15 October 2026

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
23-2, Menara AIA Sentral
No. 30, Jalan Sultan Ismail
50250 Kuala Lumpur

Attention: Dr. Ismet Yusoff
Chief Executive Officer

Dear Sir/Madam,

Re: 23rd Annual General Meeting ("AGM") of Kein Hing International Berhad ("KHIB" or "the Company" or "the Group") to be held on Thursday, 15 October 2026

With reference to your letter dated 29 September 2026, we are pleased to answer the points you have raised in the interest of minority shareholders and all other stakeholders of the Group.

Operational & Financial Matters

1. The Group sits on RM43.9 million of net cash (2026 AR, Note 24 - Capital Management, page 139) with ROE of approximately 8.5% (profit attributable to owners/equity attributable to owners) and dividend payout ratio of 17% (fell 5.5% compared to the previous year) (2026 AR, MDA - Dividend Policy, page 23). What is the reinvestment plan for this cash buffer?

   KHIB's reply:
   Over the next 1 to 2 years, the Group's planned capital expenditure (CAPEX) is strategically focused on capacity expansion and operational modernization.

   Vietnam Operations: The expansion comprises the construction of a new factory, warehouse, and extension of administrative facilities to support growing regional customer demand.

   Machinery (Malaysia & Vietnam): To acquire advanced machinery and upgrade existing production lines.

2. Vietnam operations generated 55.3% (RM167.8 million) of the Group revenue (2026 AR, Note 21 - Operating Segments, page 121) but received internal audit coverage only once per year versus Malaysia's (RM106.9 million) quarterly coverage (2026 AR, Audit and Risk Management - Internal Audit, page 64).
   (a) Why is internal audit frequency declining as revenue and FX/cross border risks rise for Vietnam operations?
   (b) What audit methodology is used to determine the fieldwork?

(c) Will the existing approach be revisited, given the Vietnam operation has increased?

KHIB's reply:

(a) Day-to-day internal controls for the Vietnam Operations are continuously overseen through Group-level financial reviews and dual-signatory cross-border treasury controls.
(b) The annual internal audit plan is driven by inherent operational risk ratings and the Group's risk management framework.
(c) In light of the growing revenue contribution from the Vietnam Operations, the internal audit frequency and coverage will be reviewed.

3. The Chairman's statement describes Vietnam operations as well-positioned to capture growing demand and will sustainably drive top-line growth and continue to be a key pillar of the Group's revenue (2026 AR, Chairman's statement - Financial Review, page 13), yet Vietnam's revenue and profit before tax and expenses fell 10% and 11% respectively (2026 AR, Review of Financial Results and Financial Condition - Revenue and PBT, page 19). What specific evidence supports the forward-looking optimism given the current year trend runs in the opposite direction?

KHIB's reply:
For the first (1st) quarter ended 31 July 2026, as announced, the Vietnam operations registered a 13% revenue growth, rising from RM 45 million to RM 51 million (an increase of approximately RM 6 million).

The revenue contribution ratio between the Malaysia and Vietnam operations shifted to 37% : 63%.

The Board believes that the Vietnam operations will sustainably drive top-line growth in the coming year.

4. Approximately RM29.9 million, or 85% of the Group's loans and borrowings, are denominated in USD or VND rather than MYR (2026 AR, Note 12 - Loans and Borrowings, page 109). Given revenue also carries significant USD/VND translation exposure, what financial hedges exist and has the Board quantified a sensitivity impact of MYR appreciation on both revenue and debt service?

KHIB's reply:
These borrowings were extended to the Vietnam operations. The Vietnam operations maintain an active natural hedge policy, matching USD denominated sales proceeds against USD payments of purchases and repayment of borrowings.

A similar natural hedging approach is also applied to local transactions denominated in Vietnamese Dong (VND).

As for the impact of MYR appreciation on the foreign subsidiary's revenue, it is an accounting translation effect upon Group consolidation, rather than an operational or cash loss.

Sustainability Matters

1. Energy consumption has now exceeded the Group's self-set 3,600 MWH target for two consecutive years, FY2026 and FY2025 and FY2024 was barely met. Why has the target not been met and is this target realistic? (2026 AR, Sustainability Statement - Energy Management, page 34)

   KHIB's reply:
   The target of 3,600 MWH was originally established based on baseline operational capacity in 2024.

   The Group will recalibrate the energy target in the financial year ending 30 April 2027 to establish realistic threshold aligned with our current manufacturing footprint.

   Concurrently, the Group is formalising its greenhouse gas (GHG) Scope 1 and Scope 2 emission baselines and evaluating energy-saving initiatives (such as upgrading old air compressors to new inverter models) to optimise long-term consumption.

We thank Minority Shareholder Watch Group ("MSWG") for its continuing interests in our Company and we take this opportunity to highlight that the Board of Directors of KHIB fully supports the work of MSWG in promoting good corporate governance best practices in PLCs.

Thank you.

Yours sincerely,
For and on behalf of
KEIN HING INTERNATIONAL BERHAD

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Yap Toon Choy
Group Managing Director

c.c. Company Secretary