

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other independent adviser immediately.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



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

CIRCULAR TO SHAREHOLDERS

In Relation To

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR
RECURRENT RELATED PARTY TRANSACTIONS
OF A REVENUE OR TRADING NATURE**

The above Proposal will be tabled as Special Business at the Sixth Annual General Meeting of KEIN HING INTERNATIONAL BERHAD ("the Company"). The Notice of the Sixth 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, 28 October 2009 at 10.00 a.m. together with the Form of Proxy, are enclosed with the Annual Report of the Company for the financial year ended 30 April 2009.

A shareholder entitled to attend and vote at the Sixth Annual General Meeting is entitled to appoint a proxy to attend and vote on his(her) behalf by completing and returning the enclosed Form of Proxy in accordance with the instructions thereon. You are requested to complete and deposit it at the Registered Office of the Company at Lot 1863, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan on or before the time and date indicated below should you be unable to attend the Sixth Annual General Meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last day and time for lodging the Form of Proxy: Monday, 26 October 2009 at 10.00 a.m.

This Circular is dated 6 October 2009

DEFINITIONS

Act	:	The Companies Act, 1965.
AGM	:	Annual General Meeting.
Board	:	The Board of Directors of KHIB
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W).
Director	:	Shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director of KHIB, its subsidiary or holding company or a chief executive of KHIB, its subsidiary or holding company.
KHA	:	Kein Hing Appliances Sdn. Bhd. (560198-X), an 83%-owned subsidiary of KHIB.
KHI	:	Kein Hing Industry Sdn. Bhd. (68403-W), a wholly-owned subsidiary of KHIB.
“KHIB” or “the Company”	:	Kein Hing International Berhad (616056-T).
“KHIB Group” or “the Group”	:	KHIB and its subsidiaries.
KHMV	:	Kein Hing Muramoto (Vietnam) Co., Ltd., a 51%-owned subsidiary of KHIB.
KHPV	:	Kein Hing Polychrome (Vietnam) Co., Ltd., an 80%-owned subsidiary of KHIB.
Listing Requirements	:	The Listing Requirements of Bursa Securities.
Major Shareholder	:	<p>A person who has an interest or interests in one (1) or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:-</p> <p>(a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the Company; or</p> <p>(b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company.</p> <p>For the purpose of this definition, “interest in shares” shall have the meaning given in Section 6A of the Act.</p> <p>This includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Major Shareholder of the Company as defined above, or any other corporation which is its subsidiary or holding company.</p>
MPSB	:	Microtechno Precision (M) Sdn. Bhd. (613459-M).
MTM	:	Muramoto Technics (Malaysia) Sdn. Bhd. (384211-U).
Muramoto Singapore	:	Muramoto Asia Pte. Ltd. (199006095K).
Proposed Renewal of Shareholders’ Mandate	:	Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group.

DEFINITIONS

Proposed Shareholders' Mandate	:	The proposed shareholders' mandate for RRPTs set out in section 2.3.2 of this Circular.
PSB	:	Polychrome Sdn. Bhd. (167723-X), a 25%-owned associated company of KHIB.
Related Party(ies)	:	A Director, Major Shareholder or person connected with such Director or Major Shareholder.
"Recurrent Related Party Transactions" or "RRPTs"	:	Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group and are in the ordinary course of business and are on terms not more favourable to the Related Party(ies) than those generally available to the public and are not to the detriment of the minority shareholders.
RM or Sen	:	Ringgit Malaysia and sen respectively.
S&Y	:	S & Y Metal Stamping Sdn. Bhd. (322100-U), a 28%-owned associated company of KHI.
Shareholders' Mandate	:	Shareholders' mandate for the Recurrent Related Party Transactions.
TCY Holdings	:	T.C. Yap Holdings Sdn. Bhd. (113270-M).
ZASB	:	Zenne Appliances Sdn. Bhd. (727343-V), a wholly-owned subsidiary of KHIB.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

LETTER TO THE SHAREHOLDERS IN RELATION TO PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE CONTAINING:-

	PAGE
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE	
2.1 Existing Shareholders' Mandate	1-2
2.2 Details of the Proposed Renewal of Shareholders' Mandate	2-3
2.3 Class and Nature of Recurrent Related Party Transactions	3
2.3.1 Class of Related Parties	3-4
2.3.2 Nature of Recurrent Related Party Transactions	5-8
3. RATIONALE AND BENEFITS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TO THE Khib GROUP	
3.1 Rationale	8
3.2 Benefits	8-9
4. REVIEW METHODS OR PROCEDURES OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE	
4.1 Review Methods or Procedures	9-10
4.2 Abstain from Voting	10
4.3 Disclosure	10
5. STATEMENT BY AUDIT COMMITTEE	10-11
6. EXISTING MANDATE ON RECURRENT RELATED PARTY TRANSACTIONS	11-12
7. CONDITION FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE	12
8. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE	12
9. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS	12
10. DIRECTORS' RECOMMENDATION	12
11. SIXTH AGM	13
12. FURTHER INFORMATION	13
APPENDICES	
APPENDIX A - FURTHER INFORMATION	14
APPENDIX B - EXTRACT OF RESOLUTIONS	15-16



Kein Hing International Berhad

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

Registered Office:-

Lot 1863, Jalan Kolej
43300 Seri Kembangan
Selangor Darul Ehsan

6 October 2009

Directors:-

Darsan Singh A/L Balwant Singh (Independent Non-Executive Chairman)
Yap Toon Choy (Group Managing Director)
Shingo Muramoto (Non-Independent Non-Executive Director)
Yong Elaine (Executive Director)
Liew Choon Fong (Executive Director)
Swee Soo Mang (Independent Non-Executive Director)
Gan Chee Tsong (Independent Non-Executive Director)

To: The Shareholders of Kein Hing International Berhad

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

The Board has on 24 August 2009 announced its intention to seek its shareholders' approval at the forthcoming Sixth AGM to renew the terms of the Shareholders' Mandate for the Recurrent Related Party Transactions of a revenue or trading nature as set out in the Circular to shareholders dated 30 September 2008. The earlier Shareholders' Mandate will expire at the conclusion of the forthcoming Sixth AGM.

The purpose of this Circular is to provide you with the relevant details of the Proposed Renewal of Shareholders' Mandate and to seek your approval for the ordinary resolutions in relation thereto to be tabled as Special Business at the forthcoming Sixth AGM of the Company to be held at Factory B, Lot 1863 and 1864, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan on Wednesday, 28 October 2009 at 10.00 a.m..

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

2.1 Existing Shareholders' Mandate

Pursuant to the Circular to shareholders of KHIB dated 30 September 2008, KHIB had obtained the approval of its shareholders at the Fifth AGM held on 22 October 2008 to enter into Recurrent Related Party Transactions with Related Parties on the terms set out in the said Circular. Under Paragraph 10.09 of the Listing Requirements, KHIB's existing Shareholders' Mandate would require shareholders' approval for renewal when it expires at the forthcoming Sixth AGM.

In compliance with Paragraph 10.09 of the Listing Requirements, KHIB proposes to seek its shareholders' approval for the Proposed Renewal of Shareholders' Mandate which will enable the KHIB Group to enter into the Recurrent Related Party Transactions as set out in section 2.3.2 below.

The Proposed Renewal of Shareholders' Mandate, will, if approved by shareholders at the forthcoming Sixth AGM, be subject to annual renewal. In this respect, any authority conferred by the Proposed Renewal of Shareholders' Mandate shall only continue to be in force until:-

- a) the conclusion of the Seventh AGM of the Company, at which time it will lapse, unless by a resolution passed at the Seventh AGM, the authority is renewed;
- b) the expiration of the period within which the Seventh AGM after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

The Proposed Renewal of Shareholders' Mandate shall apply in respect of all Recurrent Related Party Transactions to be entered into from the date of the forthcoming Sixth AGM to the Seventh AGM. Thereafter, approval from shareholders for a renewal of the Shareholders' Mandate will be sought at each subsequent AGM of KHIB.

In making the disclosure of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the existing Shareholders' Mandate, KHIB has provided a breakdown of the aggregate value of the Recurrent Related Party Transactions made during the financial year ended 30 April 2009 in the Annual Report 2009 based on the following information:-

- a) the type of the Recurrent Related Party Transactions made; and
- b) the names of the Related Parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the Group.

Shareholders are advised to refer to pages 14 to 15 of the Annual Report 2009 for further details.

2.2 Details of the Proposed Renewal of Shareholders' Mandate

KHIB is proposing to seek its shareholders' approval to renew the existing Shareholders' Mandate to enable the Group to continue entering into the Recurrent Related Party Transactions with the Related Parties.

The Company is principally an investment holding company whilst the principal activities of its subsidiaries and associated companies are as follows:-

KHIB's Subsidiaries	Equity Interest	Principal Activities
KHI	100%	Sheet metal forming, precision machining, components assembly and manufacture and sale of gas appliances.
KHA	83%	Trading in electrical and electronic products and home appliances.

KHIB's Subsidiaries	Equity Interest	Principal Activities
KHMV	51%	Sheet metal forming, precision machining and assembly of components for electronic, automotive and other industries.
KHPV	80%	Electroplating.
ZASB	100%	Trading and distribution of gas appliances.

KHIB's Associated Company	Equity Interest	Principal Activity
PSB	25%	Electroplating, iron foundries, tinplate makers and smelters.

KHI's Associated Company	Equity Interest	Principal Activity
S&Y	28%	Precision metal stamping.

2.3 Class and Nature of Recurrent Related Party Transactions

The Proposed Shareholders' Mandate would apply to transactions with Related Parties comprising of Directors, Major Shareholders and/or persons connected with such Directors and/or Major Shareholders of the KHIB Group and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a Director or Major Shareholder of the KHIB Group.

Such Related Parties are as described below:-

2.3.1 Class of Related Parties

Directors and/or Major Shareholders:-

Related Parties	Nature of Relationship
Yap Toon Choy	<ul style="list-style-type: none"> • Group Managing Director and Major Shareholder of KHIB. • Managing Director of KHI. • A director and major shareholder of TCY Holdings and MTM. • A Director of MPSB and KHMV. • Spouse of Madam Yong Elaine.
Shingo Muramoto	<ul style="list-style-type: none"> • A Non-Independent Non-Executive Director and Shareholder of KHIB (held through Muramoto Singapore). • A Director and Major Shareholder of KHMV (held through Muramoto Singapore). • A director and major shareholder of Muramoto Singapore (held through Muramoto Industry Co., Ltd.). • A director and major shareholder of MTM (held through Muramoto Singapore).

Related Parties	Nature of Relationship
Yong Elaine	<ul style="list-style-type: none"> • An Executive Director and Major Shareholder of KHIB. • A director and major shareholder of TCY Holdings. • A Director of KHI. • Spouse of Mr. Yap Toon Choy.

Persons Connected to Directors:-

Related Parties	Nature of Relationship
Muramoto Singapore	<ul style="list-style-type: none"> • A Shareholder of KHIB and Major Shareholder of KHMV (49%). • A person connected to Mr. Shingo Muramoto, a Non-Independent Non-Executive Director of KHIB.

The direct and indirect interests of the interested Directors, Major Shareholders and persons connected with Directors and Major Shareholders in KHIB as at 22 September 2009 are as follows:-

Interested Directors:-				
Name	Direct Interest	%	Indirect Interest	%
Yap Toon Choy	32,861,620	33.19	-	-
Shingo Muramoto	-	-	4,372,600 *	4.42
Yong Elaine	20,870,070	21.08	-	-

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

Interested Major Shareholders and persons connected to Directors and/or Major Shareholders:-				
Name	Direct Interest	%	Indirect Interest	%
Yap Toon Choy	32,861,620	33.19	-	-
Yong Elaine	20,870,070	21.08	-	-
Muramoto Singapore	4,372,600	4.42	-	-

2.3.2 Nature of Recurrent Related Party Transactions

The types of Recurrent Related Party Transactions which are to be covered by the Proposed Renewal of Shareholders' Mandate and the estimated value of the Recurrent Related Party Transactions are disclosed in the following tabulation:-

Proposed Renewal of the Existing Shareholders' Mandate

No.	Nature of Recurrent Related Party Transaction	Related Parties	Interested Director, Major Shareholder and Person Connected	* Estimated Value of the transaction from the Sixth AGM to Seventh AGM (RM)
1.	KHI produces metal components and tooling mould for MTM.	MTM, person connected to Yap Toon Choy, Director and Major Shareholder of KHIB and Shingo Muramoto, Director and Shareholder of KHIB	Yap Toon Choy, Shingo Muramoto, Yong Elaine and Muramoto Singapore	28,000,000-00
2.	<p>KHI had entered into a tenancy agreement with MPSB on 1 October 2009 for renting of part of the factory to MPSB.</p> <p><u>Location</u> Lot 1866 and Lot 1867, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan.</p> <p><u>Monthly rental</u> RM15,000-00</p> <p><u>Tenure</u> Two (2) years (1 October 2009 to 30 September 2011 with an option to renew the tenancy for a further term of two (2) years.)</p>	MPSB, person connected to Yap Toon Choy, Director and Major Shareholder of KHIB	Yap Toon Choy and Yong Elaine	200,000-00

No.	Nature of Recurrent Related Party Transaction	Related Parties	Interested Director, Major Shareholder and Person Connected	* Estimated Value of the transaction from the Sixth AGM to Seventh AGM (RM)
3.	<p>KHI had entered into a tenancy agreement with MTM on 1 June 2009 for renting of part of the factory to MTM.</p> <p><u>Location</u> Lot 1863 and Lot 1864, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan.</p> <p><u>Monthly rental</u> RM29,250-00</p> <p><u>Tenure</u> Two (2) years (1 June 2009 to 31 May 2011 with an option to renew the tenancy for a further term of two (2) years.)</p>	<p>MTM, person connected to Yap Toon Choy, Director and Major Shareholder of KHIB and Shingo Muramoto, Director and Shareholder of KHIB</p>	<p>Yap Toon Choy, Shingo Muramoto, Yong Elaine and Muramoto Singapore</p>	<p>400,000-00</p>
4.	<p>KHI had entered into a tenancy agreement with TCY Holdings on 1 May 2008 for renting of the premises from TCY Holdings.</p> <p><u>Location</u> 1, 3, 5, 7, 9, 11, 11A, 15A, 17 & 19, Jalan Indah, 2/16, Taman Universiti Indah, 43300 Seri Kembangan, Selangor Darul Ehsan.</p> <p><u>Monthly rental</u> RM14,287-50</p> <p><u>Tenure</u> Three (3) years (1 May 2008 to 30 April 2011 with an option to renew the tenancy for a further term of three (3) years.)</p>	<p>TCY Holdings, person connected to Yap Toon Choy and Yong Elaine, Directors and Major Shareholders of KHIB</p>	<p>Yap Toon Choy and Yong Elaine</p>	<p>200,000-00</p>

No.	Nature of Recurrent Related Party Transaction	Related Parties	Interested Director, Major Shareholder and Person Connected	* Estimated Value of the transaction from the Sixth AGM to Seventh AGM (RM)
5.	<p>KHI had entered into a tenancy agreement with TCY Holdings on 1 January 2008 for renting of Factory A from TCY Holdings.</p> <p><u>Location</u> Lot 1837, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan.</p> <p><u>Monthly rental</u> RM17,500-00</p> <p><u>Tenure</u> Three (3) years (1 January 2008 to 31 December 2010 with an option to renew the tenancy for a further term of three (3) years.)</p>	<p>TCY Holdings, person connected to Yap Toon Choy and Yong Elaine, Directors and Major Shareholders of KHIB</p>	<p>Yap Toon Choy and Yong Elaine</p>	<p>250,000-00</p>
6.	<p>KHI had entered into a tenancy agreement with Mr. Yap Toon Choy on 1 May 2009 for renting of five (5) apartment units for the use by its employees.</p> <p><u>Location</u> 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.</p> <p><u>Monthly rental</u> RM5,000-00</p> <p><u>Tenure</u> Three (3) years (1 May 2009 to 30 April 2012 with an option to renew the tenancy for a further term of three (3) years.)</p>	<p>Yap Toon Choy, Director and Major Shareholder of KHIB and person connected to Yong Elaine, Director and Major Shareholder of KHIB</p>	<p>Yap Toon Choy and Yong Elaine</p>	<p>70,000-00</p>

No.	Nature of Recurrent Related Party Transaction	Related Parties	Interested Director, Major Shareholder and Person Connected	* Estimated Value of the transaction from the Sixth AGM to Seventh AGM (RM)
7.	KHI produces metal components and tooling mould for KHMV.	KHMV, person connected to Yap Toon Choy, Director and Major Shareholder of KHIB and Shingo Muramoto, Director and Shareholder of KHIB	Yap Toon Choy, Shingo Muramoto, Yong Elaine and Muramoto Singapore	1,500,000-00

* The estimates in the above tables are based on the information available at the point of estimation. The estimated value of the transactions may vary from the actual value of the transactions in the future. The actual value of the transactions will be disclosed in the Annual Report of the Company in respect of the financial year ending 30 April 2010.

3. RATIONALE AND BENEFITS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TO THE KHIB GROUP

3.1 Rationale

The Proposed Renewal of Shareholders' Mandate will enable the KHIB Group to enter into Recurrent Related Party Transactions that are in its ordinary course of business. These are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature and it may be impracticable to seek shareholders' approval on a case by case basis before entering into such Recurrent Related Party Transactions. These Recurrent Related Party Transactions are revenue in nature and are necessary for the KHIB Group's day-to-day operations. In order to minimise unnecessary expenditure and time to convene a general meeting for this purpose alone, the Board is seeking a mandate pursuant to Paragraph 10.09 of the Listing Requirements for the Recurrent Related Party Transactions described in section 2.3.2 above with the class of Related Parties specified in section 2.3.1 above to allow the KHIB Group to enter into such Recurrent Related Party Transactions made on arm's length basis and on normal commercial terms and which are not prejudicial to the interests of the minority shareholders. The obtaining of the Proposed Shareholders' Mandate on an annual basis 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 associated with the convening of such meetings, without compromising the corporate objectives of the KHIB Group or adversely affecting the business opportunities available to the Group.

3.2 Benefits

The KHIB Group has a long-standing business relationship with the Related Parties as detailed in section 2.3.1. The goods and services provided by the Related Parties are price competitive and all transactions between the KHIB Group and the Related Parties are carried out on an arm's length basis. Although the KHIB Group also sources similar products and services from third parties, the KHIB Group would like to seek approval for the RRPTs as the close co-operation between the KHIB Group and the Related Parties have reaped mutual benefits and are expected to continue to be of benefit to the business of the KHIB Group.

The properties rented by TCY Holdings and Mr. Yap Toon Choy to KHI are to provide factory spaces and accommodation to the employees of KHI. The locations of those properties are logistically near to the factories and thus reducing the transportation costs of the employees and the safety of the employees is also taken care of. The factories are located strategically and logistically near to each other for ease of administration. In particular, TCY Holdings has waived the annual rental for the financial year ended 30 April 2009 for the property located at Lot 1837, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan. The details are described in section 2.3.2 above.

4. REVIEW METHODS OR PROCEDURES OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

4.1 Review Methods or Procedures

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 transaction prices and terms not more favourable to the Related Parties than those generally available to the public and will not be detrimental to minority shareholders, the Management will ensure that:-

- (i) the transactions with the Related Parties will only be entered into after taking into account the pricing, level of service, quality of product and other related factors, which are generally on terms not more favourable to the Related Parties than those extended to unrelated third parties and are not to the detriment of the minority shareholders;
- (ii) the pricing, level of service and quality of products shall be at the prevailing market rates/prices of the service or product including where appropriate preferential rates and discounts accorded for bulk purchases (the same as are accorded to third party bulk purchase) and on the service or product provider's usual commercial terms, and otherwise in accordance with applicable industry norm;
- (iii) the terms and conditions on purchases and sales are determined by market force, under similar commercial terms for transaction with third parties which depend on the demand and supply of the products and subject to the availability of the products in the market;
- (iv) the cost plus method will be used where appropriate in the determination of fair price or contract rates. This method determines the arm's length price or rate by adding an appropriate mark-up to the cost of production;
- (v) at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained (for instance, if there are no unrelated third party vendors/customers of similar products or services, or if the product/service is a propriety item), the transaction price will be determined by the KHIB Group based on similar costing method of pricing used for other products/services and/or quantities to ensure that the Recurrent Related Party Transaction is not detrimental to the KHIB Group; and
- (vi) the Internal Auditors of the Company will on half yearly basis review the adequacy of the procedures and processes of the KHIB Group to monitor, track and identify Recurrent Related Party Transactions.

The guidelines for the relevant approving authority practiced by the KHIB Group in relation to the Recurrent Related Party Transactions are as follows:-

- (i) Transactions below RM500,000-00 each in value, will be reviewed and approved by the senior executive(s) (not being a person connected to the Related Party) designated by the Audit Committee from time to time for such purpose and tabled for review by the Audit Committee on a quarterly basis; and

- (ii) Transactions equal to or exceeding RM500,000-00 each in value will be reviewed and approved by the Audit Committee and Executive Director (not being the Related Party or person connected to Related Party).

4.2 Abstain from Voting

Further, where any Director has an interest (direct or indirect) in any Recurrent Related Party Transactions, such Director shall abstain from voting on the matters. Where any member of the Audit Committee is interested in any transaction, that member shall abstain from voting on any matter relating to any decisions to be taken by the Audit Committee with respect to such transactions.

Pursuant to Paragraph 10.09 of the Listing Requirements, in a meeting to obtain the Proposed Renewal of Shareholders' Mandate, the interested Director, interested Major Shareholder or interested person connected with a Director or Major Shareholder; and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder, shall abstain from voting on the resolutions, deliberating or approving the Recurrent Related Party Transactions.

An interested Director or interested Major Shareholder must also ensure that persons connected with him abstain from voting on the resolution, deliberating or approving the transactions. Interested Directors shall also abstain from deliberating at board meetings in respect of the Recurrent Related Party Transactions in which they are interested.

4.3 Disclosure

In accordance with the Listing Requirements, disclosure will be made in the annual report of the breakdown of the aggregate value of the RRPTs conducted during the financial year pursuant to the mandate given by the shareholders based on the following information:-

- (a) type of transaction made; and
- (b) name of the related parties involved in each type of the RRPTs made and their relationships with the Company and/or any of its subsidiaries.

5. STATEMENT BY AUDIT COMMITTEE

The overall responsibility of determining whether the methods or procedures for reviewing all Recurrent Related Party Transactions are appropriate, rest on the Audit Committee. Review and ascertainment of whether the methods or procedures established to monitor Recurrent Related Party Transactions have been complied with will be conducted by the Audit Committee on half yearly basis. Should the Audit Committee determine that the methods or procedures stated in section 4.1 are inadequate to ensure that:-

- (i) the Recurrent Related Party Transactions will be conducted at arm's length and on normal commercial terms; and
- (ii) such transactions 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, the Company will obtain a fresh Shareholders' Mandate based on the new methods or procedures.

The Audit Committee shall also have the discretion to request for the limits to be imposed or for the additional procedures to be followed if it considers such a request to be appropriate. In that event, such limits or procedures may be implemented without the approval of shareholders, provided that they are more stringent than the existing limits or procedures.

The Audit Committee of the Company has reviewed the methods or procedures as specified in section 4.1 and is of the opinion that they are sufficient to ensure that the Recurrent Related Party Transactions 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.

The KHIB Group has in place adequate procedures and processes to monitor, track and identify the RRPTs in a timely and orderly manner. The Audit Committee conducts the review of these procedures and processes on half yearly basis.

6. EXISTING MANDATE ON RECURRENT RELATED PARTY TRANSACTIONS

The actual value transacted of each Recurrent Related Party Transaction from the date on which the existing Shareholders' Mandate was obtained on 22 October 2008 to 21 September 2009, being the latest practicable date before the printing of this Circular, together with the estimated value as disclosed in the Circular to shareholders dated 30 September 2008 are disclosed in the following tabulation:-

No.	Nature of Recurrent Related Party Transaction	Actual value transacted from 22 October 2008 to 21 September 2009 (RM)	Estimated value as disclosed in the Circular to shareholders dated 30 September 2008 (RM)
1.	KHI produces metal components and tooling mould for MTM.	14,830,153-62	48,000,000-00
2.	KHI had entered into a tenancy agreement with MPSB on 1 October 2007 for renting of part of the factory located at Lot 1866 and Lot 1867, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan to MPSB.	180,000-00	240,000-00
3.	KHI had entered into a tenancy agreement with MTM on 1 June 2007 for renting of part of the factory located at Lot 1863 and Lot 1864, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan to MTM.	351,000-00	400,000-00
4.	KHI had entered into a tenancy agreement with TCY Holdings on 1 May 2008 for renting of the premises located at 1, 3, 5, 7, 9, 11, 11A, 15A, 17 & 19, Jalan Indah, 2/16, Taman Universiti Indah, 43300 Seri Kembangan, Selangor Darul Ehsan from TCY Holdings.	171,450-00	240,000-00
5.	KHI had entered into a tenancy agreement with TCY Holdings on 1 January 2008 for renting of Factory A located at Lot 1837, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan from TCY Holdings.	87,500-00	250,000-00

No.	Nature of Recurrent Related Party Transaction	Actual value transacted from 22 October 2008 to 21 September 2009 (RM)	Estimated value as disclosed in the Circular to shareholders dated 30 September 2008 (RM)
6.	KHI had entered into a tenancy agreement with Mr. Yap Toon Choy on 1 May 2009 for renting of five (5) apartment units located at 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 for the use by its employees.	60,000-00	80,000-00
7.	KHI produces metal components and tooling mould for KHMV.	626,049-78	5,000,000-00

7. CONDITION FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate is subject to the approval being obtained from the shareholders of the Company at the forthcoming Sixth AGM to be convened.

8. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate, if obtained at the Sixth AGM, will not have any effect on the earnings per share, gearing and net assets per share at the Group level, issued and paid-up share capital, substantial shareholding and dividend rate of the Company.

9. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

The interested Directors, Mr. Yap Toon Choy, Mr. Shingo Muramoto and Madam Yong Elaine, have abstained and will continue to abstain from board deliberation and voting in respect of their direct and indirect shareholdings in KHIB on the ordinary resolutions approving the Proposed Renewal of Shareholders' Mandate.

The interested Directors and/or Major Shareholders, Mr. Yap Toon Choy, Mr. Shingo Muramoto and Madam Yong Elaine will abstain and undertake to ensure that the persons connected to them will also abstain from voting in respect of their direct and indirect shareholdings as are stated in section 2.3.1 of the Circular to shareholders dated 6 October 2009 on the ordinary resolutions, deliberating or approving the Proposed Renewal of Shareholders' Mandate to be tabled as Special Business at the forthcoming Sixth AGM.

Save as disclosed above, none of the other Directors and/or Major Shareholders and persons connected to them have any interests, direct or indirect, in the Proposed Renewal of Shareholders' Mandate.

10. DIRECTORS' RECOMMENDATION

The Board, with the exception of Mr. Yap Toon Choy, Mr. Shingo Muramoto and Madam Yong Elaine, is of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best interest of the shareholders of the Group.

The Board, with the exception of Mr. Yap Toon Choy, Mr. Shingo Muramoto and Madam Yong Elaine who have abstained from making a recommendation on the Proposed Renewal of Shareholders' Mandate, recommends that you vote in favour of the ordinary resolutions pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled as Special Business at the forthcoming Sixth AGM.

11. SIXTH AGM

The ordinary resolutions in relation to the Proposed Renewal of Shareholders' Mandate have been extracted and included in this Circular. The Sixth AGM of the Company will be held on 28 October 2009 for the purpose of considering and if thought fit, passing the ordinary resolutions to give effect to the Proposed Renewal of Shareholders' Mandate.

If you are unable to attend and vote in person at the Sixth AGM, you are requested to complete, sign and deposit the Form of Proxy which is enclosed in the Company's Annual Report 2009 in accordance with the instructions printed thereon, at the Registered Office of the Company at Lot 1863, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan not later than forty-eight (48) hours before the time fixed for the Sixth AGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the forthcoming Sixth AGM should you subsequently wish to do so.

12. FURTHER INFORMATION

Shareholders are requested to refer to the attached appendices which form an integral part of this Circular, for further information.

Yours faithfully,

For and on behalf of the Board of Directors of
KEIN HING INTERNATIONAL BERHAD

SWEE SOO MANG

Independent Non-Executive Director and the
Chairman of the Audit Committee

APPENDIX A: FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board of Directors of the Company and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. MATERIAL LITIGATION

The Board of Directors of the Company has confirmed that the Company and/or its subsidiaries are not presently engaged in any material litigation, material claim and arbitration either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of the Company and/or its subsidiaries.

3. MATERIAL CONTRACTS

Save as disclosed below, neither KHIB nor its subsidiaries have entered into any contracts (*not being contracts entered into in the ordinary course of business*) within the two (2) years immediately preceding the date of this Circular:-

- KHI had on 1 July 2008 entered into a Sale and Purchase Agreement with Dato' Abu Hanifah Bin Noordin of Messrs. Sia & Co., the Liquidator for Syarikat Pembinaan Woh Heng Sdn. Bhd. to purchase a freehold land measuring approximately 4,300 square meters and held under Title No. GM 447, Lot 1840, Mukim of Petaling, District of Petaling and State of Selangor Darul Ehsan, at a cash consideration of RM1.1 million only.
- ZASB had on 30 July 2009 entered into a Sale and Purchase Agreement with Casaplex Development Sdn. Bhd. to acquire a leasehold building comprising a 3-storey shop-office with basement car park facilities measuring approximately 3,387 square feet and held under HS(D) 179259 PT No. 4537, HS(D) 118770 PT No. 4538, HS(D) 179676 Lot No. 4539, HS(D) 179664 Lot No. 4540 and HS(D) 226260 Lot No. 4541 all in Pekan Serdang, District of Petaling in the State of Selangor Darul Ehsan, at a cash consideration of RM1.15 million only. The 3-storey shop-office is currently under construction and the strata title is yet to be issued.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at Lot 1863, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan, during normal business hours from the date of this Circular up to and including the date of the Sixth AGM:-

- a) the Memorandum and Articles of Association of the Company;
- b) the audited financial statements of KHIB Group for the past two (2) years ended 30 April 2008 and 30 April 2009 and unaudited quarterly report on consolidated results for the financial period ended 31 July 2009; and
- c) material contracts referred to in paragraph 3 above.



EXTRACT OF RESOLUTIONS TO BE TABLED AS SPECIAL BUSINESS AT THE FORTHCOMING SIXTH AGM

ORDINARY RESOLUTION NO. 2

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

“THAT approval be and is hereby given to the KHiB Group to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with T.C. Yap Holdings Sdn. Bhd., Microtechno Precision (M) Sdn. Bhd. and Mr. Yap Toon Choy, the Group Managing Director and Major Shareholder of KHiB as stated in section 2.3.2 of the Circular to shareholders of the Company dated 6 October 2009, 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 Seventh Annual General Meeting (“AGM”) of the Company, at which time it will lapse unless, by a resolution passed at the Seventh AGM, the authority is renewed; or
 - (b) the expiration of the period within which the Seventh AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
 - (c) it is revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

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

ORDINARY RESOLUTION NO. 3

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

“**THAT** approval be and is hereby given to the KHIB Group to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with Muramoto Technics (Malaysia) Sdn. Bhd. and Kein Hing Muramoto (Vietnam) Co., Ltd. as stated in section 2.3.2 of the Circular to shareholders of the Company dated 6 October 2009, 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 Seventh AGM of the Company, at which time it will lapse unless, by a resolution passed at the Seventh AGM, the authority is renewed; or
 - (b) the expiration of the period within which the Seventh 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.”