier dividend recommended by the Directors in respect of the financial year ended 30 April 2016 is 1.5 sen per ordinary share totalling RM1,485,000. 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 IN SHARES

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 1.5.2015**	**Bought**	**Sold**	**At 30.4.2016**
Direct interest				
Yap Toon Choy	37,126,520	303,100	-	37,429,620
Yong Elaine	20,870,070	50,000	-	20,920,070

By virtue of their interests in the shares of the Company, Yap Toon Choy and Yong Elaine 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 2016 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 or the fixed salary of a full time employee of the Company or of related corporations) 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 substantial 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 substantial financial interests, as disclosed in Note 26 to the financial statements.

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

ISSUE OF SHARES AND DEBENTURES

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

There were no debentures issued 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.

Directors' Report
For the year ended 30 April 2016

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 the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

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

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

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 April 2016 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 are disclosed in Note 27 to the financial statements.

Directors' Report
For the year ended 30 April 2016

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: 16 August 2016

Statements of Financial Position

As at 30 April 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Assets					
Property, plant and equipment	3	**99,645,296**	91,241,061	**-**	-
Prepaid lease payments	4	**6,578,393**	6,477,644	**-**	-
Investment property	5	**10,465,676**	6,340,168	**-**	-
Investments in subsidiaries	6	**-**	-	**62,388,148**	61,097,089
Other investments	7	**198,061**	198,586	**-**	-
Amount due from a subsidiary	8	**-**	-	**2,375,178**	1,354,538
Total non-current assets		**116,887,426**	104,257,459	**64,763,326**	62,451,627
Trade and other receivables	8	**37,157,827**	35,886,301	**2,507,779**	3,064,920
Inventories	9	**22,030,206**	24,104,296	**-**	-
Cash and bank balances	10	**31,678,420**	11,888,831	**178,552**	127,263
Total current assets		**90,866,453**	71,879,428	**2,686,331**	3,192,183
Total assets		**207,753,879**	176,136,887	**67,449,657**	65,643,810
Equity					
Share capital	11	**49,500,000**	49,500,000	**49,500,000**	49,500,000
Reserves		**50,793,183**	41,848,700	**16,965,160**	15,996,808
Equity attributable to owners of the Company		**100,293,183**	91,348,700	**66,465,160**	65,496,808
Non-controlling interests	11	**12,685,960**	9,867,605	**-**	-
Total equity		**112,979,143**	101,216,305	**66,465,160**	65,496,808
Liabilities					
Loans and borrowings	12	**30,463,164**	12,651,990	**-**	-
Trade and other payables	13	**1,157,916**	1,301,419	**-**	-
Deferred tax liabilities	14	**4,118,660**	4,176,350	**-**	-
Total non-current liabilities		**35,739,740**	18,129,759	**-**	-
Loans and borrowings	12	**26,464,779**	24,900,236	**-**	-
Trade and other payables	13	**30,615,411**	31,675,245	**981,497**	145,002
Current tax liabilities		**1,954,806**	215,342	**3,000**	2,000
Total current liabilities		**59,034,996**	56,790,823	**984,497**	147,002
Total liabilities		**94,774,736**	74,920,582	**984,497**	147,002
Total equity and liabilities		**207,753,879**	176,136,887	**67,449,657**	65,643,810

The notes on pages 43 to 92 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 30 April 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Revenue	15	**216,978,990**	193,634,965	**2,000,000**	2,600,000
Cost of sales		**(167,531,696)**	(157,833,884)	**-**	-
Gross profit		**49,447,294**	35,801,081	**2,000,000**	2,600,000
Other income		**4,401,883**	1,562,828	**49,032**	1,537,380
Distribution expenses		**(2,517,263)**	(1,732,635)	**-**	-
Administrative expenses		**(28,365,406)**	(25,104,283)	**(365,848)**	(386,775)
Other expenses		**(3,727,370)**	(1,479,266)	**(6,847)**	-
Results from operating activities		**19,239,138**	9,047,725	**1,676,337**	3,750,605
Finance income		**130,694**	276,867	**304,097**	180,492
Finance costs		**(3,130,568)**	(2,260,178)	**-**	-
Profit before tax		**16,239,264**	7,064,414	**1,980,434**	3,931,097
Income tax expense	16	**(4,488,763)**	(1,839,435)	**(22,082)**	(20,762)
Profit for the year	17	**11,750,501**	5,224,979	**1,958,352**	3,910,335
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		**77,881**	114,348	**-**	-
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		**924,456**	2,167,533	**-**	-
Fair value of available-for-sale financial assets		**-**	2,516	**-**	-
Other comprehensive income for the year, net of tax		**1,002,337**	2,284,397	**-**	-
Total comprehensive income for the year		**12,752,838**	7,509,376	**1,958,352**	3,910,335
Profit attributable to:					
Owners of the Company		**9,324,716**	3,810,417	**1,958,352**	3,910,335
Non-controlling interests		**2,425,785**	1,414,562	**-**	-
Profit for the year		**11,750,501**	5,224,979	**1,958,352**	3,910,335
Total comprehensive income attributable to:					
Owners of the Company		**9,934,483**	5,221,775	**1,958,352**	3,910,335
Non-controlling interests		**2,818,355**	2,287,601	**-**	-
Total comprehensive income for the year		**12,752,838**	7,509,376	**1,958,352**	3,910,335
Basic earnings per ordinary share (sen):	19	**9.42**	3.85		
Dividends per ordinary share (sen):	20	**1.00**	1.00		

The notes on pages 43 to 92 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 April 2016

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 2014		49,500,000	2,668,992	801,638	(2,516)	34,148,811	87,116,925	8,001,825	95,118,750
Foreign currency translation differences for foreign operations		-	-	1,408,842	-	-	1,408,842	758,691	2,167,533
Share of capital reserve by a non-controlling interest of a subsidiary		-	-	-	-	-	-	114,348	114,348
Fair value of available-for-sale financial asset		-	-	-	2,516	-	2,516	-	2,516
Total other comprehensive income for the year		-	-	1,408,842	2,516	-	1,411,358	873,039	2,284,397
Profit for the year		-	-	-	-	3,810,417	3,810,417	1,414,562	5,224,979
Total comprehensive income for the year		-	-	1,408,842	2,516	3,810,417	5,221,775	2,287,601	7,509,376
Disposal of a subsidiary company		-	-	-	-	-	-	(421,821)	(421,821)
Dividends to owners of the Company	20	-	-	-	-	(990,000)	(990,000)	-	(990,000)
At 30 April 2015		**49,500,000**	**2,668,992**	**2,210,480**	**-**	**36,969,228**	**91,348,700**	**9,867,605**	**101,216,305**
		Note 11.1	Note 11.2	Note 11.3	Note 11.4			Note 11.5	
At 1 May 2015		49,500,000	2,668,992	2,210,480	-	36,969,228	91,348,700	9,867,605	101,216,305
Foreign currency translation differences for foreign operations		-	-	609,767	-	-	609,767	314,689	924,456
Share of capital reserve by a non-controlling interest of a subsidiary		-	-	-	-	-	-	77,881	77,881
Total other comprehensive income for the year		-	-	609,767	-	-	609,767	392,570	1,002,337
Profit for the year		-	-	-	-	9,324,716	9,324,716	2,425,785	11,750,501
Total comprehensive income for the year		-	-	609,767	-	9,324,716	9,934,483	2,818,355	12,752,838
Dividends to owners of the Company	20	-	-	-	-	(990,000)	(990,000)	-	(990,000)
At 30 April 2016		**49,500,000**	**2,668,992**	**2,820,247**	**-**	**45,303,944**	**100,293,183**	**12,685,960**	**112,979,143**
		Note 11.1	Note 11.2	Note 11.3	Note 11.4			Note 11.5	

The notes on pages 43 to 92 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 30 April 2016

Company	**Note**	***Non-distributable*** **Share capital RM**	**Share premium RM**	***Distributable*** **Retained earnings RM**	**Total RM**
At 1 May 2014		49,500,000	2,668,992	10,407,481	62,576,473
Profit for the year and total comprehensive income for the year		-	-	3,910,335	3,910,335
Dividends to owners of the Company	20	-	-	(990,000)	(990,000)
At 30 April 2015/1 May 2015		49,500,000	2,668,992	13,327,816	65,496,808
Profit for the year and total comprehensive income for the year		-	-	1,958,352	1,958,352
Dividends to owners of the Company	20	-	-	(990,000)	(990,000)
At 30 April 2016		**49,500,000**	**2,668,992**	**14,296,168**	**66,465,160**
		Note 11.1	Note 11.2		

The notes on pages 43 to 92 are an integral part of these financial statements.

Statements of Cash Flows

For the year ended 30 April 2016

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash flows from operating activities				
Profit before tax	**16,239,264**	7,064,414	**1,980,434**	3,931,097
Adjustments for:				
Amortisation of prepaid lease payments				
- land use rights	**171,502**	123,966	**-**	-
Depreciation of:				
- property, plant and equipment	**11,795,496**	11,287,650	**-**	-
- investment property	**101,230**	-	**-**	-
Dividend income	**-**	-	**(2,000,000)**	(2,600,000)
Finance costs	**3,130,568**	2,260,178	**-**	-
(Gain)/Loss on disposal of:				
- property, plant and equipment	**(58,086)**	130,382	**-**	-
- other investment	**-**	5,500	**-**	-
- assets held for sale	**-**	-	**-**	(899,278)
- a subsidiary company	**-**	-	**-**	(636,289)
Finance income	**(130,694)**	(276,867)	**(304,097)**	(180,492)
Property, plant and equipment written off	**96,924**	369,468	**-**	-
Unrealised loss on foreign exchange	**165,387**	-	**-**	-
Operating profit/(loss) before changes in working capital	**31,511,591**	20,964,691	**(323,663)**	(384,962)
Changes in working capital:				
Inventories	**2,074,090**	(6,035,486)	**-**	-
Trade and other receivables	**(1,440,308)**	(7,840,029)	**-**	-
Trade and other payables	**(1,331,826)**	4,995,497	**28,000**	-
Cash generated from/(used in) operations	**30,813,547**	12,084,673	**(295,663)**	(384,962)
Income tax paid	**(2,806,989)**	(2,377,461)	**(21,082)**	(20,762)
Net cash from/(used in) operating activities	**28,006,558**	9,707,212	**(316,745)**	(405,724)
Cash flows from investing activities				
Acquisition of:				
- additional shares in a subsidiary	**-**	-	**(1,210,000)**	(2,275,000)
- property, plant and equipment (ii)	**(16,564,858)**	(9,956,297)	**-**	-
- investment property	**(4,226,738)**	(4,450,098)	**-**	-
Dividend received	**-**	-	**2,000,000**	2,600,000
Proceeds from disposal of:				
- a subsidiary company	**-**	-	**-**	1,687,289
- assets held for sale	**-**	1,400,000	**-**	1,400,000
- other investment	**-**	494,500	**-**	-
- property, plant and equipment	**69,728**	197,475	**-**	-
Increase in prepaid lease payments	**-**	(2,298,434)	**-**	-
Interest received	**37,229**	186,170	**210,632**	89,795
Decrease/(Increase) in pledged deposits with licensed banks	**137,486**	(3,940)	**-**	-
Net cash (used in)/from investing activities	**(20,547,153)**	(14,430,624)	**1,000,632**	3,502,084

Statements of Cash Flows

For the year ended 30 April 2016

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash flows from financing activities				
Repayment from/(Advances to) subsidiaries	**-**	-	**357,402**	(2,011,860)
Advances from a non-controlling interest in a subsidiary	**-**	196,000	**-**	-
Proceeds from term loans	**25,925,449**	4,817,729	**-**	-
Repayment of amount due to Directors	**-**	(988,724)	**-**	-
Repayment of finance lease liabilities	**(3,350,956)**	(2,822,060)	**-**	-
Repayment of term loans	**(4,742,915)**	(2,805,971)	**-**	-
Proceeds from/(Repayment of) other borrowings	**6,830,257**	(1,642,674)	**-**	-
Dividends paid	**(990,000)**	(990,000)	**(990,000)**	(990,000)
Interest paid	**(2,947,304)**	(2,082,341)	**-**	-
Net cash from/(used in) financing activities	**20,724,531**	(6,318,041)	**(632,598)**	(3,001,860)
Net increase/(decrease) in cash and cash equivalents	**28,183,936**	(11,041,453)	**51,289**	94,500
Exchange differences on translation of the financial statements of foreign operations	**(614,642)**	470,669	**-**	-
Cash and cash equivalents at 1 May	**(226,040)**	10,344,744	**127,263**	32,763
Cash and cash equivalents at 30 April (i)	**27,343,254**	(226,040)	**178,552**	127,263

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:

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Deposits with licensed banks	10	**5,341,715**	4,340,330	**-**	-
Less: Pledged deposits	10	**-**	(137,486)	**-**	-
		5,341,715	4,202,844	**-**	-
Cash and bank balances	10	**26,336,705**	7,548,501	**178,552**	127,263
Bank overdraft	12	**(4,335,166)**	(11,977,385)	**-**	-
		27,343,254	(226,040)	**178,552**	127,263

(ii) Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM19,041,450 (2015: RM20,088,369) of which RM2,356,100 (2015: RM10,132,072) was acquired by means of finance lease and term loan arrangements respectively, and RM120,492 (2015: Nil) was subsequently paid by mean of finance lease arrangement after the financial year.

The notes on pages 43 to 92 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 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 30 April 2016 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 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 16 August 2016.

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 MFRSs 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 2016

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, Financial Instruments: *Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, Property, Plant and Equipment and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

Notes to the Financial Statements

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 January 2018

- MFRS 9, *Financial Instruments* (2014)
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

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

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

- from the annual period beginning on 1 May 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for MFRS 14, Amendments to MFRS 5 and Amendments to MFRS 116 and MFRS 141 which are not applicable to the Group and the Company.

- from the annual period beginning on 1 May 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017.

- from the annual period beginning on 1 May 2018 for those accounting standards that are effective for annual periods beginning on or after 1 January 2018.

- from the annual period beginning on 1 May 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

(i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts,* MFRS 118, *Revenue,* IC Interpretation 13, *Customer Loyalty Programmes,* IC Interpretation 15, *Agreements for Construction of Real Estate,* IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services.*

The Group will assess the financial impact that may arise from the adoption of MFRS 15.

(ii) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group will assess the financial impact that may arise from the adoption of MFRS 9.

(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 the financial statements in conformity with MFRSs requires management to make judgments, 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 judgments in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(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 controls an entity when it 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also 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.

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(ii) Business combinations (Cont'd)

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 accounts for 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) 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.

(v) Transactions eliminated on consolidation

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

(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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency (Cont'd)

(i) Foreign currency transactions (Cont'd)

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur 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 in the foreign currency translation reserve ("FCTR") in equity.

(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 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 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.

(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.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(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 that are not quoted in an active market.

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

(b) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments 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 equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise 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.

(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 is 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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, 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 measured 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.

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 gain or loss 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(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 from the date that they are available for use. 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 - 10 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.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company 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, or as investment property if held to earn rental income or for capital appreciation or for both.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leased assets (Cont'd)

(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 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 is 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 50 years.

(f) Investment property

Investment property carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land and leasehold land which in substance is a finance lease held for a currently undetermined future use. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

(g) Inventories

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

The cost of inventories is calculated using the weighted average method, 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.

(h) 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 fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries) 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.

(ii) Other assets

The carrying amounts of other assets (except for inventories) 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment

(ii) Other assets (Cont'd)

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 remeasured subsequently.

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(ii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(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, which in the case of quoted securities is the ex-dividend date.

(iv) Interest income

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

(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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 or receivable on the taxable income or loss for the 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 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 assets and liabilities 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.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(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. Operating segments' 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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

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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

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
Cost									
At 1 May 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
Additions	-	-	-	478,969	9,048,174	2,587,955	2,726,675	5,246,596	20,088,369
Disposals	-	-	-	-	(170,900)	(607,414)	(698,677)	-	(1,476,991)
Write off	-	-	-	-	(331,921)	(927,262)	-	-	(1,259,183)
Transfer to investment property (Note 5)	(1,890,070)	-	-	-	-	-	-	-	(1,890,070)
Effect of movements in exchange rates	-	-	-	516,960	1,975,681	104,121	107,287	-	2,704,049
At 30 April 2015/ 1 May 2015	8,884,675	18,027,606	2,031,007	10,430,616	115,354,953	16,145,906	7,759,686	5,246,596	183,881,045
Additions	-	-	-	6,734,131	8,169,520	1,565,850	2,571,949	-	19,041,450
Disposals	-	-	-	-	(126,998)	(82,092)	(45,000)	-	(254,090)
Write off	-	-	-	-	(3,517,207)	(1,309,671)	-	-	(4,826,878)
Reclassification	-	-	-	4,907,752	-	338,995	-	(5,246,747)	-
Effect of movements in exchange rates	-	-	-	496,079	1,162,923	90,457	81,886	151	1,831,496
At 30 April 2016	**8,884,675**	**18,027,606**	**2,031,007**	**22,568,578**	**121,043,191**	**16,749,445**	**10,368,521**	**-**	**199,673,023**

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 2014									
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
	-	3,365,399	227,949	1,861,307	69,311,637	5,761,025	1,534,279	-	82,061,596
Depreciation for the year	-	382,941	24,427	385,921	7,971,954	1,594,018	928,389	-	11,287,650
Disposals	-	-	-	-	(167,000)	(596,511)	(385,623)	-	(1,149,134)
Write off	-	-	-	-	(247,612)	(642,103)	-	-	(889,715)
Effect of movements in exchange rates	-	-	-	106,638	1,068,584	89,708	64,657	-	1,329,587
At 30 April 2015									
Accumulated depreciation	-	3,748,340	252,376	2,353,866	77,687,563	6,206,137	2,141,702	-	92,389,984
Accumulated impairment loss	-	-	-	-	250,000	-	-	-	250,000
	-	3,748,340	252,376	2,353,866	77,937,563	6,206,137	2,141,702	-	92,639,984

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 (Cont'd)									
At 1 May 2015									
Accumulated depreciation	-	3,748,340	252,376	2,353,866	77,687,563	6,206,137	2,141,702	-	92,389,984
Accumulated impairment loss	-	-	-	-	250,000	-	-	-	250,000
	-	3,748,340	252,376	2,353,866	77,937,563	6,206,137	2,141,702	-	92,639,984
Depreciation for the year	-	382,941	24,427	522,704	7,916,190	1,763,705	1,185,529	-	11,795,496
Disposals	-	-	-	-	(121,325)	(80,998)	(40,125)	-	(242,448)
Write off	-	-	-	-	(3,429,109)	(1,300,845)	-	-	(4,729,954)
Effect of movements in exchange rates	-	-	-	34,894	472,295	34,775	22,685	-	564,649
At 30 April 2016									
Accumulated depreciation	-	4,131,281	276,803	2,911,464	82,525,614	6,622,774	3,309,791	-	99,777,727
Accumulated impairment loss	-	-	-	-	250,000	-	-	-	250,000
	-	4,131,281	276,803	2,911,464	82,775,614	6,622,774	3,309,791	-	100,027,727
Carrying amounts									
At 1 May 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
At 30 April 2015/ 1 May 2015	8,884,675	14,279,266	1,778,631	8,076,750	37,417,390	9,939,769	5,617,984	5,246,596	91,241,061
At 30 April 2016	**8,884,675**	**13,896,325**	**1,754,204**	**19,657,114**	**38,267,577**	**10,126,671**	**7,058,730**	**-**	**99,645,296**

Notes to the Financial Statements

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

3.1 Property, plant and equipment on finance lease arrangements

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

	Group	
	2016 **RM**	**2015** **RM**
Plant and machinery, electrical installations and factory equipment	**7,244,073**	8,810,722
Motor vehicles	**4,285,828**	2,808,045
	11,529,901	11,618,767

3.2 Security

Certain property, plant and equipment of the Group amounting to RM32,237,709 (2015: RM41,645,483) are charged to licensed banks as security for loans and borrowings (Note 12).

3.3 Capitalisation of borrowings costs

Borrowing costs for a building on leasehold land which was under construction and completed during the financial year amounting to RM313,838 (2015: RM nil) are capitalised.

4. PREPAID LEASE PAYMENTS

	Group Land use rights RM
Cost	
At 1 May 2014	4,580,389
Additions	2,298,434
Effect of movements in exchange rates	378,235
At 30 April 2015/1 May 2015	7,257,058
Effect of movements in exchange rates	296,056
At 30 April 2016	**7,553,114**
Accumulated amortisation	
At 1 May 2014	599,614
Charge for the year	123,966
Effect of movements in exchange rates	55,834
At 30 April 2015/1 May 2015	779,414
Charge for the year	171,502
Effect of movements in exchange rates	23,805
At 30 April 2016	**974,721**

4. PREPAID LEASE PAYMENTS (CONT'D)

	Group Land use rights RM
Carrying amount	
At 1 May 2014	3,980,775
At 30 April 2015/1 May 2015	6,477,644
At 30 April 2016	**6,578,393**

Certain prepaid lease payments of the Group amounting to RM4,253,972 (2015: RM4,198,363) are charged to banks as security for loans and borrowings (Note 12).

5. INVESTMENT PROPERTY

Group	Freehold land RM	Freehold building RM	Asset under construction RM	Total RM
At cost				
At 1 May 2014	-	-	-	-
Additions	-	-	4,450,098	4,450,098
Transfer from property, plant and equipment (Note 3)	1,890,070	-	-	1,890,070
At 30 April 2015/1 May 2015	1,890,070	-	4,450,098	6,340,168
Additions	-	-	4,226,738	4,226,738
Reclassification	-	8,676,836	(8,676,836)	-
At 30 April 2016	**1,890,070**	**8,676,836**	**-**	**10,566,906**
Accumulated depreciation				
At 1 May 2014/30 April 2015/1 May 2015	-	-	-	-
Depreciation for the year	-	101,230	-	101,230
At 30 April 2016	**-**	**101,230**	**-**	**101,230**
Carrying amounts				
At 1 May 2014	-	-	-	-
At 30 April 2015/1 May 2015	1,890,070	-	4,450,098	6,340,168
At 30 April 2016	**1,890,070**	**8,575,606**	**-**	**10,465,676**

Investment property of the Group is charged to a third party corporation as security for loans and borrowings (Note 12). Borrowing costs for qualifying asset which was under construction and completed during the financial year amounting to RM125,190 (2015: RM5,614) are capitalised.

5. INVESTMENT PROPERTY (CONT'D)

The following are recognised in profit or loss in respect of investment property:

	Group	
	2016 RM	2015 RM
Rental income	**454,064**	-
Direct operating expenses:		
- Administrative expenses	**41,712**	-
- Depreciation	**101,230**	-
- Finance costs	**300,193**	-

Fair value information

Fair value of investment property is categorised as follows:

	2016		2015	
	Level 3 RM	Total RM	Level 3 RM	Total RM
Group				
Land	**3,000,000**	**3,000,000**	2,700,000	2,700,000
Buildings	**8,600,000**	**8,600,000**	-	-
	11,600,000	**11,600,000**	2,700,000	2,700,000

Valuation process applied by the Group

The fair value of investment property of the Group at the end of financial year was determined by an external, independent and qualified valuer, C H Williams Talhar & Wong Sdn Bhd (company no. 18149-U), and it is within level 3 of the fair value hierarchy.

Level 3 fair value

Level 3 fair values of investment property of the Group are valued using the cost method. The cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the investment property. The land is valued by reference to transactions of similar lands in the surrounding with adjustments made for differences in location, size and shape of the land, if any and other relevant characteristics. The buildings are valued by reference to their depreciated replacement costs, i.e. the replacement cost new less and appropriate adjustment for depreciation or obsolescence to reflect the existing condition of the buildings at the date of valuation. The land and buildings values are then summated to arrive at the market value of the investment property.

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2016 RM	2015 RM
At cost:		
Unquoted shares	**62,888,860**	61,559,844
Less: Impairment loss	**(581,771)**	(581,771)
	62,307,089	60,978,073
Advances to a subsidiary treated as quasi-investment	**81,059**	119,016
	62,388,148	61,097,089

Notes to the Financial Statements

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2016 %	Effective ownership interest 2015 %
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
Kein Hing Industry Vietnam Co., Ltd*	Vietnam	Sheet metal forming, precision machining, manufacturing and fabrication of tools and dies and assembly of components, and sub leasing of unused factory and warehouses	**100**	100
Kein Hing Thai Nguyen (Vietnam) Co., Ltd*	Vietnam	Sheet metal forming, precision machining, manufacturing and fabrication of tools and dies and assembly of components	**100**	100
Zenne Infinity Sdn. Bhd.#	Malaysia	Trading in electrical and electronics products, home appliances and gas appliances	**100**	100
Zenne Appliances Sdn. Bhd.#	Malaysia	Ceased business operation	**100**	100
Sanko Kein Hing Sdn. Bhd.#	Malaysia	Precision machining of electronics and electrical industries' components	**51**	51

* *Audited by other member firms of KPMG International*
\# *Audited by other firms of auditors*

6.1 Non-controlling interests in subsidiaries

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

	KHMV RM	Other subsidiaries with immaterial NCI RM	Total RM
2016			
NCI percentage of ownership interest and voting interest	**49%**		
Carrying amount of NCI	**13,555,218**	**(869,258)**	**12,685,960**
Profit/(Loss) allocated to NCI	**2,579,825**	**(154,040)**	**2,425,785**

Notes to the Financial Statements

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

	KHMV RM	Other subsidiaries with immaterial NCI RM	Total RM
2015			
NCI percentage of ownership interest and voting interest	49%		
Carrying amount of NCI	10,660,705	(793,100)	9,867,605
Profit/(Loss) allocated to NCI	1,675,913	(261,351)	1,414,562

	KHMV	
	2016 RM	**2015 RM**
Summarised financial information before intra-group elimination		
As at 30 April		
Non-current assets	**27,702,168**	22,512,887
Current assets	**24,302,528**	15,968,081
Non-current liabilities	**(5,087,382)**	(3,094,890)
Current liabilities	**(19,253,603)**	(13,629,537)
Net assets	**27,663,711**	21,756,541
Year ended 30 April		
Revenue	**78,659,931**	55,325,277
Profit for the year	**5,264,948**	3,420,231
Total comprehensive income	**5,264,948**	3,420,231
Cash flows from operating activities	**9,483,622**	3,368,489
Cash flows from investing activities	**(8,303,978)**	(3,270,786)
Cash flows from financing activities	**7,364,646**	(599,993)
Exchange differences on translation of the financial statements of foreign operations	**(473,396)**	41,645
Net increase/(decrease) in cash and bank balances	**8,070,894**	(460,645)
Dividends paid to NCI	**-**	-

7. OTHER INVESTMENTS

	Group	
	2016 RM	**2015 RM**
Transferable club memberships, at cost	**223,641**	224,166
Less: Impairment loss	**(25,580)**	(25,580)
	198,061	198,586

8. TRADE AND OTHER RECEIVABLES

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Non-current					
Non-trade					
Amount due from subsidiaries	8.1	**-**	-	**2,375,178**	1,354,538
Current					
Trade					
Trade receivables		**31,262,224**	26,606,302	**-**	-
Less: Impairment loss		**(95,478)**	(95,478)	**-**	-
		31,166,746	26,510,824	**-**	-
Amount due from related parties	8.2	**-**	4,457,125	**-**	-
		31,166,746	30,967,949	**-**	-
Non-trade					
Amount due from subsidiaries	8.1	**-**	-	**2,506,479**	3,063,620
Amount due from a related party	8.3	**-**	9,000	**-**	-
Prepaid finance lease payments		**452,232**	511,539	**-**	-
Other prepayments		**701,620**	793,271	**-**	-
Refundable deposits		**1,038,005**	917,469	**-**	-
Staff loan		**122,185**	70,932	**-**	-
Other receivables	8.4	**3,677,039**	2,616,141	**1,300**	1,300
		5,991,081	4,918,352	**2,507,779**	3,064,920
		37,157,827	35,886,301	**2,507,779**	3,064,920

8.1 Amount due from subsidiaries

Included in the amount due from subsidiaries are:

(a) the non-trade receivable due from a subsidiary of RM2,760,317 (2015: RM2,748,159) consists of unsecured advances/loan granted to a subsidiary in accordance with six (6) (2015: 7) separate loan agreements which earn interest at fixed rate of 3% (2015: 3%) per annum and are repayable by way of 10 quarterly instalments with the first instalment payment due and payable on 1 January 2014, 1 January 2015, 1 July 2015, 1 July 2016, 30 April 2017 and 1 July 2017 respectively and the subsequent instalments payable at successive intervals of 3 months.

(b) the non-trade receivable due from a subsidiary of RM1,987,745 (2015: Nil) consists of unsecured advances/loan granted to a subsidiary in Vietnam during the financial year in accordance with a loan agreement which earn interest at fixed rate of 7.85% per annum and are repayable by way of 10 quarterly instalments with the first instalment payment due and payable on 1 July 2016 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 were unsecured, interest free and subject to the normal trade terms of 30 days.

8. TRADE AND OTHER RECEIVABLES (CONT'D)

8.3 Amount due from a related party

The non-trade amount due from a related party represented rental receivable as disclosed in Note 26 to the financial statements.

8.4 Other receivables

Other receivables of the Group included the following:

i) Prepaid tooling costs of RM1,230,117 (2015: RM624,386) which will be recovered from certain customers.

ii) Progress payment of RM1,535,620 (2015: RM1,475,430) made to a third party in relation to the acquisition of a land use right in Vietnam.

9. INVENTORIES

	Group	
	2016 RM	**2015 RM**
At cost:		
Raw materials	**11,157,011**	12,016,819
Work-in-progress	**4,556,351**	4,796,669
Manufactured inventories	**5,579,348**	6,292,348
Trading inventories	**737,496**	998,460
	22,030,206	24,104,296
Recognised in profit or loss:		
Inventories recognised as cost of sales	**167,531,696**	157,833,884
Write-down to net realisable value	**99,332**	70,413

The write-down is included in the cost of sales.

10. CASH AND BANK BALANCES

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Deposits placed with licensed banks	**5,341,715**	4,340,330	**-**	-
Cash and bank balances	**26,336,705**	7,548,501	**178,552**	127,263
	31,678,420	11,888,831	**178,552**	127,263

Included in deposits placed with licensed banks of the Group was RM nil (2015: RM137,486) pledged for a bank facility granted to a subsidiary (Note 12).

Notes to the Financial Statements

11. SHARE CAPITAL AND RESERVES

11.1 Share capital

	Group and Company			
	Amount 2016 RM	Number of shares 2016	Amount 2015 RM	Number of shares 2015
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.

11.2 Share premium

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

11.3 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.

11.4 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.

11.5 Non-controlling interests

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

The movements in each category of reserves are disclosed in the Statement of Changes in Equity.

12. LOANS AND BORROWINGS

	Group	
	2016 RM	2015 RM
Non-current		
Secured term loans	**27,190,765**	8,210,477
Unsecured term loans	**-**	88,646
Finance lease liabilities	**3,272,399**	4,352,867
Balance carried forward	**30,463,164**	12,651,990

Notes to the Financial Statements

12. LOANS AND BORROWINGS (CONT'D)

	Group	
	2016	**2015**
	RM	**RM**
Balance brought forward	**30,463,164**	12,651,990
Current		
Secured bankers' acceptance	**5,245,000**	2,119,000
Secured bills payable	**8,086,373**	4,382,116
Secured bank overdrafts	**4,335,166**	8,308,032
Secured term loans	**5,598,694**	3,060,434
Unsecured bank overdrafts	**-**	3,669,353
Unsecured term loans	**-**	247,368
Finance lease liabilities	**3,199,546**	3,113,933
	26,464,779	24,900,236
	56,927,943	37,552,226

The loans and borrowings are denominated in Ringgit Malaysia except for certain secured term loans and secured bills payable amounting to RM13,897,497 (2015: RM7,832,754) and RM11,330,420 (2015: RM1,377,152) which are denominated in US Dollar and Vietnam Dong respectively.

12.1 Security

The secured bankers' acceptance are secured by the following:
(i) fixed charge over certain landed properties of the Group (Note 3);
(ii) corporate guarantee by the Company.

The secured bills payable are secured by the following:
(i) standby letter of credit from a bank; 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, prepaid lease payments and investment properties of the Group (Note 3, Note 4 and Note 5); and
(iv) corporate guarantee by the Company.

12.2 Significant covenants

The main covenants of the term loan facilities of the Group 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.

12. LOANS AND BORROWINGS (CONT'D)

12.3 Unsecured bank overdrafts and term loans

Bank overdrafts and term loans were supported by a corporate guarantee issued by the Company.

12.4 Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2016 RM	Interest 2016 RM	Present value of minimum lease payments 2016 RM	Future minimum lease payments 2015 RM	Interest 2015 RM	Present value of minimum lease payments 2015 RM
Less than one year	**3,491,794**	**292,248**	**3,199,546**	3,486,692	372,759	3,113,933
Between one and two years	**2,430,759**	**127,286**	**2,303,473**	2,617,925	199,067	2,418,858
Between two and five years	**992,946**	**24,020**	**968,926**	2,020,951	86,942	1,934,009
	6,915,499	**443,554**	**6,471,945**	8,125,568	658,768	7,466,800

13. TRADE AND OTHER PAYABLES

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Non-current					
Non-trade					
Amount due to a non-controlling interest of a subsidiary	13.1	**1,157,916**	1,301,419	**-**	-
Current					
Trade					
Trade payables		**21,240,872**	19,587,982	**-**	-
Non-trade					
Other payables		**2,659,348**	3,756,375	**-**	-
Accruals		**5,221,038**	6,991,919	**173,002**	145,002
Amount due to a non-controlling interest of a subsidiary	13.1	**1,494,153**	1,338,969	**-**	-
Amount due to a subsidiary	13.2	**-**	-	**808,495**	-
		9,374,539	12,087,263	**981,497**	145,002
		30,615,411	31,675,245	**981,497**	145,002
Total		**31,773,327**	32,976,664	**981,497**	145,002

13. TRADE AND OTHER PAYABLES (CONT'D)

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

The non-trade amount due to a non-controlling interest of a subsidiary consist of unsecured advances which bears interest at the rate of 3% (2015: 3%) per annum and is repayable by way of 10 quarterly instalments with the first instalment payment due and payable on 1 January 2014, 1 January 2015, 1 July 2015, 1 July 2016, 30 April 2017 and 1 July 2017 respectively and the subsequent instalments payable at successive intervals of 3 months.

13.2 Amount due to a subsidiary

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

14. DEFERRED TAX LIABILITIES

Recognised deferred tax liabilities/(assets)

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

	Group	
	2016 RM	**2015 RM**
Property, plant and equipment	**4,169,140**	4,179,542
Other temporary differences	**(50,480)**	(3,192)
Net tax liabilities	**4,118,660**	4,176,350

Unrecognised deferred tax assets

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

	Group	
	2016 RM	**2015 RM**
Unabsorbed capital allowances	**3,644,000**	3,800,000
Unutilised tax losses carry-forward	**286,600**	159,000
	3,930,600	3,959,000
@ 25%	**982,650**	989,750

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.

Notes to the Financial Statements

15. REVENUE

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Sales of goods				
- manufactured products	**188,837,484**	169,205,700	**-**	-
- moulds	**15,846,841**	7,505,878	**-**	-
- trading products	**8,087,460**	8,795,707	**-**	-
Sales of scraps	**4,207,205**	8,127,680	**-**	-
Dividends	**-**	-	**2,000,000**	2,600,000
	216,978,990	193,634,965	**2,000,000**	2,600,000

16. INCOME TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Total income tax expense	**4,488,763**	1,839,435	**22,082**	20,762

Major components of income tax expense include:

	Group		Company	
	2016	**2015**	**2016**	**2015**
Current tax expense				
- Malaysian income tax	**3,809,251**	1,166,868	**23,000**	22,000
- Foreign income tax	**833,042**	640,590	**-**	-
- Over provision in prior year	**(95,840)**	(63,621)	**(918)**	(1,238)
	4,546,453	1,743,837	**22,082**	20,762
Deferred tax expense				
Reversal and origination of temporary differences	**(253,734)**	77,684	**-**	-
Under provision in prior year	**196,044**	17,914	**-**	-
	(57,690)	95,598	**-**	-
Total income tax expense	**4,488,763**	1,839,435	**22,082**	20,762

Notes to the Financial Statements

16. INCOME TAX EXPENSE (CONT'D)

Reconciliation of tax expense

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Profit for the year	**11,750,501**	5,224,979	**1,958,352**	3,910,335
Total income tax expense	**4,488,763**	1,839,435	**22,082**	20,762
Profit excluding tax	**16,239,264**	7,064,414	**1,980,434**	3,931,097
Income tax using Malaysian tax rate of 25% (2015: 25%)	**4,059,816**	1,766,103	**495,108**	982,774
Effect of difference in tax rates of foreign jurisdictions	**(612,227)**	(417,959)	**-**	-
Non-deductible expenses	**1,104,784**	545,998	**81,342**	95,792
Changes in unrecognised temporary differences	**(7,100)**	(9,000)	**-**	-
Tax incentives	**(156,714)**	-	**-**	-
Non-taxable income	**-**	-	**(53,450)**	(406,566)
Tax exempt income	**-**	-	**(500,000)**	(650,000)
	4,388,559	1,885,142	**23,000**	22,000
(Over)/Under provision in prior year				
- income tax expense	**(95,840)**	(63,621)	**(918)**	(1,238)
- deferred tax expense	**196,044**	17,914	**-**	-
	4,488,763	1,839,435	**22,082**	20,762

17. PROFIT FOR THE YEAR

	Note	Group		Company	
		2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Profit for the year is arrived at after charging:					
Amortisation of prepaid lease payments	4	**171,502**	123,966	**-**	-
Auditors' remuneration					
- Statutory audit					
KPMG		**110,000**	100,000	**33,000**	30,000
Overseas affiliates of KPMG		**86,456**	66,224	**-**	-
Other auditors		**17,400**	13,700	**-**	-
- Other services					
KPMG		**15,000**	15,000	**15,000**	15,000
Bad debts written off		**-**	16,409	**-**	-
Depreciation on:					
- Property, plant and equipment	3	**11,795,496**	11,287,650	**-**	-
- Investment property	5	**101,230**	-	**-**	-

17. PROFIT FOR THE YEAR (CONT'D)

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Profit for the year is arrived at after charging (Cont'd):					
Finance costs on:					
- Bank overdrafts		**707,494**	687,380	**-**	-
- Finance lease		**415,741**	339,170	**-**	-
- Term loans		**1,795,957**	1,033,400	**-**	-
- Bills payable		**46,154**	48,490	**-**	-
- Bankers' acceptance		**165,222**	151,738	**-**	-
Loss on disposal of:					
- Other investment	7	**-**	5,500	**-**	-
- Property, plant and equipment	3	**-**	130,382	**-**	-
Property, plant and equipment written off	3	**96,924**	369,468	**-**	-
Personnel expenses (including key management personnel):					
- Contributions to Employees' Provident Funds		**1,608,526**	1,579,935	**-**	-
- Wages, salaries and others		**36,201,144**	32,204,364	**143,000**	118,000
Rental expense for premises		**1,593,890**	1,423,736	**-**	-
Realised foreign exchange loss		**2,961,360**	535,275	**6,847**	-
Unrealised foreign exchange loss		**165,387**	-	**-**	-
Write down of inventories		**99,332**	70,413	**-**	-
and after crediting:					
Dividend income from a subsidiary		**-**	-	**2,000,000**	2,600,000
Gain on disposal of:					
- Property, plant and equipment		**58,086**	-	**-**	-
- A subsidiary company		**-**	-	**-**	636,289
- Assets held for sale		**-**	-	**-**	899,278
Realised foreign exchange gain		**3,317,366**	1,176,094	**-**	1,813
Rental income from premises		**624,564**	72,000	**-**	-
Finance income from:					
- Deposits with licensed banks		**128,312**	267,280	**37**	130
- Staff loan		**1,644**	1,067	**-**	-
- Foreign currency current account		**738**	799	**-**	-
- Other investments		**-**	7,721	**-**	-
- Amount due from subsidiaries		**-**	-	**304,060**	180,362

18. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2016 **RM**	**2015** **RM**	**2016** **RM**	**2015** **RM**
Directors				
Short-term employee benefits				
- Fees	**125,000**	100,000	**125,000**	100,000
- Remuneration	**1,585,520**	1,455,600	**18,000**	18,000
- Contributions to Employees' Provident Fund	**117,600**	113,760	**-**	-
- Others (including estimated monetary value of benefits-in-kind)	**79,752**	87,837	**-**	-
	1,907,872	1,757,197	**143,000**	118,000

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

19. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 30 April 2016 was based on the profit attributable to the owners of the Company and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2016 **RM**	**2015** **RM**
Profit for the year attributable to owners of the Company	**9,324,716**	3,810,417

	Group	
	2016	**2015**
Weighted average number of ordinary shares at 30 April	**99,000,000**	99,000,000

	Group	
	2016 **Sen**	**2015** **Sen**
Basic earnings per ordinary share	**9.42**	3.85

Diluted earnings per ordinary share

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

Notes to the Financial Statements

20. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	Total amount RM	Date of payment
2016			
Final 2015 ordinary, single tier	**1.0**	**990,000**	**20 November 2015**
2015			
Final 2014 ordinary, single tier	1.0	990,000	20 November 2014

After the end of the reporting period, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

	Group	
	Sen per share	Total amount RM
Final 2016 ordinary, single tier	1.5	1,485,000

21. 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, home appliances and gas 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.

21. OPERATING SEGMENTS (CONT'D)

Group	Manufacturing 2016 RM	Manufacturing 2015 RM	Trading 2016 RM	Trading 2015 RM	Investment holding 2016 RM	Investment holding 2015 RM	Total 2016 RM	Total 2015 RM
Segment profit/(loss)	**20,813,194**	8,543,818	**(70,923)**	594,990	**(323,663)**	1,150,602	**20,418,608**	10,289,410
Included in the measure of segment profit/(loss) are:								
Revenue from external customers	**208,891,530**	184,839,258	**8,087,460**	8,795,707	**-**	-	**216,978,990**	193,634,965
Inter-segment revenue	**21,645,545**	8,525,251	**432,017**	403,256	**-**	-	**22,077,562**	8,928,507
Finance costs	**(3,376,297)**	(2,438,078)	**(7,129)**	(2,462)	**-**	-	**(3,383,426)**	(2,440,540)
Finance income	**130,657**	276,737	**-**	-	**304,097**	180,492	**434,754**	457,229
Segment assets	**229,989,789**	197,722,629	**3,789,755**	3,260,540	**179,852**	128,563	**233,959,396**	201,111,732
Segment liabilities	**95,808,681**	76,521,525	**1,199,829**	720,909	**176,002**	147,002	**97,184,512**	77,389,436
Included in the measure of segment liabilities are:								
Capital expenditure	**20,825,163**	19,895,770	**495,757**	526,647	**-**	-	**21,320,920**	20,422,417
Depreciation	**12,079,798**	11,413,493	**189,466**	168,040	**-**	-	**12,269,264**	11,581,533
Amortisation of prepaid lease payments	**171,502**	123,966	**-**	-	**-**	-	**171,502**	123,966

21. OPERATING SEGMENTS (CONT'D)

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

Reconciliation of consolidated revenues

	Group	
	2016 RM	**2015 RM**
Total revenue for reportable segments	**239,056,552**	202,563,472
Elimination of inter-segment revenue	**(22,077,562)**	(8,928,507)
Consolidated revenue	**216,978,990**	193,634,965

Reconciliation of consolidated profit before tax

Total profit for reportable segments	**20,418,608**	10,289,410
Finance income	**434,754**	276,867
Finance costs	**(3,383,426)**	(2,260,178)
Consolidation adjustments	**(1,230,672)**	(1,241,685)
Consolidated profit before tax	**16,239,264**	7,064,414

Reconciliation of consolidated total assets

Total assets for reportable segments	**233,959,396**	201,111,732
Consolidation adjustments	**(26,205,517)**	(24,974,845)
Consolidated total assets	**207,753,879**	176,136,887

Reconciliation of consolidated total liabilities

Total liabilities for reportable segments	**97,184,512**	77,389,436
Consolidation adjustments	**(2,409,776)**	(2,468,854)
Consolidated total liabilities	**94,774,736**	74,920,582

21. 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.

	Revenue from external customers by location of customers		Segment assets by location of assets	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Geographical segments				
Malaysia	**128,281,909**	129,386,509	**160,838,569**	150,950,904
Vietnam	**97,526,288**	62,746,175	**73,120,827**	50,160,828
Hong Kong	**3,427,241**	2,591,006	**-**	-
Thailand	**2,644,934**	2,155,599	**-**	-
Europe	**2,314,222**	1,634,663	**-**	-
America	**2,276,271**	804,214	**-**	-
Others	**2,585,687**	3,245,306	**-**	-
Adjustment	**(22,077,562)**	(8,928,507)	**(26,205,517)**	(24,974,845)
Consolidated	**216,978,990**	193,634,965	**207,753,879**	176,136,887

22. FINANCIAL INSTRUMENTS

22.1 Categories of financial instruments

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

(a) Loans and receivables ("L&R"); and
(b) Financial liabilities measured at amortised cost ("FL").

2016	**Carrying amount RM**	**L&R/ (FL) RM**
Financial assets		
Group		
Other investments	**198,061**	**198,061**
Trade and other receivables (excluding prepayments)	**36,003,975**	**36,003,975**
Cash and bank balances	**31,678,420**	**31,678,420**
	67,880,456	**67,880,456**
Company		
Amount due from subsidiaries	**4,881,657**	**4,881,657**
Cash and bank balances	**178,552**	**178,552**
	5,060,209	**5,060,209**

Notes to the Financial Statements

22. FINANCIAL INSTRUMENTS (CONT'D)

22.1 Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments categorised as follows (Cont'd):

2016	Carrying amount RM	L&R/ (FL) RM
Financial liabilities		
Group		
Loans and borrowings	**(56,927,943)**	**(56,927,943)**
Trade and other payables	**(31,773,327)**	**(31,773,327)**
	(88,701,270)	**(88,701,270)**
Company		
Amount due to a subsidiary	**(808,495)**	**(808,495)**
Trade and other payables	**(173,002)**	**(173,002)**
	(981,497)	**(981,497)**
2015		
Financial assets		
Group		
Other investments	198,586	198,586
Trade and other receivables (excluding prepayments)	34,581,491	34,581,491
Cash and bank balances	11,888,831	11,888,831
	46,668,908	46,668,908
Company		
Amount due from subsidiaries	4,418,158	4,418,158
Cash and bank balances	127,263	127,263
	4,545,421	4,545,421
Financial liabilities		
Group		
Loans and borrowings	(37,552,226)	(37,552,226)
Trade and other payables	(32,976,664)	(32,976,664)
	(70,528,890)	(70,528,890)
Company		
Trade and other payables	(145,002)	(145,002)

Notes to the Financial Statements

22. FINANCIAL INSTRUMENTS (CONT'D)

22.2 Net gains and losses arising from financial instruments

	Group		Company	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Net gains/(losses) on:				
Available-for-sale financial assets	**-**	2,516	**-**	-
Loans and receivables	**130,694**	276,867	**304,097**	180,492
Financial liabilities measured at amortised cost	**(3,130,568)**	(2,260,178)	**-**	-
	(2,999,874)	(1,980,795)	**304,097**	180,492

22.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

22.4 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. 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.

22.4.1 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.

22. FINANCIAL INSTRUMENTS (CONT'D)

22.4 Credit risk (Cont'd)

22.4.1 Receivables (Cont'd)

Exposure to credit risk, credit quality and collateral (Cont'd)

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	
	2016 RM	**2015 RM**
Malaysia	**22,626,698**	21,265,827
Vietnam	**11,657,797**	11,518,456
Hong Kong	**498,888**	236,520
Europe	**398,151**	567,546
America	**363,451**	311,906
Others	**458,990**	681,236
	36,003,975	34,581,491

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

Group	**Note**	**Gross RM**	**Individual impairment RM**	**Net RM**
2016				
Not past due		**31,084,918**	**-**	**31,084,918**
Past due 0 – 30 days		**40,893**	**-**	**40,893**
Past due 31 – 120 days		**14,049**	**-**	**14,049**
Past due more than 120 days		**122,364**	**(95,478)**	**26,886**
	8	**31,262,224**	**(95,478)**	**31,166,746**
2015				
Not past due		30,859,284	-	30,859,284
Past due 0 – 30 days		98,850	-	98,850
Past due 31 – 120 days		9,815	-	9,815
Past due more than 120 days		95,478	(95,478)	-
	8	31,063,427	(95,478)	30,967,949

22. FINANCIAL INSTRUMENTS (CONT'D)

22.4 Credit risk (Cont'd)

22.4.1 Receivables (Cont'd)

Impairment losses (Cont'd)

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2016	**2015**
	RM	**RM**
At 1 May	**95,478**	304,251
Impairment loss written off	**-**	(208,773)
At 30 April	**95,478**	95,478

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.

22.4.2 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 transferable club memberships. The maximum exposure to credit risk is represented by the carrying amounts of these investments in the statement of financial position.

Impairment losses

An impairment loss in respect of certain transferable club membership of RM25,580 (2015 : RM25,580) has been recognised in the previous years and as at the end of the reporting period.

22.4.3 Intercompany 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.

22. FINANCIAL INSTRUMENTS (CONT'D)

22.4 Credit risk (Cont'd)

22.4.4 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 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.

22.4.5 Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to licensed banks and third party corporations 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 RM40,806,986 (2015: RM28,222,579) 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 any subsidiary would default on repayment.

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

22.5 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.

22. FINANCIAL INSTRUMENTS (CONT'D)

22.5 Liquidity risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial 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
2016							
Secured bankers' acceptance	**5,245,000**	**4.9%**	**5,288,921**	**5,288,921**	**-**	**-**	**-**
Secured bills payable	**8,086,373**	**4.5%**	**8,237,219**	**8,237,219**	**-**	**-**	**-**
Secured bank overdrafts	**4,335,166**	**7.9%**	**4,335,166**	**4,335,166**	**-**	**-**	**-**
Secured term loans	**32,789,459**	**7.6%**	**41,692,362**	**7,877,587**	**6,754,946**	**21,397,094**	**5,662,735**
Finance lease liabilities	**6,471,945**	**3.5%**	**6,915,497**	**3,491,793**	**2,430,759**	**992,945**	**-**
Amount due to a non-controlling interest of a subsidiary	**2,652,069**	**3.0%**	**3,483,114**	**2,213,549**	**724,154**	**545,411**	**-**
Trade and other payables	**29,121,258**	**-**	**29,121,258**	**29,121,258**	**-**	**-**	**-**
	88,701,270		**99,073,537**	**60,565,493**	**9,909,859**	**22,935,450**	**5,662,735**
2015							
Secured bankers' acceptance	2,119,000	5.1%	2,134,502	2,134,502	-	-	-
Secured bills payable	4,382,116	5.6% - 6.0%	4,382,116	4,382,116	-	-	-
Secured bank overdrafts	8,308,032	7.0% - 7.9%	8,308,032	8,308,032	-	-	-
Unsecured bank overdrafts	3,669,353	7.9%	3,669,353	3,669,353	-	-	-
Secured term loans	11,270,911	5.2% - 9.5%	12,933,957	3,879,687	3,401,660	5,104,212	548,398
Unsecured term loans	336,014	7.4%	354,687	258,036	96,651	-	-
Finance lease liabilities	7,466,800	3.4%	8,125,568	3,486,692	2,617,925	2,020,951	-
Amount due to a non-controlling interest of a subsidiary	2,640,388	3.0%	2,879,081	1,433,758	788,029	657,294	-
Trade and other payables	30,336,276	-	30,336,276	30,336,276	-	-	-
	70,528,890		73,123,572	57,888,452	6,904,265	7,782,457	548,398

22. FINANCIAL INSTRUMENTS (CONT'D)

22.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM	Contractual interest rate per annum	Contractual cash flows RM	Under 1 year RM
Company				
2016				
Trade and other payables	**173,002**	**-**	**173,002**	**173,002**
2015				
Trade and other payables	145,002	-	145,002	145,002

22.6 Market risk

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

22.6.1 Currency risk

The Group and the Company are 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 do 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 foreign currency 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 do not hedge this exposure by having foreign currency borrowings but keep this policy under review and will take necessary action to minimise the exposure of the risk.

22. FINANCIAL INSTRUMENTS (CONT'D)

22.6 Market risk (Cont'd)

22.6.1 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 functional 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**	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
Trade and other receivables	**10,319,847**	10,576,613	**-**	-
Cash and bank balances	**16,504,839**	4,583,900	**93,460**	18,647
Trade and other payables	**(5,627,611)**	(6,996,868)	**-**	-
Loans and borrowings	**(14,201,476)**	(7,832,754)	**-**	-
Net exposure in the statement of financial position	**6,995,599**	330,891	**93,460**	18,647

Currency risk sensitivity analysis

A 10% (2015: 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**	
	2016 RM	**2015 RM**	**2016 RM**	**2015 RM**
USD	**(699,560)**	(33,089)	**(9,346)**	(1,865)

A 10% (2015: 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.

22.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

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.

Notes to the Financial Statements

22. FINANCIAL INSTRUMENTS (CONT'D)

22.6 Market risk (Cont'd)

22.6.2 Interest rate risk (Cont'd)

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 was:

Group	2016 RM	2015 RM
Fixed rate instruments		
Financial assets	**5,341,715**	4,340,330
Financial liabilities	**(9,124,014)**	(10,107,188)
	(3,782,299)	(5,766,858)
Floating rate instruments		
Financial liabilities	**(50,455,998)**	(30,085,426)

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			
Group	100 bp increase 2016 RM	100 bp decrease 2016 RM	100 bp increase 2015 RM	100 bp decrease 2015 RM
Floating rate instruments	**(504,560)**	**504,560**	(300,854)	300,854

22.7 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.

22. FINANCIAL INSTRUMENTS (CONT'D)

22.7 Fair value information (Cont'd)

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.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
2016										
Financial liabilities										
Amount due to a non-controlling interest of a subsidiary	-	-	-	-	-	-	**2,652,069**	**2,652,069**	**2,652,069**	**2,652,069**
Secured term loans	-	-	-	-	-	-	**32,789,459**	**32,789,459**	**32,789,459**	**32,789,459**
Finance lease liabilities	-	-	-	-	-	-	**6,471,945**	**6,471,945**	**6,471,945**	**6,471,945**
	-	-	-	-	-	-	**41,913,473**	**41,913,473**	**41,913,473**	**41,913,473**
2015										
Financial liabilities										
Amount due to a non-controlling interest of a subsidiary	-	-	-	-	-	-	2,640,388	2,640,388	2,640,388	2,640,388
Secured term loans	-	-	-	-	-	-	11,270,911	11,270,911	11,270,911	11,270,911
Unsecured term loans	-	-	-	-	-	-	336,014	336,014	336,014	336,014
Finance lease liabilities	-	-	-	-	-	-	7,466,800	7,466,800	7,466,800	7,466,800
	-	-	-	-	-	-	21,714,113	21,714,113	21,714,113	21,714,113

22. FINANCIAL INSTRUMENTS (CONT'D)

22.7 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 (2015: 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.

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.

22. FINANCIAL INSTRUMENTS (CONT'D)

22.7 Fair value information (Cont'd)

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	
	2016	**2015**
	%	**%**
Amount due to a non-controlling interest of a subsidiary	**7.60**	7.60

23. 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 are determined to maintain an optimal debt-to-equity ratio that is at 1.0 time or below.

		Group	
	Note	**2016**	**2015**
		RM	**RM**
Total loans and borrowings	12	**56,927,943**	37,552,226
Less: Cash and bank balances	10	**(31,678,420)**	(11,888,831)
Net debt		**25,249,523**	25,663,395
Total equity		**112,979,143**	101,216,305
Debt-to-equity ratio		**0.22**	0.25

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

24. CAPITAL COMMITMENTS

	Group	
	2016	**2015**
	RM	**RM**
Capital expenditure commitments		
Property, plant and equipment		
Approved and contracted for	**3,540,483**	9,704,647
Approved but not contracted for	**702,000**	648,000
	4,242,483	10,352,647

Notes to the Financial Statements

25. CONTINGENT LIABILITIES

	Company	
	2016	**2015**
	RM	**RM**
Corporate guarantee given to licensed banks for banking facilities granted to subsidiaries	**27,867,007**	17,817,250
Corporate guarantee given to third party corporations for credit facilities granted to subsidiaries	**12,939,979**	10,405,329
	40,806,986	28,222,579

26. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly 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. 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 either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management 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:

	Transactions amount for the year ended 30 April	
Group	**2016 RM**	**2015 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	*	(33,086,965)
Rental income	*	(108,000)
Muramoto Asia Pte. Ltd.		
Sales of gas appliances	*	(71,450)

Notes to the Financial Statements

26. RELATED PARTIES (CONT'D)

Significant related party transactions (Cont'd)

Group	Transactions amount for the year ended 30 April 2016 RM	2015 RM
Companies in which a major shareholder has significant financial interests		
Kam Loong Mining Sdn. Bhd.		
Rental expense for premises	**216,000**	216,000
Key management personnel of the Company		
Yap Toon Choy		
Rental expense for premises	**132,000**	132,000

** Muramoto Technics (Malaysia) Sdn. Bhd. ("MTM") and Muramoto Asia Pte. Ltd. ("MAP") ceased to be a related party because Mr. Shingo Muramoto who is a Director of the Company is with effect from 30 March 2014 no longer the director and managing director of Muramoto Industry Co., Ltd. ("MIC Japan") and MAP, but remains only as a shareholder (3.88%) in MIC Japan. MIC Japan controls 100% of MAP which is the 100% shareholder of MTM. Mr. Shingo Muramoto has no more control, direct or indirect, over MAP.*

27. SIGNIFICANT EVENTS DURING THE YEAR

(a) On 24 November 2014, Kein Hing Industry Sdn. Bhd. ("KHI"), a wholly-owned subsidiary of the Company, had awarded a construction contract to a third party main contractor for the proposed construction of a factory on the freehold industrial land located at Lot 5038, Jalan Perindustrian HP4, Hicom Pegoh Industrial Park, Pegoh, 78000 Alor Gajah, Melaka owned by KHI. The construction of the factory has been completed in October 2015 and the factory has also been rented out upon completion (refer to Note 5).

(b) On 23 January 2015, Kein Hing Industry Vietnam Co., Ltd ("KHIV"), a wholly-owned subsidiary of the Company awarded a construction contract to a third-party main contractor in Vietnam for the proposed construction of a single storey factory with a 3-storeys office and warehouse annexed on the industrial land located at No. 109, Street No. 12, VSIP Hai Phong, Thuy Nguyen District, Dinh Vu- Cat Hai Economic Zone, Hai Phong, Vietnam owned by KHIV (refer to Note 3). The construction of KHIV's factory has been completed in December 2015 and it will cater for the future expansion plans of KHIB Group in Vietnam particularly the business of metal stamping, precision machining, assembly of components and fabrication of tools and dies.

28. 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 2016, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group	
	2016	**2015**
	RM	**RM**
Total retained earnings of the Company and its subsidiaries		
- realised	**61,679,386**	49,642,709
- unrealised	**(6,513,808)**	(6,603,982)
	55,165,578	43,038,727
Less: Consolidated adjustments	**(9,861,634)**	(6,069,499)
Total retained earnings	**45,303,944**	36,969,228

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 37 to 92 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 2016 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 28 on page 93 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: 16 August 2016

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 37 to 93 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 16 August 2016.

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 2016 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 37 to 92.

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 2016 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 6 to the financial statements.

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

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report

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

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 28 on page 93 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: 2055/06/18(J)
Chartered Accountant

Petaling Jaya,
Date: 16 August 2016

List of Properties

As at 30 April 2016

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	33	488/ 226	1-12-2004	323,063
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	19	7,891/ 7,900	18-2-2004 (Revalued)	9,305,471
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	23	734/ 563	18-2-2004 (Revalued)	635,360
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	20	988/ 795	18-2-2004 (Revalued)	703,984
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	15	4,086/ 2,123	18-2-2004 (Revalued)	3,208,287
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	12	8,255/ 8,179	1-12-2004	11,113,714
Lot 7896, 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, Off Jalan Raya 5 Jalan 3/1, Serdang Jaya 43300 Seri Kembangan Selangor Darul Ehsan	KHI	Residential; Single storey wooden house	Leasehold expiring on 28-10-2046	31	297.6/ 250	25-2-2003	111,481

List of Properties
As at 30 April 2016

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	8	4,300/ 1,230	1-7-2008	1,166,962
Lot 5038 Jalan Perindustrian HP4 Hicom Pegoh Industrial Park Pegoh 78000 Alor Gajah Melaka	KHI	Investment property (Factory/ Industrial); Single-storey factory with a 2-storey office annexe	Freehold	1	16,776/ 5,290	21-6-2011	10,465,676
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	12	15,693/ 5,093	1-11-2004	7,258,685
No. 109, Street No. 12 VSIP Hai Phong Thuy Nguyen District Dinh Vu-Cat Hai Economic Zone Hai Phong, Vietnam	KHIV	Factory/ Industrial; Single-storey factory with a 3-storey office and warehouse annexe	Leasehold expiring on 7-6-2058	1	8,800/ 9,014	31-7-2012	14,270,103
Plot No. CN8-2 Diem Thuy Industrial Park Diem Thuy Commune Phuc Binh District Thai Nguyen, Vietnam	KHTV	Industrial land	Leasehold expiring on 5-12-2064	N/A	17,900	6-2-2015	2,437,176

Analysis of Shareholdings
As at 29 July 2016

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 HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	11	0.795	310	0.000
100 - 1,000	296	21.402	211,430	0.213
1,001 - 10,000	719	51.988	3,946,070	3.985
10,001 - 100,000	322	23.282	9,704,300	9.802
100,001 - 4,949,999 (*)	32	2.313	16,150,200	16.313
4,950,000 AND ABOVE (**)	3	0.216	68,987,690	69.684
TOTAL :	**1,383**	**100.000**	**99,000,000**	**100.000**

REMARK : * - LESS THAN 5% OF ISSUED SHARES
** - 5% AND ABOVE OF ISSUED SHARES

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

	Direct Shareholding		Indirect Shareholding	
Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
1. Yap Toon Choy	37,429,620	37.81	20,920,070[(a)]	21.13
2. Yong Elaine	20,920,070	21.13	37,154,620[(b)]	37.81
3. Shingo Muramoto	-	-	-	-
4. Swee Soo Mang	-	-	-	-
5. Darsan Singh a/l Balwant Singh	-	-	-	-
6. Gan Chee Tsong	-	-	-	-

Notes:

(a) Deemed interested by virtue of him being the spouse of Yong Elaine, a major shareholder of KHIB pursuant to Section 122A of the Act.

(b) Deemed interested by virtue of her being the spouse of Yap Toon Choy, a major shareholder of KHIB pursuant to Section 122A of the Act.

Analysis of Shareholdings
As at 29 July 2016

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Shareholding		Indirect Shareholding	
Substantial Shareholders	No. of Shares	%	No. of Shares	%
1. Yap Toon Choy	37,429,620	37.81	20,920,070[a]	21.13
2. Yong Elaine	20,920,070	21.13	37,154,620[b]	37.81
3. Kam Loong Mining Sdn Bhd	10,638,000	10.75	-	-
4. Yap Ah Fatt	20,000	0.02	11,738,000[c]	11.86
5. Foo Khen Ling	1,100,000	1.11	10,658,000[c]	10.77

Notes:
(a) Deemed interested by virtue of him being the spouse of Yong Elaine, a major shareholder of KHIB pursuant to Section 122A of the Act.
(b) Deemed interested by virtue of her being the spouse of Yap Toon Choy, a major shareholder of KHIB pursuant to Section 122A of the Act.
(c) Deemed interested by virtue of his/her direct interest in Kam Loong Mining Sdn Bhd pursuant to Section 6A of the Act and deemed interested by virtue of his/her spouse's direct interest in KHIB pursuant 122A of the Act.

LIST OF TOP THIRTY (30) SHAREHOLDERS

No.	Shareholders	Holdings	%
1	YAP TOON CHOY	37,429,620	37.807
2	YONG ELAINE	20,920,070	21.131
3	KAM LOONG MINING SDN BHD	10,638,000	10.745
4	MURAMOTO ASIA PTE LTD	4,372,600	4.416
5	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI CHIN HOCK (8058312)	1,516,000	1.531
6	SOH TIK SIEW	1,400,000	1.414
7	FOO KHEN LING	1,100,000	1.111
8	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	802,000	0.810
9	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	681,100	0.687
10	QUEK SER HWA	670,000	0.676
11	GHAN AH KOOI	648,300	0.654
12	YEE TIEN SOON	549,100	0.554
13	ANA LOW	370,500	0.374
14	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM KA KIAN (PB)	354,000	0.357
15	GAN SIEW KEE	276,800	0.279

LIST OF TOP THIRTY (30) SHAREHOLDERS (CONT'D)

No.	Shareholders	Holdings	%
16	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG GEOK WAH (B BRKLANG-CL)	262,500	0.265
17	OOI CHENG HUAT @ OOI PENG HUAT	260,500	0.263
18	OOI CHIN HOCK	232,200	0.234
19	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (8092812)	230,000	0.232
20	LIM TAU SAN	200,000	0.202
21	TONG SUN SUN	200,000	0.202
22	YAP SIEW LEE	196,000	0.197
23	KOH BENG HOCK	180,000	0.181
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEE WAI CHOW	175,400	0.177
25	CHAN KOK HENG	169,100	0.170
26	NG JEH YEONG	165,000	0.166
27	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG KWONG MIAO	161,400	0.163
28	AZAHAR BIN AHMAD	150,000	0.151
29	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEAH YEW FAH	140,700	0.142
30	VALERIE KAM WAI LEE	130,000	0.131

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirteenth 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, 19 October 2016 at 10.00 a.m. for the following purposes:-

AGENDA

1) To receive the Audited Financial Statements for the year ended 30 April 2016 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 2016.	**Resolution 1**
3) To approve a First and Final Single Tier Dividend of 3% for the year ended 30 April 2016.	**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) Mr. Yap Toon Choy	**Resolution 3**
(b) Mr. Gan Chee Tsong	**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 • **AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** "**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being, subject always to the approvals of the relevant regulatory authorities."	**Resolution 6**

Notice of Annual General Meeting

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 26 August 2016 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 Fourteenth Annual General Meeting ("AGM") of the Company, at which time it will lapse unless, by a resolution passed at the Fourteenth AGM, the authority is renewed; or

(b) the expiration of the period within which the Fourteenth 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. 3

Resolution 8

- **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 26 August 2016, 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 Fourteenth AGM of the Company, at which time it will lapse unless, by a resolution passed at the Fourteenth AGM, the authority is renewed; or

(b) the expiration of the period within which the Fourteenth 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

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

Resolution 9

"**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 RM14,296,168 and RM2,668,992 respectively for the financial year ended 30 April 2016.

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. 5

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

Resolution 10

"**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. 6 — **Resolution 11**

- **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."

ORDINARY RESOLUTION NO. 7 — **Resolution 12**

- **AUTHORITY FOR MR. GAN CHEE TSONG TO CONTINUE IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

  "**THAT** subject to the approval by the shareholders of Resolution No. 4 above, authority be and is hereby given to Mr. Gan Chee Tsong 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 3% in respect of the year ended 30 April 2016 amounting to RM1,485,000 and shall be payable on 21 November 2016, to Depositors registered in the Record of Depositors at the close of business on 31 October 2016.

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 2016 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

26 August 2016
Selangor Darul Ehsan

Notice of Annual General Meeting

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 shareholders for the Audited Financial Statements. Hence, this Agenda item is not put 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 Twelfth Annual General Meeting held on 29 October 2015. 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 Twelfth Annual General Meeting because there was no need for any fund raising activity for the purpose of investment, acquisition or working capital.

Explanatory Notes on Special Business (Cont'd): -

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

The proposed Resolutions 7 and 8 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 dated 26 August 2016 of the Company which is dispatched together with the Annual Report of the Company for the financial year ended 30 April 2016.

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

The Resolution 9 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 26 August 2016 enclosed together with the Company's 2016 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.

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

Mr. Gan Chee Tsong 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. Subject the shareholders' approval of Resolution No. 4 above, the Board has recommended that he should continue to act as an Independent Non-Executive Director of the Company.

Notice of Annual General Meeting

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 12 October 2016. Only a depositor whose name appears on the Record of Depositors as at 12 October 2016 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

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Proxy Form

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

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 Thirteenth 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, 19 October 2016 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 3%		
3.	Resolution 3 – To re-elect Mr. Yap Toon Choy as Director		
4.	Resolution 4 – To re-elect Mr. Gan Chee Tsong 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 the 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 the renewal of shareholders' mandate for RRPT with Kam Loong Mining Sdn Bhd		
9.	Resolution 9 – To approve the renewal of authority for the purchase of its own shares by the Company		
10.	Resolution 10 – To authorise Mr Darsan Singh a/l Balwant Singh to continue in office as Independent Non-Executive Director		
11.	Resolution 11 – To authorise Mr Swee Soo Mang to continue in office as Independent Non-Executive Director		
12.	Resolution 12 – To authorise Mr Gan Chee Tsong 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 ______________ 2016

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

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KEIN HING INTERNATIONAL BERHAD
(616056-T)

LOT 1863, JALAN KOLEJ, 43300 SERI KEMBANGAN, SELANGOR DARUL EHSAN, MALAYSIA.

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