

**KHIND**  
Delivering Happiness



## RATIONALE

The cover of this year's Annual Report represents the concentration in enhancing the efficiency and capability of our manufacturing plant. Over the last 54 years, Kind is being tested time and again by the numerous economic cycles but emerges stronger — largely due to our manufacturing-centric business. With a new generation of audiences favouring a more responsive, responsible, tech-progressive and resolute company, we at Kind continue to strive forward, as our growth stems from sharing values which are inherited from generation to generation and reflective of the soul of our company.



# STAYING TRUE TO OUR ROOTS – MANUFACTURING

## The Beginning Of Our Journey

The operations of what is now known as Khind started out as a humble electrical appliance repair shop by its founder, Mr. Cheng King Fa or 'Mr. Cheng', who, in 1961 established Syarikat Letrik Kee Hin in Sekinchan, Selangor. It was principally engaged in the retailing and repairing of household electrical appliances for the community of Sekinchan.

## Our First Manufactured Product

During the early years, electrical items such as fluorescent lamps operated on direct-current (DC) ballasts to actuate a steady supply to their lamps.

Being the sole supplier of this small but essential component, Mr. Cheng was providing the very thing needed most by residents at that time and his Company's fortunes were certainly riding high on demand for the DC ballasts.

As demands continued to soar high, Mr. Cheng sought to negotiate with the vendor to secure better terms and conditions for the supply of DC ballasts.

However, the negotiation broke up in discord eventually, and this served as a catalyst for the business to venture into the early stages of manufacturing in 1978, when Mr. Cheng decided to produce his own ballasts.

## Plastic Moulding Division

After dabbling into the manufacturing industry, the demand for plastic components needed for the production of electrical products exponentially grew in line with product demand.

As such, in order to ensure a steady supply of plastic components for Khind's business, the Company finally set up its own plastic manufacturing plant in 1983.

As business grew, Khind began to manufacture its own products, starting with simple moulded electrical accessories such as cable clips, trailing sockets and others. Soon after, the Company's product portfolio expanded to electrical items such as the step-down adapter, wire extension roller, table lamps, moulded wiring boxes and small plastic storage containers.

Mr. Cheng's trust and initial investment in the plant was beginning to pay off as production was not just geared towards producing in-house products, but also venturing further and manufacturing for other electrical customers.

## An International Journey

The year 1987 saw Mr. Cheng Ping Keat or 'PK' joining the Company. PK's unexpected entry into the Company however proved to be a turning point for Khind's growing business.

In 1988, Khind received its first overseas order of USD4,000 from a Middle Eastern trade customer – Abdul Aziz Dawood. This marked a new milestone in the development of Khind, putting it on the international world map for exports.

To date, Khind exports its products to over 60 countries around the globe and overseas business contributes approximately 50 percent of the Group's total revenue.



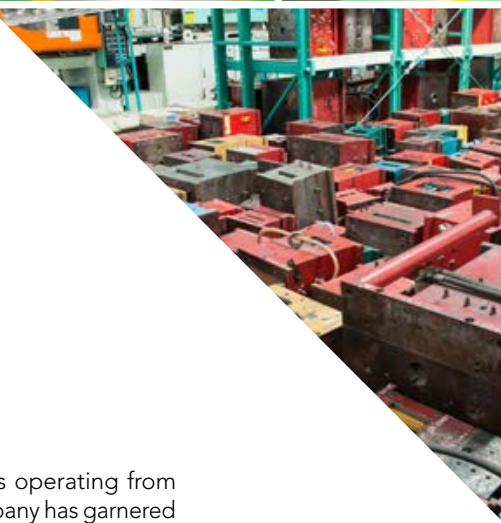
### The Birth Of A World Brand

Coupled with increasing presence in the global market, PK realised the need to build a brand name that better reflect its international status.

As such, staying true to its roots once again, PK started gathering ideas and information on improving the Company's earliest brand name Kee Hin and its logo.

Finally, the brand name 'Khind' struck PK's mind while he was on an overseas business trip. Khind was formed from the initials, Kee Hin which means 'mechanical' and 'prosperity' in the Chinese language and from the first three letters of the word 'industries'.

The new name has since become more easily recognisable and accepted by consumers, trade customers and even vendors. This has also set the stage for Khind to become one of Malaysia's renowned electrical brands.



## Key Manufacturing Player

Khind has come a long way since its days operating from half a shop lot in Sekinchan. Today, the Company has garnered plenty of awards and accolades placing it as a formidable exponent in the home consumer appliances market.

In 1990, a new manufacturing plant was set up in Sekinchan to serve the growing business. Two years later, Khind started manufacturing electric fans and subsequently embarked on large-scale manufacturing of home electrical appliances.

In order to gain consumers' confidence in its products, the Company moved ahead to undertake certification under the ISO 9002 which was subsequently replaced by ISO 9001.

As consumers are becoming more and more affluent; and choices are aplenty to their disposal, efficiency and effectiveness are the order of the day. Hence our manufacturing operations need to be beefed up to stay ahead of competition. In line with this, we have adopted the Khind Total Management System (KTMS), a custom-designed total quality management system aimed at ensuring cheaper, better and faster products being produced. With KTMS, Khind's manufacturing operations become more effective and efficient. With this systematic approach in managing its production and manufacturing process, Khind eases into a period of immense growth and has evolved into the company it is today.

Today, Khind is proud to be one of the leading manufacturers of electrical appliances and a major provider of all types of general fans and home consumer fan products in Malaysia.

Being one of the more successful home grown electrical home appliances manufacturers in Malaysia and abroad, our products offered include a variety of general fans and small kitchen appliances, besides its premium range products under the Mistral brand which is mainly in the air-moving category of home consumer appliances.

As always, growth and profitability are not the only concerns as Khind is steadfast on leaving a positive mark in the lives of people. Its corporate responsibility motto is simple – to encourage participation among all stakeholders and ultimately emphasises on contributions from employees and customers, to bring about a healthy culture of doing business and being rewarded.

## Investing In The Future

As business and orders from customers grow, Khind will remain a key contributor to the Malaysian economy within the manufacturing sector. This is further cemented after taking into account that electrical and electronic products, in 2015, accounted for 35.6% of Malaysia's total exports – a significant contributor (Source: 2015 BNM Annual Report, Bank Negara Malaysia).

The business environment, as is with the progress of everything else occurring around us, will continue evolving. In line with this, the Company will need to prepare itself to stay relevant and grow further.

One way of doing so is by exploring hidden and untapped markets that gives Khind the opportunity to offer new products, brands and skills. This will allow the Company to serve a plethora of clientele, more specifically, the e-commerce customers.

As the whole world places an increasing amount of importance of keeping everything digital, Khind, apart from its online store also has a Facebook fan page and constantly updates its customers on latest products and services. This is necessary as the Company serves technology-fluent consumers seeking to engage with Khind and its brands.

However, to move forward, the pieces of the puzzle must all come together. Investing in skills development to ensure its human capital remains ready is one way of attaining success. This will ultimately create a healthy corporate culture that engenders learning and positive experiences that benefits the Company, its employees and finally its customers.

Ultimately, Khind is more than just a consumer electrical appliances Company. The Company is slowly but surely adding feathers to its cap by dealing with succinct customers and handling relationship-driven partnerships which will steer the Company to scale greater heights in the years to come.

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## CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER'S JOINT STATEMENT

Dear Shareholders,

We are pleased to present this year's Annual Report to shareholders. 2015 was a tough year as the consumer sentiment continued to deteriorate due to the rising cost of living. Nevertheless, your Company has been able to improve its sales performance due to the increase in domestic sales and the contribution of Singapore subsidiaries. Despite the low consumer sentiment and slow-moving market condition, your Company remained focused on strengthening our core in manufacturing operations and perform steadily.

### The Malaysian Economy in 2015

The Malaysian economy grew by 5.0% in 2015 (2014: 6.0%), supported by the continued expansion of domestic demand (2015: 5.1%, 2014: 5.9%) which was primarily driven by the private sector. Modest improvements in external demand in the second half of the year also provided additional impetus to economic growth.

Private consumption continued to expand, albeit at a more moderate pace as households adjusted their spending to the higher cost of living arising from the implementation of Goods and Services Tax (GST), adjustments in administrative prices, and the depreciation in Ringgit Malaysia.

(Source: 2015 BNM Annual Report, Bank Negara Malaysia)

Despite the slower growth of domestic demand, companies involved in export-oriented manufacturing and trade-related services such as Khind benefited from the modest improvement in external demand.

### 2015 Performance

The Group recorded revenue of RM337.8 million for the year ended December 31, 2015 – representing an increase of 5.9% over the previous year's performance of RM319.1 million. The higher revenue was mainly attributable to better demand

domestically and the positive foreign exchange translation effects from its overseas subsidiaries.

However, profit before tax took a beating and decreased 37.7% to RM9.2 million, as compared with the previous year of RM14.7 million.

The weakening in bottom line was mainly attributed to the increase in operating costs, impairment loss of trade receivables and the adverse impact of weakening of Ringgit Malaysia during the year which increases our cost of purchase of raw materials from overseas.

Nevertheless, the Group's manufacturing division continued to be a key contributor to overall performance, maintained stable contribution in 2015.

Overall, your Company and its subsidiaries still managed to produce a positive performance and declare a total Dividend of 7 per cent for the year ended December 31, 2015.

### Quality as our Foundation

Our manufacturing arm, Khind-Mistral Industries Sdn Bhd continued to remain as our core operation in producing electrical products. To maintain our competitiveness in the market, the Company continuously assured the quality and standard of our products to meet the expectation of our customers.

## CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER'S JOINT STATEMENT (CONTINUED)

For this purpose, your Company has implemented the quality assurance framework throughout the Group via the set-up of the Group Quality Assurance ("Group QA") Department, ensuring the key components supplied meet the standards.

Besides improving on the product quality, the factory unit also work closely with the marketing unit in pricing the products. Moving forward, there will be more coordination between the strategic business units to improve the Group's performance by increasing sales volume and lower production costs to achieve economies of scale.

As part of our ongoing effort to improve our service quality, we have relocated two (2) branch offices cum service centres in Malacca and Johor Bahru to our own properties which are more spacious and conveniently located.

### **Diversifying into Property Development**

The Company has successfully obtained shareholders' approval in September 2015 to diversify into the property sector. Your Board will proceed to obtain the authorities' approvals and closely monitor the outlook of property market to decide on the timing of launching the project in Setia Alam.

### **People Before Profit**

Your Company has a vision to transform Khind into an innovation driven organisation with the belief that the way for Khind to maintain its competitiveness and differentiate itself is through continuous learning and innovation. Each year, the Company allocated 2.0% of its annual basic payroll into annual training budget to enhance skills and knowledge among employees.

Education Assistance Scheme was also in place to encourage employees pursue Continuing Education (CE) programmes and some of them have successfully obtained their MBA at completion of the course during the year.

This year has seen your Company continuing to drive the Khind Values and attracting more young talents to join the Company. It is believed that quality products and good services can only be provided if there are capable employees. Your Company is also working towards creating a Gen-Y friendly working environment and turn the Company into the employer of choice.

### **Delivering Happiness to Employees**

WOW 1 and WOW 2 training programmes were initiated to develop future young leaders of the Company. Participants had undergone a series of training modules to ensure that they are well-prepared for future challenges. During the year, WOW 1 members had successfully scaled Mount Kinabalu.

Our Khind Wellness Center in Shah Alam office had added body conditioning classes in helping to improve staff overall physical fitness.

To further promote healthy lifestyle, a weight loss competition was held during the year to encourage its participants to adopt a balanced diet combined with exercise.

In early 2015, the "Back to School" initiative had continued to provide school going benefits for the employees' children. This programme has helped to alleviate parents' yearly burden.

### **Delivering Happiness to the Community**

In fulfilling the company's vision of "Delivering Happiness", Khind staff joined the flood site cleaning activity organised by Tzu Chi Foundation to provide relief to the victims. Besides, your Company also initiated ten (10) visits to orphanages and old folks' homes.

Khind Starfish Foundation continued to become the corporate sponsor of the various arts and cultural performance such as Hands Percussion and Dua Space, the dance music series organised by Toccata studio and the musical performance "Above Full Moon" created by award-winning director Ho Lin Huay presented in Broadway style with great musical scores and spectacular stage design.

In 2015, the Foundation had initiated and organised the astonishing "Bald & Beautiful II" event with six (6) sessions held at Shah Alam, Klang, Kuantan, Kota Bharu, Kuala Terengganu and Kuching. This marked the second time the Foundation and your Company has helped to raise funds for the cancer research and awareness programmes. On 16 November 2015, a total of 606 participants (including Khind Group Chairman and its management team, customers, suppliers and the public) went bald at Setia City Mall. This event successfully made it into the Malaysia Book of Records for the "Most Number of Heads Shaved in a Day" and a total of RM1.2 million was raised for the non-profit

**CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER'S JOINT STATEMENT (CONTINUED)**

organisations. Our Singapore Business Unit continued this meaningful drive where 31 participants went bald and raised more than SGD46,000. The entire "Bald & Beautiful" movement in Malaysia and Singapore registered 975 participants going bald in supporting the cancer patients.

The "Projects for Happiness" – a corporate responsibility (CR) project continued to encourage students to deliver happiness to the less fortunate communities with 16 projects selected from various local universities in 2015.

**Outlook and Prospects for 2016**

The Malaysian economy is expected to grow in moderate pace as domestic demand will continue to be the principal driver of growth. However, Khind expects the outlook and prospect for 2016 to remain challenging due to higher inflationary pressures and weaker consumer sentiments.

Towards the end of 2015, upward adjustments in several administered prices such as toll charges and public transport fares had contributed to higher inflationary pressures, further exacerbated by the weak ringgit exchange rate. These inflationary impact will mostly be felt in 2016.

It is also important to note that the Malaysian Institute of Economic Research (MIER) Consumer Sentiments Index in 2015 has reached a level lower than that experienced in 2008 financial crisis.

Moving forward, the Company will remain focused on improving its manufacturing capabilities. Our competency in manufacturing is one of the reasons that enables us to compete with China which has lower cost of production all these years. This year, the Company is set to further improve the efficiency of our manufacturing plant by increasing automation and streamlining the manufacturing process. In the meantime, your Board is also mindful of the importance of succession planning. Therefore, several key positions held by the senior management staff have their own successors in place ensuring smooth transition.

The investment in capital assets is vital for your Company to maintain its competitiveness and market share in the fast changing business environment. Despite higher capital required to support the investment, your Board noted that the balance sheet position of the Group remains robust and the Company will stand to benefit in future years.

Khind will be celebrating its 55th anniversary in 2016, another significant milestone achieved with joy and happiness. The theme for the celebration would be "Delivering Happiness" as it seeks to bring more happiness to the Group's stakeholders including Khind customers, suppliers and employees.

**Note of Appreciation**

The longstanding presence of Khind Group has been supported by our valued shareholders, dealers, suppliers, bankers, employees, business associates and regulatory authorities. On behalf of the Board and the Company, we would like to express recognition and gratitude to everyone who contributed to the success of Khind Group.

Khind looks forward to producing improved results while delivering more happiness in 2016.

**CHENG KING FA**  
*Chairman*

**CHENG PING KEAT**  
*Group Chief Executive Officer (CEO)*

## CORPORATE STRUCTURE

# KHIND

KHIND HOLDINGS BERHAD (380310-D)

- **100% Khind-Mistral Industries Sdn Bhd (213282-V)**  
Manufacture and sale of electrical home appliances and wiring accessories
  - **100% Khind Middle East FZE (01020)**  
Trading in electrical home appliances
- **100% Khind-Mistral (M) Sdn Bhd (442421-A)**  
Trading in electrical home appliances and wiring accessories
- **100% Khind-Mistral (Borneo) Sdn Bhd (234614-W)**  
Trading in electrical home appliances and wiring accessories
- **100% Mistral (Singapore) Pte Ltd (200106472H)**  
Trading in household electrical and electronic appliances
- **100% Khind Customer Service Sdn Bhd (109015-W)**  
Providing general repair and rework services and renting of commercial properties
- **100% Khind Alliances Sdn Bhd (811092-W)**  
Trading in electrical home appliances
- **100% Khind-Mistral (Sabah) Sdn Bhd (177741-V)**  
Dormant
- **100% Khind Components Sdn Bhd (196021-P)**  
Dormant
- **100% Khind Properties Sdn Bhd (429363-P)**  
Property development and property investment
- **100% Mayer Marketing (M) Sdn Bhd (429595-W)**  
Dormant
- **100% Khind Industries Sdn Bhd (173304-D)**  
Dormant
- **100% Khind Electrical (Malaysia) Sdn Bhd (84527-A)**  
Wholesale and distribution of electrical products
- **100% Khind Systems (Singapore) Pte Ltd (196400399W)**  
Supply of power distribution and protection solutions, electrical goods, environmental hygiene and pest control service
  - **100% Khind Electrical & Environmental (Singapore) Pte Ltd (198000887M)**  
Dormant
  - **100% Khind Electrical (Hong Kong) Limited (79949)**  
Trading in electrical products and building materials
    - **100% Khind Electrical (Guangzhou) Limited (440101400049866)**  
Dormant
- **100% Mayer Marketing Pte Ltd (198701251D)**  
Trading in electrical home appliances and household goods
  - **99.9% Mayer Marketing Sdn Bhd (AGO-RC-4836)**  
Trading in electrical home appliances and household goods

**CORPORATE INFORMATION****Registered Office :**

Unit 30-01, Level 30, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur  
Tel: 603-2783 9191  
Fax: 603-2783 9111

**Website Address :**

- [www.khind.com](http://www.khind.com) / [www.khind.com.my](http://www.khind.com.my) / [www.khind.ae](http://www.khind.ae)
- [www.mistral.com.my](http://www.mistral.com.my) / [www.mistral.com.sg](http://www.mistral.com.sg)
- [www.khindalliances.com](http://www.khindalliances.com)
- [www.khind-system.com](http://www.khind-system.com) / [www.relitespecialty.com](http://www.relitespecialty.com) / [www.swisher.sg](http://www.swisher.sg)
- [www.khindelectrical.com.hk](http://www.khindelectrical.com.hk) / [www.khindenergy.com.hk](http://www.khindenergy.com.hk)
- [www.mayer.com.sg](http://www.mayer.com.sg) / [www.mayer.com.bn](http://www.mayer.com.bn)

**Share 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  
Tel : 603-2783 9299  
Fax : 603-2783 9222

**Company Secretaries :**

Kuan Hui Fang (MIA 16876)  
Wong Wai Foong (MAICSA 7001358)

**Stock Exchange Securities :**

Main Market of Bursa Malaysia Securities Berhad  
Stock Code : 7062

**External Auditors :**

KPMG (AF 0758)

**Internal Auditors :**

BDO Governance Advisory Sdn. Bhd.

**Principal Bankers :**

CIMB Bank Berhad  
Citibank Berhad  
DBS Bank Ltd  
EON Bank Berhad  
Hong Leong Bank Berhad  
ICBC (Malaysia) Berhad  
Malayan Banking Berhad  
Oversea-Chinese Banking Corporation Limited  
Public Bank Berhad  
RHB Bank Berhad  
Standard Chartered Bank Malaysia Berhad  
United Overseas Bank Limited  
United Overseas Bank (M) Berhad

**Solicitors :**

Khor, Anuar & Khong  
Shearn Delamore & Co  
Halim Hong & Quek  
Soo Thien Ming and Nashrah

## PROFILE OF BOARD OF DIRECTORS

### **MR. CHENG KING FA**

- Malaysian
- Founder/Chairman

Mr. Cheng King Fa, aged 77, is the Founder of the KHIND Group, which commenced as a small family business 54 years ago. Under his vision and guidance, the business has grown into one of Malaysia's leading local electrical products manufacturer. With his decades-long experience in the electrical industry, he provides invaluable advice to the Group on production, marketing, new product research and development.

He was appointed Executive Chairman of the Group on 20 April 1998 prior to the Company's listing on the Second Board of Bursa Malaysia Securities Berhad on 12 August 1998. On 1 March 2005, he was re-designated as Founder/Chairman.

He has no convictions for any offence within the past ten years and has no conflict of interest with KHIND. In 2015, he attended 5 out of 6 meetings of the Board. He is the father of Mr. Cheng Ping Keat.

### **MR. CHENG PING KEAT**

- Malaysian
- Executive Director/Group Chief Executive Officer

Mr. Cheng Ping Keat, aged 55, was appointed as the Executive Director of KHIND on 20 April 1998. He graduated with a Bachelor of Commerce degree from the University of Melbourne, Australia in 1984. Post graduation, he had a short stint in audit, accountancy and receivership, both locally and abroad. He joined the KHIND Group in September 1987. In 1996, he obtained his Master of Business Administration from Bath University, U.K.

He was appointed and designated as the Group Chief Executive Officer of the KHIND Group on 18 November 2003. He is now responsible for the overall strategic planning and operations relating to manufacturing, marketing, financial, export management and brand building for the KHIND Group.

He has no convictions for any offence within the past ten years and has no conflict of interest with KHIND. In 2015, he attended all six meetings of the Board. He is the son of Mr. Cheng King Fa.

### **EN. KAMIL BIN DATUK HJ. ABDUL RAHMAN**

- Malaysian
- Senior Independent Non-Executive Director
- Chairman of Audit Committee
- Member of Nomination and Remuneration Committee

En. Kamil Bin Datuk Hj. Abdul Rahman, aged 67, was appointed as an Independent Non-Executive Director of KHIND on 30 July 2001. At the same time, he became an independent member of the KHIND Audit Committee. His area of specialisation is in corporate governance, corporate finance and risk management.

He was appointed as the Chairman of the Audit Committee on 5 August 2008 and as the Senior Independent Director on 31 March 2009. He is also a member of the Nomination and Remuneration Committee.

He graduated with a Bachelor of Commerce degree from the University of Otago, New Zealand and subsequently qualified as a Chartered Accountant of the Institute of Chartered Accountants of New Zealand. He is also a Fellow Chartered Secretary of the Institute of Chartered Secretaries and Administrators, United Kingdom, and a Chartered Accountant of the Malaysian Institute of Accountants.

His previous senior positions were as Senior Vice President of the Bank of Commerce (M) Berhad and as Executive Director of Commerce International Merchant Bankers Berhad. Currently, he holds directorship in other public listed company namely, Jiankun International Berhad and Brahim's Holdings Berhad. He is also a Director of \*WDM Holdings Berhad, and the \*\*Malaysia South Africa Business Council.

He has no family relationship with any Director and/or major shareholder of the Company, no conflict of interest with KHIND and has no convictions for any offence within the past ten years. He attended all six meetings of the Board in 2015.

\* Not listed on Bursa Malaysia Securities Berhad

\*\* Company limited by guarantee

## PROFILE OF BOARD OF DIRECTORS (CONTINUED)

### MR. WONG CHIN MUN

- Malaysian
- Independent Non-Executive Director
- Chairman of the Nomination and Remuneration Committee
- Member of the Audit Committee

Mr. Wong Chin Mun, aged 71, was appointed as an Independent Non-Executive Director of KHIND on 19 July 2010. He holds a Bachelor of Business degree in Accounting and Secretarial Administration from Curtin University, Western Australia and has a Teacher's Certificate from the Ministry of Education, Malaysia. He is a Fellow of the Certified Practising Accountants of Australia (FCPA) & Associate of Malaysian Institute of Accountants.

On 19 July 2010, Mr. Wong was also appointed as an Independent Member of the Audit Committee and Nomination & Remuneration Committee. On 1 March 2011, he became the Chairman of the Nomination & Remuneration Committee.

He is currently the Chairman of Vistage Malaysia Sdn. Bhd., which has the rights for the Vistage System from Vistage International Inc., USA, for assisting chief executive officers and entrepreneurs to proactively manage change and grow their businesses. He joined Nylex Malaysia Berhad ("Nylex") as Financial Controller/Company Secretary in January 1976 and became the first local General Manager/Director of Nylex in 1980. He was promoted to the position of Managing Director in 1985 and when he left at the end of June 1994 to found Vistage Malaysia, he was appointed and served as Non-Executive Deputy Chairman of the Nylex Malaysia Group of Companies up to October 1999.

He is currently the Senior Independent Non-Executive Director of Sunway Berhad and Chairman of its Audit Committee as well as a Member of the Remuneration and Nomination Committees. He serves on the Board of Trustees of Scientex Foundation since 2008. He is a member of the Advisory Board of STOP HUNGER NOW (Malaysia).

He has no family relationship with any Director and/or major shareholder of KHIND and has no convictions for any offence within the past ten years. He attended all six meetings of the Board in 2015.

He does not have any conflict of interest with KHIND.

### MR. LEE AH LAN @ LEE KEOK HOOI

- Malaysian
- Independent Non-Executive Director
- Member of the Audit Committee
- Member of the Nomination and Remuneration Committee

Mr. Lee Keok Hooi, aged 69, was appointed as a Non-Independent Non-Executive Director of KHIND on 26 March 1999. He was redesignated as an Independent Director on 17 April 2013. He is a member of the Nomination & Remuneration Committee and Audit Committee of KHIND.

Mr. Lee holds a Bachelor of Commerce degree in Accounting from the University of Western Australia and is a Chartered Accountant (Malaysia) and a CPA (Australia).

He has no family relationship with any Director and/or major shareholder of KHIND and has no convictions for any offence within the past ten years. He attended 4 out of 6 meetings of the Board in 2015.

He does not have any conflict of interest with KHIND.

## STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Kind Holdings Berhad recognises the importance of good corporate governance throughout the Group as a fundamental process of discharging its responsibilities to protect and enhance shareholders' value and financial performance of the Group.

The Board is committed to maintaining high standards of corporate governance by adopting and implementing the prescription of the principles and best practices set out in Malaysian Code on Corporate Governance 2012 ("the Code").

The Board believes that the Company has substantially followed the Principles as set out in the Code.

### A. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

#### Clear Functions of the Board and Management

The Board's principal role is overseeing the overall strategic direction, development and control of the Group in an effective and responsible manner. The role of Management is to run the general business operations and activities and manage the Group's financial matters in accordance with established delegated authority from the Board. In discharging its stewardship, the Board is constantly mindful of safeguarding the interests of all stakeholders.

The Group Chief Executive Officer ("Group CEO") is responsible for the day-to-day running of the Group's business, implementation of the Board's policies and making operational decisions. The roles of the Group CEO are as below:-

- (a) to ensure balance of management power and authority;
- (b) responsible for the overall business performance of the Group;
- (c) develop performance target, strategic direction and long term goals for the Group;
- (d) implementation of Board policies, strategies and decisions;
- (e) provide strong leadership to employees of the Group;
- (f) assess business opportunities which are of potential benefit to the Group; and
- (g) keep the Board fully informed of all important aspects of the Group's operations and bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

Beyond the matters reserved for the Board's decision, the Board has delegated the authority to achieve the corporate objective to the Group CEO. The Board monitors the decisions and actions of Group CEO and the performance of the Group to gain assurance that progress is being made towards the corporate objectives, within the limits it has imposed.

Other than those statutorily and regulatory required and powers accorded under the Articles of Association, the following are matters reserved for Board deliberation and decision which are non-exhaustive and may be varied from time to time:-

- (a) delegation of powers to Board Committees;
- (b) receiving and approving reports and recommendations from Board Committees;
- (c) approving strategic business plans, mergers and acquisitions of a substantial value;
- (d) major investment or divestment of current businesses;
- (e) changes to the group structure;
- (f) provision of indemnities or corporate guarantees;
- (g) appointment of a senior independent director from among the members.

#### Clear Roles and Responsibilities

The Board assumes the following six (6) principal responsibilities:-

- (a) reviewing, adopting and monitoring the implementation of a strategic plan for the Company and its subsidiaries ("Group");
- (b) overseeing the conduct of the Group's business to evaluate whether it is properly managed;
- (c) identifying principal risks and ensuring the implementation of appropriate controls and systems to monitor and manage these risks;
- (d) succession planning including appointing, training, fixing the remuneration and where appropriate, replacing senior management;
- (e) overseeing the development and implementation of a shareholders' communication policy for the Company to ensure effective communication with its shareholders and other stakeholders; and
- (f) reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for ensuring compliance with applicable laws, regulations, rules, directives and guidelines.

To facilitate the discharge of the Board's responsibility and oversight role, the Board is assisted by various Board Committees namely the Audit Committee and Nomination and Remuneration Committee which have been established with terms of reference setting out their duties and responsibilities. The Chairman of the respective Committees report regularly to the Board on the key findings of their review and/or make recommendations to the Board.

## STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

### A. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONTINUED)

#### Formalised Ethical Standards through Code of Conduct and Ethics

The Board shall observe and adhere to the Directors' Code of Conduct and Ethics as set out in the Board Charter. The Company had put in place a Whistle-Blowing Policy which allows the whistle-blower to raise concerns for behaviour conflicting with the principles set out in the Khind's Code of Conduct such as non-compliance to laws and regulations, financial malpractices, etc. Whistle-blowing reports are addressed to the Senior Independent Non-Executive Director or the Chairman of the Audit Committee following the form and specific conditions as prescribed under the policy. The policy also affirms that the identity of the whistle-blower will be kept confidential and protection will be accorded to the whistle-blower against any form of reprisal or retribution. The Whistle-Blowing Policy can be accessed on the Company's website at [www.khind.com](http://www.khind.com).

#### Strategies Promoting Sustainability

The Board promotes good Corporate Governance in the application of sustainability practices throughout the Company, the benefits of which are believed to translate into better corporate performance. A detailed report on sustainability activities, demonstrating the Company's commitment to the global environment, social, governance and sustainability agenda, appears in the Statement on Corporate Responsibility of this Annual Report and corporate website.

#### Access to Information and Advice

All Directors have full and unrestricted access to information pertaining to the Company. The agenda for every Board and Board Committees meeting, together with a comprehensive set of Board and Board Committees papers are furnished to all Directors for their perusal prior to the Board and Board Committees meetings. This is to ensure sufficient time is given to enable the Directors to review and consider the agenda items to be deliberated at the Board and Board Committees meetings. The Board and Board Committees papers include, amongst others, quarterly financial reports, year-end financial statements of the Group, annual budget, other major operational financial and legal issues.

Corporate plans and annual budgets, acquisitions and disposals of undertakings and properties with a substantial value, major investments and financial decisions, including key policies and procedures and delegated authority limits are subject to Board approval. All deliberations in relation to matters discussed and the conclusions are recorded.

The Directors are provided with non-financial indicators like customer service performance, safety & health compliance, market information when dealing with such matters on the agenda.

The Directors have unrestricted access to advice and services of the Company Secretaries, senior management and independent professional advisers including the External Auditors, at the Company's expense.

#### Company Secretaries

The Company Secretaries who are qualified under Section 139A of the Companies Act 1965 play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries ensure that deliberations at the Board meetings are recorded in the minutes.

The Company Secretaries also serve notices to the Directors and Principal Officers on the closed periods for trading in Khind's shares pursuant to Chapter 14 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

#### Board Charter

The Board Charter was adopted by the Board on 17 April 2013. The Board Charter shall be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's duties and responsibilities. The Board Charter is made available for reference in the Company's website at [www.khind.com](http://www.khind.com).

### B. STRENGTHEN COMPOSITION

#### Nomination and Remuneration Committee ("NRC")

The NRC which was established on 15 November 2001 comprises three (3) members who are Independent Directors.

The members of the NRC who served during the financial year are:

Mr. Wong Chin Mun – Chairman  
 En. Kamil Bin Datuk Hj. Abdul Rahman – Member  
 Mr. Lee Ah Lan @ Lee Keok Hooi – Member

The NRC is chaired by Mr. Wong Chin Mun and not En. Kamil Bin Datuk Hj. Abdul Rahman, the Senior Independent Non-Executive Director and the Chairman of the Audit Committee. The Board believes that having different chairmen in the NRC and Audit Committee allows each Independent Director to carry out equitable roles and responsibilities in discharging the duties and responsibilities delegated by the Board effectively. As such, the Board has decided to maintain the current composition for these two Board Committees.

## STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

### B. STRENGTHEN COMPOSITION (CONTINUED)

#### Appointments to the Board

The NRC makes independent recommendations for appointments to the Board. In making these recommendations, the NRC assesses the following criteria, before recommending their appointment to the Board for approval:-

- (i) The suitability of candidates, taking into account the character, integrity, competence, time commitment of the candidates;
- (ii) Whether the candidate is of good repute and possesses the necessary experience for the performance of his/her duties;
- (iii) Whether the candidate has any conflict of interest with the Company; and
- (iv) Any other relevant criteria as may be determined by the NRC from time to time.

The Board shall consist of qualified individuals with diverse professional background, skills, extensive experience and knowledge necessary to govern the Company and the Group. The appointment of a new Director is a matter for consideration and decision by the Board, upon the recommendation from the NRC. During the financial year, there was no new member appointed to the Board.

#### Re-election of Directors and re-appointment of Directors who are over the age of 70

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board may only hold office until the next following Annual General Meeting ("AGM") subsequent to their appointment and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM. The Articles also provide that one-third of the Directors, or if their number is not three or a multiple of three, then the number nearest to one-third, are subject to retirement by rotation at every AGM but are eligible for re-election provided always that all Directors including the Managing Director and Executive Directors shall retire from office at least once in every three years.

Pursuant to Section 129 of the Companies Act 1965, the office of a director of or over the age of 70 years becomes vacant at every AGM unless he is reappointed by a resolution passed at such AGM of which no shorter notice than that required for the AGM has been given and the majority by which such resolution is passed is not less than three-fourths of all members present and voting at such AGM.

The Board has via the NRC conducted an assessment and considered the re-election of Mr. Cheng Ping Keat and the re-appointment of Mr. Wong Chin Mun, Mr. Cheng King Fa and Mr. Lee Ah Lan @ Lee Keok Hooi and collectively agreed that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors as prescribed by the Main Market Listing Requirements. Hence, the Board would be seeking shareholders' approval for their re-election/re-appointment as Directors.

#### Boardroom and Gender Diversity

The Board presently does not have a policy on boardroom diversity as it believes in providing equal opportunity to candidates who have the skills, experience, core competencies and other qualities regardless of gender, age or ethnicity.

For the same reason, the Group also has no immediate plans to implement a diversity policy or target as part of its employment process. The Group is however, committed to having an equal employment opportunity, without barriers to employment or job development by reason of one's gender, ethnicity, religion and age.

#### Board Assessment

The NRC evaluates the performance of the Board members on an annual basis. The Board committees are also reviewed annually by the NRC to ascertain their performance and effectiveness. The annual performance evaluation of each Director, the Board and Board Committees is conducted based on self and peer assessment approach for continuous improvement.

The Board, upon the assessment and recommendation made by the NRC, is satisfied and believed that the individual Directors appointed to the Board are of high calibre, integrity and experienced and can be entrusted to discharge their duties and responsibilities effectively.

#### Summary of Activities undertaken by the NRC

During the financial year 2015, the following activities were undertaken by NRC:

- (i) reviewed succession plans;
- (ii) assessed the effectiveness and required mix of skills and experience and other qualities, including core competencies of the Board as a whole, the committees of the Board and the contribution of each existing Director and thereafter, recommend its findings to the Board;
- (iii) reviewed and made recommendations to the Board on the re-election and re-appointment of Directors based on the assessment conducted;
- (iv) assessed the independence of the Independent Directors based on criteria set out in the Main Market Listing Requirements of Bursa Securities;

**STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)****B. STRENGTHEN COMPOSITION (CONTINUED)****Summary of Activities undertaken by the NRC (continued)**

- (v) reviewed and recommended the re-election of Mr. Cheng Ping Keat and En. Kamil Bin Datuk Hj. Abdul Rahman who retired by rotation at the last Annual General Meeting;
- (vi) reviewed and recommended the re-appointment of Mr. Wong Chin Mun and Mr. Cheng King Fa pursuant to Section 129 of the Companies Act 1965; and
- (vii) reviewed and recommended the retention of En. Kamil Bin Datuk Hj. Abdul Rahman, the Independent Director who had served on the Board for more than nine years, to continue in office as Independent Non-Executive Director.

**Remuneration Policies**

The NRC also examines and recommends to the Board the remuneration package of the Executive Directors. The Executive Directors' remuneration is structured according to their skills and experience as well as linking rewards to the Group and individual performance. The performance of EDs is measured by their contribution to both the Board and the Company. The remuneration of EDs includes salary and emoluments, bonus and benefits-in-kind.

For Non-Executive Directors, the level of remuneration reflects the experience and responsibilities undertaken by them. Non-Executive Directors are paid annual fees and meeting allowances for each meeting they attended and also entitled to medical insurance coverage. The determination of the fees of the Non-Executive Directors is decided by the Board as a whole.

All Directors shall abstain from deliberations and voting on their own remuneration. The Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board.

The details of the aggregate amount of remuneration of Directors of the Company during the year were as follows:

Directors' Remuneration & Benefit-in-Kind						
Directors	Fees RM	Salaries and allowances RM	Bonus RM	EPF-Employer Contribution @ 17% RM	Benefit-in- Kind RM	Grand Total RM
Executive Directors	–	1,303,349	400,000	287,300	192,150	2,182,799
Non-Executive Directors	216,000	21,000	–	–	9,000	246,000
<b>TOTAL</b>	<b>216,000</b>	<b>1,324,349</b>	<b>400,000</b>	<b>287,300</b>	<b>201,150</b>	<b>2,428,799</b>

The Board is of the view that the Directors' Remuneration disclosures by band fulfil the transparency and accountability aspects of corporate governance.

The number of Executive and Non-Executive Directors whose total remuneration falls into the following bands are tabulated as follow:

Remuneration Bands	Number of Directors		
	Executive	Non-Executive	Total
Up to RM50,000	–	–	–
RM50,001 - RM100,000	–	3	3
RM750,001 - RM800,000	1	–	1
RM1,350,001 - RM1,400,000	1	–	1
<b>Total</b>	<b>2</b>	<b>3</b>	<b>5</b>

**C. REINFORCE INDEPENDENCE****Annual Assessment of Independence**

The Board has set out policies and procedures to ensure effectiveness of the Independent Directors on the Board, including new appointment. The Board assesses the independence of the Independent Directors annually, taking into account the individual Director's ability to exercise independent judgment at all times and to contribute to the effective functioning of the Board.

The Independent Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives, and monitor risk profile of the Company's business and the reporting of monthly business performance.

The Board has assessed the independence of the Independent Directors and is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

## STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

### C. REINFORCE INDEPENDENCE (CONTINUED)

#### Tenure of Independent Directors and shareholders' approval for the re-appointment of Independent Directors who have served more than 9 years

The Code recommends that the tenure of an Independent Director should not exceed nine (9) years cumulatively. Upon completion of the nine (9) years, an Independent Director may continue to serve on the board subject to his re-designation as a Non-Independent Director. Notwithstanding that En. Kamil Bin Datuk Hj. Abdul Rahman has served on the Board for more than nine (9) years, the Board proposes to retain his status as an Independent Director. The Board holds the view that a Director's independence cannot be determined arbitrarily with reference to a set period of time. The Group benefits from long serving Directors, such as En. Kamil Bin Datuk Hj. Abdul Rahman, who has a strong understanding of the Group's corporate history and business, has devoted sufficient time and commitment to discharge his responsibilities as an Independent Director.

The Board has assessed En. Kamil Bin Datuk Hj. Abdul Rahman to be independent in character and judgment, independent of management and free from any relationships or circumstances which are likely to affect or could appear to affect his judgment. The Board will table a proposal to retain En. Kamil Bin Datuk Hj. Abdul Rahman as an Independent Director for shareholders' approval at the forthcoming AGM of the Company.

#### Separation of Positions of the Chairman and Group Chief Executive Officer ("Group CEO")

The positions of Chairman and Group CEO are held by two different individuals. The Chairman is responsible for the leadership of the Board and ensures effectiveness of the Board while the Group CEO manages the business and operations and implements the Board decision. The distinct and separate role of the Chairman and Group CEO, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

#### Composition of the Board

The Code recommends that if the Chairman of the Board is not an independent Director, the Board must comprise a majority of Independent Directors.

The Board comprises three (3) Independent Directors and two (2) Executive Directors (including the Chairman). The Chairman is the founder of the Khind Group. Under his vision and strong leadership, the Group has grown from a humble start up into one of Malaysia's leading local electrical products manufacturer with subsidiaries abroad. The Group benefits from the Chairman who possesses in-depth knowledge of the Group's businesses and has proven commitment, experience and competence to effectively discharge his responsibilities. The presence of a majority of Independent Directors provides the necessary check and balance on the conduct of the Chairman and the Group CEO.

En. Kamil Bin Datuk Hj. Abdul Rahman is the Senior Independent Non-Executive Director to whom all concerns or queries pertaining to the Company may be conveyed by shareholders and stakeholders.

### D. FOSTER COMMITMENT

#### Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. During the year, five (5) Ordinary Board Meetings and one (1) Special Board Meeting were held and the attendance record of the Board members is reflected as follows:

DIRECTORS' BOARD MEETINGS IN YEAR 2015		Total Number of Meetings Attended by Directors
Directors		
1.	Mr. Cheng King Fa	5/6
2.	Mr. Cheng Ping Keat	6/6
3.	En. Kamil Bin Datuk Hj. Abdul Rahman	6/6
4.	Mr. Lee Ah Lan @ Lee Keok Hooi	4/6
5.	Mr. Wong Chin Mun	6/6

To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to update them before the meeting of every year. It provides the scheduled dates for meetings of the Board and Board Committees as well as the AGM.

The Directors are required to notify the Board's Chairman prior to their acceptance of new directorships in other companies notwithstanding that the Main Market Listing Requirements allows a Director to sit on the Board of five (5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

## STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

### D. FOSTER COMMITMENT (CONTINUED)

#### Training

The Board encourages its Directors to attend talks, seminars, workshops and conference to update and enhance their skills and knowledge to enable them to carry out their roles effectively as directors in discharging their responsibilities towards corporate governance, operational and regulatory issues. The Directors will continue to attend other relevant training programmes either on their own arrangement or organised by the Company on continuous basis in compliance with Paragraph 15.08(2) of the Main Market Listing Requirements. The Directors are briefed by the Company Secretary on the letters and circulars issued by Bursa Securities at Board Meeting. All Directors have completed the Mandatory Accreditation Programme required by Bursa Securities.

The training programmes, seminars and workshops attended by the Directors during the financial year were, inter alia, on areas relating to corporate leadership and governance, economic trends, strategic planning and implementation of new regulations by the Government.

Among the trainings/courses attended by the Directors during the financial year ended 31 December 2015 are as follows:

No	Course Title	Date
1.	Economic Challenges in Europe	20 January 2015
2.	Professionalising the Business and the Family	26 January 2015
3.	Vistage Chair World Conference, Los Angeles	31 January – 2 February 2015
4.	Economic Outlook 2015	12 February 2015
5.	Value Add Through Private Equity Involvement	13 February 2015
6.	Challenges of Family Business in Malaysia	10 March 2015
7.	Mastering Change for Organisational Excellence	23 March 2015
8.	Developing your digital intelligence	26 March 2015
9.	The Business of Innovation 2015	21 April 2015
10.	Dolphin Wave Innovation	24 April 2015
11.	Thriving Talents - Decoding the Most Misunderstood Generation: Gen-Y	24 July 2015
12.	Unlocking 2020 - TEC Australia Member Conference	28 - 29 July 2015
13.	Integrity and Professionalism – Key to Business Success	5 - 6 August 2015
14.	Economic Outlook and Trends for 2015 & Beyond	14 August 2015
15.	Business Opportunities in OIC	3 September 2015
16.	How to Maximise Internal Audit	9 September 2015
17.	Effective Conversations & Communication-Accelerating Value	19 - 20 September 2015
18.	Listing on Bursa Malaysia	12 October 2015
19.	Today's Synergy, Tomorrow's Reality	26 - 27 October 2015
20.	Highlights of 2016 Budget & Its Implications on Business	3 November 2015
21.	Equity Crowdfunding	3 November 2015

### E. UPHOLD INTEGRITY IN FINANCIAL REPORTING

#### Compliance and Applicable Financial Reporting Standards

In presenting the annual audited financial statements and quarterly results to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects.

The Board is assisted by the Audit Committee in overseeing the Group's financial reporting process to ensure accuracy, adequacy of all relevant information of disclosure and quality of the financial reporting. The quarterly results and year-end financial statements are reviewed by the Audit Committee and approved by the Board before releasing to Bursa Securities. The Audit Committee also assists the Board in reviewing the changes in accounting policies and standards applied by the Group.

The Directors are responsible for ensuring that the financial statements are prepared in accordance with the provision of the Companies Act 1965 and approved accounting standards, subject to any explanations and material departures disclosed in the notes to the financial statements.

In preparing the financial statements, the Directors are satisfied that the Group have adopted appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgements and estimates. The Board has taken due care and reasonable steps to ensure that the requirement of accounting standards and relevant regulation were fully complied.

## STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

### E. UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONTINUED)

#### Assessment of Suitability and Independence of External Auditors

The Board has maintained an appropriate and transparent relationship with the External Auditors through the Audit Committee. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. Both the External Auditors and Internal Auditors are invited to attend the Audit Committee Meetings to facilitate the exchange of view on issues requiring the Audit Committee's attention.

A full Audit Committee report enumerating its role in relation to the Auditors is set out on pages 27 to 29 of this Annual Report.

The Audit Committee annually assesses the suitability, competency and independence of the External Auditors and ensures that the provision of other non-audit services by the External Auditors is not in conflict with their audit function. The External Auditors rotates their engaging partner in charge of the audited financial statements of the Group once in every five (5) years to maintain their independence from the Group. The Audit Committee meets the External Auditors at least twice a year without the presence of the Executive Directors and the management to review the scope and adequacy of the audit process, the annual financial statements and their audit findings.

On 24 March 2016, the Company received a Notice of Nomination pursuant to Section 172(11) of the Companies Act 1965 from Kee Hin Ventures Sdn Bhd, the substantial shareholder of the Company. Kee Hin Ventures Sdn Bhd had nominated Messrs RSM Malaysia as Auditors in place of retiring Auditors, Messrs KPMG at the forthcoming Twentieth Annual General Meeting and proposed an ordinary resolution on their appointment be tabled thereat. Following the receipt of the Notice of Nomination, the Audit Committee assessed the nomination and recommended the Board to table the appointment of Messrs RSM Malaysia as Auditors for shareholders' approval at the Twentieth Annual General Meeting after having considered the following:

- (i) the independence of Messrs RSM Malaysia;
- (ii) the reputation and qualification of its partners and audit team, including the breadth and depth of resources, expertise and experience;
- (iii) Messrs RSM Malaysia's commitment to quality;
- (iv) its networking and competency to address overseas subsidiaries not audited by the firm, i.e. its liaison capability with the secondary auditors;
- (v) the audit methodology employed; and
- (vi) the reasonableness of their proposed fee.

For the financial year ended 31 December 2015, the amount of non-audit fees paid/payable by the Company to the External Auditors amounted to RM15,000.

### F. RECOGNISE AND MANAGE RISKS

#### Sound Framework to Manage Risk

The Board acknowledges that it is responsible for maintaining a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets as required by the Code. The Group adheres to Bursa Securities' Statement on Internal Control; Guideline for Directors of Listed Issuer, as guidance for compliance with these requirements.

The Group has set up a Risk Management Framework where the risk management policy and procedures were benchmarked against the Enterprise Risk Management - Integrated Framework issued by Committee of Sponsoring Organisation of the Treadway Commission ("COSO"). The framework provides a step by step process to manage risks in a structured and systematic way for the achievement of business strategies and objectives.

*Identifying risk* – The Committee has implemented a quarterly risk template for identifying and evaluating all major risks of the respective Strategic Business Units ("SBU") under the Group.

*Assessing risk* – The risk template is acknowledged by the respective Heads of SBU (or "Risk Owners") through assessing the probability of a risk occurring and the impact that the risk will have on the business process if it arises.

*Risk treatment* – The quarterly risk assessments from all SBU are consolidated and updated into the Group Risk Register, highlighting all major risks, action plans and the progress of risk monitoring plans. These are then plotted into the Group Risk Matrix based on urgency and priority to determine the type of actions required to treat risks and the level of management and board attention in managing and monitoring these risks.

*Monitoring and reviewing risk* – The quarterly submission of the Group Risk Register supports the Board in monitoring and assessing management's performance in achieving business strategies and objectives.

During the year, the Board has accepted recommendation from the Audit Committee and agreed that a weightage of 25% to 30% be allocated for risk management initiatives when assessing the performance of SBUs for bonus payment.

The Group's Statement on Risk Management and Internal Control is set out on pages 25 and 26 of this Annual Report.

## STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

### F. RECOGNISE AND MANAGE RISKS (CONTINUED)

#### Internal Audit Function

The Board acknowledges the importance of the internal audit function and has outsourced to consultant, as part of its efforts in ensuring that the Group's systems of internal control are adequate and effective. The internal audit activities of the Group are carried out according to an annual internal audit plan approved by the Audit Committee.

The internal audit function was performed by an external consultant during the year to identify and assess the principal risks and to review the adequacy and effectiveness of the internal controls of the Group. Areas for improvement were highlighted and the implementation of recommendations was monitored. The results of the internal audit assessment are reported periodically to the Audit Committee.

### G. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

#### Corporate Disclosure Policies

The Company recognises the value of transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations. The Company aims to build long-term relationships with shareholders and potential investors through appropriate channels for the management and disclosure of information. These investors are provided with sufficient business, operations and financial information on the Group to enable them to make informed investment decision.

The Company is guided by the Corporate Disclosure Guide issued by Bursa Securities with the consultation of the Company Secretaries, advisers and/or other service providers. However, the Board of Directors will review the necessity for formalising an internal corporate disclosure policies and procedures if required.

#### Leverage on Information Technology for Effective Dissemination of Information

The Company's website incorporates an Investor Relations section which provides all relevant information on the Company and is accessible by the public. This Investor Relations section enhances the Investor Relations function by including all announcements made by the Company. The announcements of the quarterly financial results are also made via Bursa Link immediately after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

### H. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

#### Encourage Shareholder Participation at General Meetings

The Company provides information to the shareholders with regard to, amongst others, details of the AGM, their entitlement to attend the AGM, the right to appoint a proxy and also the qualifications of a proxy.

To further promote participation of members through proxy(ies), which is in line with the insertion of Paragraph 7.21 of the Main Market Listing Requirements, the Company had amended its Articles of Association to include explicitly the right of proxies to speak at general meetings, to allow a member who is an exempt authorised nominee to appoint multiple proxies for each omnibus account it holds and expressly disallow and restriction on proxy's qualification.

#### Encourage Poll Voting

At the commencement of the AGM, the Chairman shall inform the shareholders the substantive resolutions put forth for shareholders' approval and encourage the voting of all substantive resolutions by polling pursuant to the Code. To assist the shareholders in exercising their rights, the Chairman shall read out the provisions of the Articles of Association on the shareholders' right to demand a poll vote.

#### Effective Communication and Proactive Engagement

In maintaining the commitment to effective communication with shareholders, the Group adopts the practice of comprehensive, timely, and continuing disclosures of information to its shareholders as well as to the general investing public. The practice of disclosure of information is not just established to comply with the requirements of the Main Market Listing Requirements pertaining to continuing disclosures; it also adopts the best practices as recommended in the Code with regard to strengthening engagement and communication with shareholders. Where possible and applicable, the Group also provides additional disclosure of information on a voluntary basis.

The Annual Report is the main channel of communication between the Company and its shareholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group. As a listed issuer, the contents and disclosure requirements of the annual report are also governed by the Main Market Listing Requirements.

Another key avenue of communication with its shareholders is the Company's AGM, which provides a useful forum for shareholders to engage directly with the Directors. The Company sends the Notice of AGM and the Annual Report to shareholders at least twenty-one (21) days before the meeting.

## STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

### ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with the Main Market Listing Requirements of Bursa Securities:

1. Utilisation of proceeds  
There were no corporate proposals announced at the date of this annual report.
2. Share Buybacks  
During the financial year, there were no share buybacks by the Company.
3. Option, Warrants or Convertible Securities  
There were no options, warrants or convertible securities issued by the Company during the financial year.
4. Depository Receipt Programme  
During the financial year, the Company did not sponsor any Depository Receipt Programmes.
5. Sanctions/Penalties  
There were no sanctions and/or penalties (that were made public) imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year.
6. Profits estimates, forecast or projection  
There was no material variance between the results of the financial year and the unaudited results previously released by the Company. The Company did not release any profit estimate, forecast or projection during the financial year.
7. Profit guarantee  
No profit guarantee was given by the Company during the financial year.
8. Material Contract  
There were no material contracts entered into by the Company or its subsidiaries involving Directors or major shareholders' interests during the financial year.
9. Employee Share Scheme  
The Company does not have an Employee Share Scheme in existence.
10. Recurrent Related Party Transaction (RRPT)  
The Company did not seek any shareholders' mandate in respect of RRPT of a revenue of trading nature at the previous AGM.

## STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY

**Corporate Social Responsibility (CSR)** is defined by Bursa Malaysia CSR Framework as open and transparent business practices, based on the ethical values and respect for employees, communities and the environment. In 2015, Kind CSR activities were mainly focused on the cancer awareness campaign and Projects for Happiness 2015.

### Delivering Happiness to Community

#### Bald and Beautiful II – A cancer awareness campaign

As part of our Corporate Social Responsibility initiatives, Kind Starfish Foundation started the “Bald & Beautiful” movement. “Bald & Beautiful II” is one of the cancer awareness initiatives where participants shave bald to raise fund for Cancer Research Malaysia (CRM) and Sarawak Children’s Cancer Society (SCCS). This was the second cancer awareness campaign that Kind has organised since 2012.

In November 2015, Kind Starfish Foundation in collaboration with Fifty Products, Crown Furniture, Banner King, Sinma Jewellery, Kasut You, Timuran Setia Industri and Life Runway organised six (6) “Bald & Beautiful II” sessions in Shah Alam, Klang, Kuantan, Kota Bharu, Kuala Terengganu and Kuching. The highlight of the “Bald & Beautiful II” event was on 16 November 2015. A total of 606 participants (including Kind Group Chairman, its management team, partners, customers, suppliers and members of the public) went bald at Setia City Mall. This event successfully made it into the Malaysia Book of Records for the “Most Number of Heads Shaved in a Day”. A total of RM1.2 million was raised – where RM900,000 was donated to CRM and RM300,000 to SCCS.

Our Singapore Business Unit continued this meaningful drive where 31 participants went bald on 12 December 2015. More than SGD46,000 was raised and donated to HCA Hospice Care Singapore. The entire “Bald & Beautiful” movement in Malaysia and Singapore registered 975 participants going bald in supporting the cancer patients.



## STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

### Projects for Happiness 2015

In 2015, Khind Starfish Foundation continued to fund local undergraduate students from public and private institution to undertake various volunteer oriented community programmes. "Projects for Happiness" is a platform that enables the undergraduate students to enhance their non-academic skills and to complete their own project. Khind Starfish Foundation believes that this project is a catalyst to encourage students to recognise their capability to deliver happiness to the less fortunate communities. Khind Starfish Foundation selected 16 projects from several universities. Total fund distributed to these project was approximately RM100,000. Beside is the list of projects that were supported by Khind Starfish Foundation:

Projects	University
We Love, We Care	INTI International University
The Kalsom Movement	University of Malaya (UM)
Literacy Catch up Programme	HELP University
4 Nature	Universiti Utara Malaysia (UUM)
The Classic Stories in Kajang – a publication project	New Era College
Litmas - literacy Malaysia	University of Malaya/ Universiti Sains Malaysia
The Day I Met The Princess – children theatre	Universiti Sains Malaysia
Strive For Success - tutoring programme	International Islamic University Malaysia
Teach For Raub	HELP University
Attitude Determine Altitude	International Medical University
Plant Seeds for Eco Sustainability - environmental education	University Tunku Abdul Rahman
Learning for All	University Putra Malaysia/ New Era Collage
Joyful Childhood	University Teknologi Petronas
Robotic Camp	International Islamic University Malaysia
CKI with Agathians	HELP Collage of Art and Technology
Eco-Soap	UniKL Malaysia

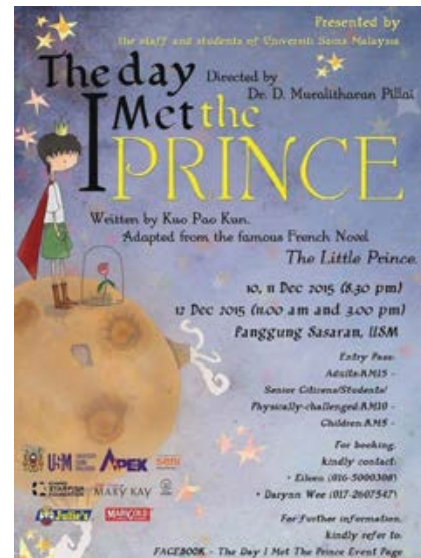


OFFICIAL CAMPUS BULLETIN



**We Love, We Care**  
by Project for Happiness 2015

Date: 09th August 2015, 16th September 2015, 25th October 2015  
Time: 9am-3pm  
Venue: Malaysia Buddhist Association Sport Dome, Bukit Tuan



## STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

### Local community service



As part of the spirit of “delivering happiness to community”, in January 2015, Khind staff joined the flood site cleaning activity organised by Tzu Chi foundation to provide relief to the victims. Besides, Khind also initiated 10 visits to orphanages and old folks’ homes. During the visit, Khind staff assisted with the installation, repair and replacement of faulty electrical items; housekeeping; and to promote electrical safety to the children.

### Promote art and cultural

Supporting Malaysian heritage, arts and cultural performance is one of the objectives of Khind Starfish Foundation. The foundation is a listed corporate sponsor of Hands Percussion and Dua Space since 2013. Khind Starfish Foundation also supported the dance music series organised by Toccata studio and sponsored the “Above Full Moon” Musical which is one of the full-length musicals created by award-winning director Ho Lin Huay and presented in Broadway style with great musical scores and spectacular stage design.



## Delivering Happiness to Environment

### Tree planting at Sekinchan

As part of the movement to protect the environment, on 22 December 2015, Khind initiated and supported the local council to plant 100 trees at Taman Harmoni in Sekinchan. This was the second time Khind collaborated with the local council to organise this meaningful drive. Khind intends to continue this collaboration with local authorities to improve environmental protection and promote a sustainable environment in Sekinchan in year 2016.



## STATEMENT ON CORPORATE SOCIAL RESPONSIBILITY (CONTINUED)

### Delivering Happiness to Employees

Kind strongly believes that its employees are valuable asset to propel the Company into the new Century. The following activities were organised for staff:

#### Training and education assistance programme

Kind allocated 2.0% of its annual basic payroll into annual training budget to enhance skills and knowledge among employees. Kind offered education assistance schemes to 3 senior managers to pursue their MBA studies. Kind also initiated WOW 1 and WOW 2 training programmes to develop young talents as future leaders of the Company. Participants in WOW 1 and WOW 2 programmes have to undergo a series of training modules to ensure that they are well-prepared to endeavour future challenges. In year 2015, WOW 1 members successfully graduated with the Mount Kinabalu ascent.



#### Safety and health programme

During the year, Kind Safety and Health Committee conducted blood donation campaign at its Shah Alam head office. Kind carried out the fire evacuation drill at the factory and other health and safety practices – to ensure appropriate occupation safety measures are practised. During the “Bald and Beautiful II”, Kind organised two cancer awareness talks at Shah Alam head office to create awareness on healthy living styles.



#### Encouragement for employee volunteerism

As a responsible corporate citizen, Kind encourages employees to be involved in volunteering work for any CR activities. As such, Kind provides a maximum of three (3) work days per year to employees who wish to dedicate time for volunteering work on external CR activities that are approved by the Company.



#### Back to School benefits for employees' children

Before the commencement of school, Kind will hand out school uniforms, shoes, stationery and school bags for its employees' children who are studying in primary schools and secondary schools. This programme helps to alleviate parents' yearly burden.

#### Sports and Social Club

Kind Wellness Center located in the Shah Alam head office provides gym facilities, a table tennis table and a billiard pool table to encourage staff to lead a healthier lifestyle. A variety of exercise classes such as Yoga, Body Combat and Zumba are provided in the centre weekly. In addition, the Sports and Social Club Committee also organised various outdoor sports like bowling and futsal for employees.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") is pleased to provide the following statement that was prepared in accordance with the guideline, namely the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers", which outlines the nature and scope of risk management and internal control activities of the Group during the year under review.

The system of risk management and internal control covers risk management, controls over financial, operational and compliance activities, and all other policies and procedures, both local and foreign, to achieve the following objectives:

- Safeguard assets of the Group and shareholders' interests;
- On-going process for identifying, evaluating and managing significant risks encountered or potentially to be encountered by the Group;
- Compliance with applicable laws, regulatory requirements, rules and guidelines; and
- Close monitoring of operational results, and prompt explanation of substantial variances.

### BOARD RESPONSIBILITY

The Board is responsible for maintaining a sound and effective risk management and internal control system for the Group, and for reviewing the adequacy and integrity of these systems to safeguard shareholders' investment and the Group's assets. However, there are limitations inherent in any system of risk management and internal control, in that such systems are designed to manage, rather than eliminate, the risk of failure to achieve the policies and business objectives of the Group. Accordingly, these systems can only provide reasonable, and not absolute, assurance against material misstatement, losses, fraud or breaches of laws or regulations. It should be further noted that the cost of the system should not outweigh the benefits.

### Management's Accountability

Management is accountable to the Board for the implementation of the processes in identifying, evaluating, monitoring and reporting of risks and internal control as prescribed above. The Group Chief Executive Officer, Group Chief Operating Officer and Group Chief Financial Officer provide the Board with assurance that the internal control system of the Group is operating adequately and effectively in all material aspects to ensure achievement of corporate objectives.

### RISK MANAGEMENT

The Board is committed to ensuring that the Group has an effective risk management framework which will allow it to identify, evaluate and manage the risks which could possibly affect and impede its goals arising from the adverse impacts to its functions, operations, assets, employees, consumers or shareholders.

The risk management policy and procedures form part of the various management systems and are reviewed regularly and updated when necessary. They are endorsed by Group Chief Executive Officer and Group Chief Operating Officer, and have been in effect since 1 September 2014.

The objectives of the written policy are to ensure that:

- Appropriate systems are in place to identify the material risks faced by the Group.
- The potential financial impact of identified risks is ascertained.
- Appropriate controls and strategies are adopted to manage exposure to those risks.
- Appropriate responsibilities are delegated to control the identified risks effectively.
- Any material changes to the Group's risk profile are disclosed in accordance with the Group's continuous disclosure policy.

To provide assurance to the Board on adequacy and effectiveness of the Group's risk management process, a management Risk Management Committee (RMC) has been established to promote the coordination and oversight of the risk management process. The Committee has implemented a quarterly risk template for identifying and evaluating all major risks of the respective Strategic Business Units (SBU) under the Group. The risk template is acknowledged by the respective Heads of SBU (or "Risk Owners") through assessment of the probability of a risk occurring and the impact that the risk will have on the business process if it arises.

The quarterly risk assessments from all SBU are consolidated and updated into the Group Risk Register, highlighting all major risks, action plans and the progress of risk monitoring plans. These are then plotted into the Group Risk Matrix based on urgency and priority to determine the type of actions required to treat risks and the level of management and board attention in managing and monitoring these risks.

The quarterly submission of the Group Risk Register supports the Board in monitoring and assessing management's performance in achieving business strategies and objectives.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

### KEY INTERNAL CONTROL PROCESSES

The Group's system of internal controls comprises the following key elements:

- **Terms of Reference**  
Clear definition of the terms of reference, i.e. functions, authorities and responsibilities of the various committees of the Board of Directors has been established.
- **Control Procedures**  
Operating Procedures Manuals that set out the policies, procedures and practices that are adopted by all the companies in the Group to ensure clear accountabilities and control procedures are in place for all business units.
- **Organisational Structure and Accountability Levels**  
The Group has a defined organisational structure with clear lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.  
  
The Board relies on the Group Chief Executive Officer and Group Chief Operating Officer with relevant industry experience to run and manage the operations and business of the Group.
- **Budgeting, Reporting and Review**  
The Group prepares comprehensive budgets that roll up into an annual budget that is approved by the Board prior to the commencement of the financial year. The management team performs monthly monitoring and review of financial results and forecasts for all businesses within the Group. Actual results are then compared with budgeted results and any significant matter is brought forward for the Board's consideration and decision at least on a quarterly basis.
- **Independence of the Audit Committee**  
The Audit Committee comprises non-executive members of the Board who are independent directors. The Committee holds regular meetings to deliberate on findings and recommendations and reports back to the Board.
- **Internal Audit & ISO Audit**  
To maintain a sound system of internal control, the Group relies on its two (2) assurance mechanisms, namely:  
(i) Internal Audit; and  
(ii) ISO Audit.

The internal audit function has been outsourced to provide independence from the activities and operations of the Group, thereby providing the Audit Committee and the Board assurance with regards to the adequacy, effectiveness and integrity of the system of internal control. The internal audit reviews are executed based on an internal audit plan approved by the Audit Committee. The findings of the internal audit reviews together with management's comments and action plans to address the audit findings are presented and reviewed by the Audit Committee. Follow-up reviews have also been conducted to report to the Audit Committee on the status of implementation of management action plans.

As per requirement of the ISO 9001 certification for Quality Management System, a scheduled audit is conducted annually by the certification body, SIRIM QAS International. The findings of these audits are forwarded to the Management Representative for compliance review.

- **Management Visits**  
Senior management of the Group conducts regular visits to the operating bases to review and gain better understanding of the operations.

### CONCLUSION

The Board is of the view that the risk management and internal controls system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders' investment, the Group's assets and the interests of customers, regulators and employees.

During the year, a number of improvements to risk and internal controls processes were identified and addressed. There have been no significant weaknesses noted which have resulted in any material losses, contingencies or uncertainties for the financial year under review. The Group will continue to take the necessary measures to strengthen its risk management and internal control systems.

This statement is made in accordance with a resolution of the Board of Directors dated 7 April 2016.

## AUDIT COMMITTEE REPORT

### 1. MEMBERSHIP AND MEETINGS

The Audit Committee ("AC") comprises three (3) members who are Independent Non-Executive Directors.

Every member of the AC viz. the Chairman, Mr. Lee Ah Lan @ Lee Keok Hooi and Mr. Wong Chin Mun, has accounting and financial qualifications.

The AC met four (4) times during the financial year and the attendance is detailed below:-

AUDIT COMMITTEE MEETING IN YEAR 2015	
Members	Total Number of Meetings Attended by Directors
<b>Independent Non-Executive Directors</b>	
Kamil Bin Datuk Hj. Abdul Rahman (Chairman)	4/4
Wong Chin Mun	4/4
Lee Ah Lan @ Lee Keok Hooi	2/4

### 2. SUMMARY OF THE TERMS OF REFERENCE

#### A. Composition of the AC

- (1) The AC shall be appointed by the Board of Directors ("BOD") from amongst their members and shall consist of at least three (3) members.
- (2) All AC members must be Non-Executive Directors with a majority of them being Independent Directors.
- (3) At least one (1) of the AC:-
  - (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
    - (a) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    - (b) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountant Act 1976; or
  - (iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").
- (4) No alternate Director(s) shall be appointed as member(s) of the AC.
- (5) The members of the AC shall elect a Chairman from amongst its members who shall be an Independent Director.
- (6) The Board shall review the term of office and performance of the AC and each of its members at least once in every 3 years to determine whether the AC and members have carried out their duties in accordance with the Terms of Reference.

## AUDIT COMMITTEE REPORT (CONTINUED)

### 2. SUMMARY OF THE TERMS OF REFERENCE (CONTINUED)

#### B. Power and Authority of the AC

The AC shall in accordance with the procedure determined by the Board and at the cost of the Company:-

- (a) have authority to investigate any matter within the terms of reference;
- (b) have the resources which the AC requires to perform its duties;
- (c) have full and unrestricted access to any information which the AC requires in the course of performing its duties;
- (d) have direct communication channels with the external auditors and person carrying out the internal audit function;
- (e) be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company; and
- (f) be able to convene meetings with the external auditors, internal auditors or both without the attendance of other directors and employees of the Company, whenever deemed necessary.

The full Terms of Reference of the Audit Committee can be obtained from [www.khind.com](http://www.khind.com).

### 3. INTERNAL AUDIT FUNCTION

The internal audit function is outsourced to BDO Governance Advisory Sdn. Bhd. Our Internal Auditors have developed an annual audit plan to support and execute internal control reviews. The internal audit function includes the conduct of follow-up reviews on the status of implementation of recommendations agreed by Management in the earlier audits and the conduct of four (4) internal control reviews for 2015. The Internal Auditors would present an internal audit report to the AC on a quarterly basis or when required. The Internal Auditors would also provide feedback to the Board of Directors, AC and Senior Management in respect of corporate governance issues in the course of their internal audit reviews.

During the financial year ended 31 December 2015, the Internal Auditors have carried out reviews on the following business processes:-

- Sales and customer management for sales service division;
- Human resource and inventory management for manufacturing division;
- Sales to receipt and inventory management for trading division in East Malaysia; and
- Operational review for trading division in Singapore.

The total cost incurred for outsourcing of the internal audit function of the Group during the financial year ended 31 December 2015 amounted to RM70,000.

## AUDIT COMMITTEE REPORT (CONTINUED)

### 4. ACTIVITIES OF THE COMMITTEE

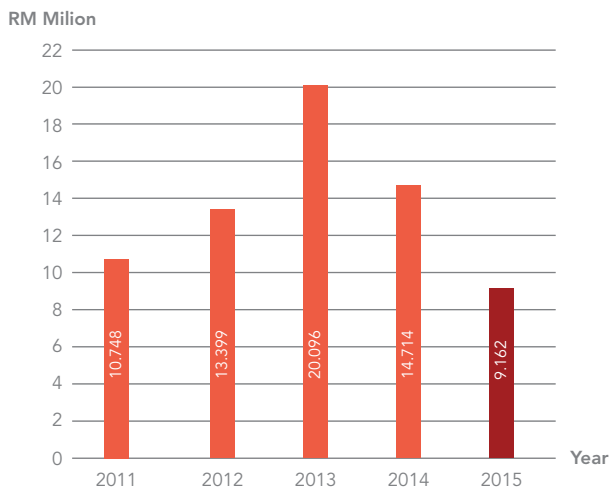
The Chairman of the AC reports regularly to the Board on the activities carried out by the AC in the discharge of its duties and responsibilities, as set out in its Terms of Reference which is available on Khind's website. The main activities undertaken by the Committee during the year are as follows:-

- (a) Discussed with the external auditors, the nature, scope and quality of external audit plan/arrangements;
- (b) Reviewed quarterly results and year-end financial statements of the Company, prior to approval by the Board;
- (c) Reviewed management letter sent by the external auditors to the Company and Management's response to such letter;
- (d) Reviewed the findings from the interim and final audits;
- (e) Reviewed the internal audit programme and results of the internal audit process or investigation undertaken and whether or not appropriate action have been taken on the recommendations on the internal audit function;
- (f) Reviewed the follow up actions by Management on the weakness of internal accounting procedures and controls;
- (g) Reviewed any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (h) Reviewed the Company's compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Financial Reporting Standards and other relevant legal and regulatory requirements;
- (i) Reviewed the independence, objectivity and effectiveness of the external auditors and the services provided, including non-audit services; and
- (j) Reviewed the effectiveness of the fraud risk management framework.

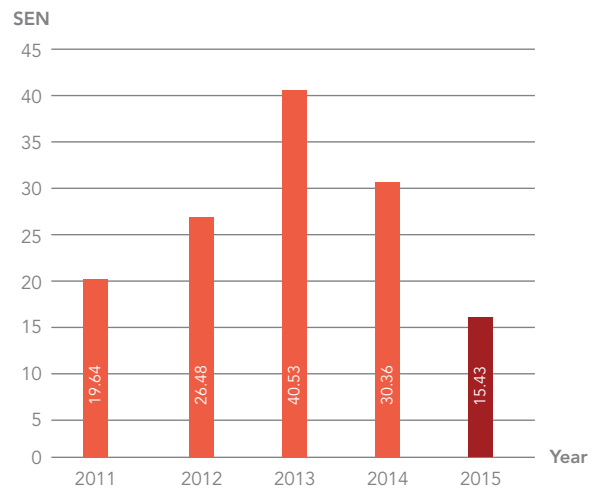
## FIVE-YEAR FINANCIAL HIGHLIGHTS

In RM'000	Year ended 31 December				
	2011	2012	2013	2014	2015
Revenue	241,850	288,591	325,035	319,051	337,768
Profit before tax	10,748	13,399	20,096	14,714	9,162
Profit for the year	7,867	10,607	16,236	12,161	6,180
Profit attributable to owners	7,867	10,607	16,236	12,161	6,180
Total equity attributable to owners	82,002	90,794	103,998	113,183	122,168
Total assets	179,627	210,975	232,836	252,584	256,864
Total borrowings	50,275	66,705	70,858	80,905	79,064
Basic earnings per share (sen)	19.64	26.48	40.53	30.36	15.43
Net assets per share (RM)	2.05	2.27	2.60	2.83	3.05
Return on equity attributable to owners	9.6%	11.7%	15.6%	10.7%	5.1%
Return on total assets	4.4%	5.0%	7.0%	4.8%	2.4%
Debt equity ratio	0.6	0.7	0.7	0.7	0.6

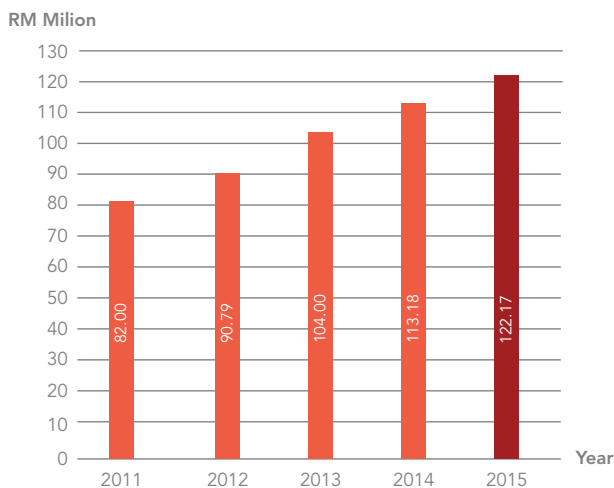
### Profit Before Income Tax



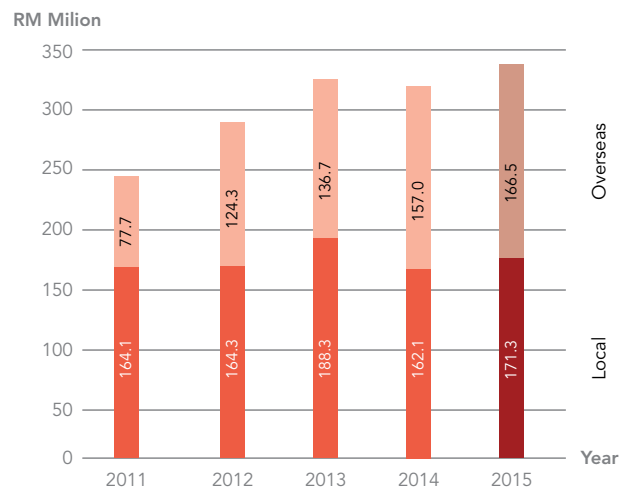
### Earnings Per Share



### Shareholders' Funds



### Group Turnover



# FINANCIAL STATEMENTS

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**DIRECTORS' REPORT** FOR THE YEAR ENDED 31 DECEMBER 2015

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 31 December 2015.

**Principal activities**

The Company is principally engaged in investment holding and provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year except as disclosed in Note 30 to the financial statements.

**Results**

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit for the year attributable to:		
Owners of the Company	6,180	11,100

**Reserves and provisions**

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

**Dividend**

Since the end of the previous financial year, the Company paid an interim tax exempt dividend of 7 sen per ordinary share totalling RM2,804,130 in respect of the financial year ended 31 December 2015 on 26 October 2015.

The Directors do not recommend any final dividend to be paid for the financial year under review.

**Directors of the Company**

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

Cheng King Fa  
Cheng Ping Keat  
Kamil Bin Datuk Haji Abdul Rahman  
Lee Ah Lan @ Lee Keok Hooi  
Wong Chin Mun

**DIRECTORS' REPORT** FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**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 RM1 each			
	At 1 January 2015	Bought	Sold	At 31 December 2015
<b>Cheng King Fa:</b>				
Interest in the Company:				
- own	1,898,601	5,000	-	1,903,601
- others*	1,304,124	-	-	1,304,124
<b>Cheng Ping Keat:</b>				
Interest in the Company:				
- own	2,725,720	-	-	2,725,720
- others**	2,165,199	-	-	2,165,199
Deemed interest in the Company:				
- own	15,708,837	-	-	15,708,837
<b>Lee Ah Lan @ Lee Keok Hooi:</b>				
Interest in the Company:				
- own	460,000	-	-	460,000

\* Cheng Yoke Leng, Cheng Yoke Kan and Lew Kuan Hwa are the daughters and spouse of Cheng King Fa. In accordance with Section 134(12)(c) of the Companies Act, 1965, the interests of Cheng Yoke Leng, Cheng Yoke Kan and Lew Kuan Hwa in the ordinary shares of the Company shall be treated as the interests of Cheng King Fa.

\*\* Koh Guat Kuan is the spouse of Cheng Ping Keat. In accordance with Section 134(12)(c) of the Companies Act, 1965, the interests of Koh Guat Kuan in the ordinary shares of the Company shall be treated as the interests of Cheng Ping Keat.

By virtue of his interests in the ordinary shares of the Company, Cheng Ping Keat is also deemed interested in the shares of the subsidiaries during the financial year to the extent that Khind Holdings Berhad has an interest.

None of the other Directors holding office at 31 December 2015 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

**Directors' benefits**

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

**DIRECTORS' REPORT** FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**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 was no issue of debentures during the financial year.

**Options granted over unissued shares**

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

**Other statutory information**

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

- (i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- (ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- (i) that would render the amount written off for bad debts or the amount of 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 31 December 2015 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 event during the financial year**

Significant event during the financial year is disclosed in Note 30 to the financial statements.

## **DIRECTORS' REPORT** FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

### **Auditors**

The auditors, Messrs KPMG, retired and are not seeking re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

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**CHENG KING FA**

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**CHENG PING KEAT**

Kuala Lumpur,

Date: 7 April 2016

## STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Assets</b>					
Property, plant and equipment	3	58,034	58,622	546	8,534
Prepaid lease payments	4	1,901	2,099	–	–
Investment property	5	2,905	2,966	2,905	2,966
Intangible assets	6	3,998	3,989	58	59
Investment in subsidiaries	7	–	–	31,948	31,948
Deferred tax assets	8	3,344	3,636	–	–
<b>Total non-current assets</b>		<b>70,182</b>	<b>71,312</b>	<b>35,457</b>	<b>43,507</b>
Inventories	9	75,816	63,677	–	–
Other investments	10	1,477	1,804	1,248	1,096
Current tax assets		1,672	1,978	51	49
Trade and other receivables	11	70,257	74,139	39,663	15,668
Cash and cash equivalents	12	37,460	39,674	4,530	12,920
<b>Total current assets</b>		<b>186,682</b>	<b>181,272</b>	<b>45,492</b>	<b>29,733</b>
<b>Total assets</b>		<b>256,864</b>	<b>252,584</b>	<b>80,949</b>	<b>73,240</b>
<b>Equity</b>					
Share capital	13	40,059	40,059	40,059	40,059
Translation reserve	13	7,946	2,337	–	–
Retained earnings		74,163	70,787	31,406	23,110
<b>Total equity attributable to owners of the Company</b>		<b>122,168</b>	<b>113,183</b>	<b>71,465</b>	<b>63,169</b>
<b>Liabilities</b>					
Deferred tax liabilities	8	1,880	1,911	–	–
Loans and borrowings	14	30,002	28,953	7,697	8,057
<b>Total non-current liabilities</b>		<b>31,882</b>	<b>30,864</b>	<b>7,697</b>	<b>8,057</b>
Loans and borrowings	14	49,062	51,952	384	366
Trade and other payables	15	52,942	55,748	1,403	1,648
Current tax liabilities		810	837	–	–
<b>Total current liabilities</b>		<b>102,814</b>	<b>108,537</b>	<b>1,787</b>	<b>2,014</b>
<b>Total liabilities</b>		<b>134,696</b>	<b>139,401</b>	<b>9,484</b>	<b>10,071</b>
<b>Total equity and liabilities</b>		<b>256,864</b>	<b>252,584</b>	<b>80,949</b>	<b>73,240</b>

The notes on pages 41 to 84 are an integral part of these financial statements.

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Continuing operations</b>					
Revenue	16	337,768	319,051	19,600	25,555
Cost of sales		(230,064)	(218,514)	–	–
<b>Gross profit</b>		107,704	100,537	19,600	25,555
Other income		2,275	2,720	3,621	117
Distribution expenses		(54,887)	(50,479)	–	–
Administrative expenses		(40,612)	(34,151)	(11,813)	(9,736)
Other expenses		(2,153)	(1,247)	–	(70)
<b>Results from operating activities</b>		12,327	17,380	11,408	15,866
Finance income	17	295	322	103	134
Finance costs	18	(3,460)	(2,988)	(411)	(391)
<b>Profit before tax</b>		9,162	14,714	11,100	15,609
Tax expense	19	(2,982)	(2,553)	–	(554)
<b>Profit for the year</b>	20	6,180	12,161	11,100	15,055
<b>Attributable to:</b>					
Owners of the Company		6,180	12,161	11,100	15,055
<b>Profit for the year</b>		6,180	12,161	11,100	15,055
<b>Other comprehensive income, net of tax Item that is or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		5,609	1,030	–	–
<b>Other comprehensive income for the year, net of tax</b>		5,609	1,030	–	–
<b>Total comprehensive income for the year</b>		11,789	13,191	11,100	15,055
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		11,789	13,191	11,100	15,055
<b>Basic and diluted earnings per ordinary share (sen)</b>					
from continuing operations	21	15.43	30.36		

The notes on pages 41 to 84 are an integral part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** FOR THE YEAR ENDED 31 DECEMBER 2015

	<i>Attributable to owners of the Company</i>				
	Note	<i>Non-distributable</i>		<i>Distributable</i>	
		Share capital RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000
<b>Group</b>					
<b>At 1 January 2014</b>		40,059	1,307	62,632	103,998
Foreign currency translation differences for foreign operations		–	1,030	–	1,030
Total other comprehensive income for the year		–	1,030	–	1,030
Profit for the year		–	–	12,161	12,161
Total comprehensive income for the year		–	1,030	12,161	13,191
Dividend to owners of the Company	22	–	–	(4,006)	(4,006)
<b>Total transactions with owners of the Company</b>		–	–	(4,006)	(4,006)
<b>At 31 December 2014/1 January 2015</b>		40,059	2,337	70,787	113,183
Foreign currency translation differences for foreign operations		–	5,609	–	5,609
Total other comprehensive income for the year		–	5,609	–	5,609
Profit for the year		–	–	6,180	6,180
Total comprehensive income for the year		–	5,609	6,180	11,789
Dividend to owners of the Company	22	–	–	(2,804)	(2,804)
<b>Total transactions with owners of the Company</b>		–	–	(2,804)	(2,804)
<b>At 31 December 2015</b>		40,059	7,946	74,163	122,168
		Note 13	Note 13		

**STATEMENT OF CHANGES IN EQUITY** FOR THE YEAR ENDED 31 DECEMBER 2015

	<i>Attributable to owners of the Company</i>			
	Note	<i>Non-distributable</i>		<i>Distributable</i>
		Share capital RM'000	Retained earnings RM'000	Total RM'000
<b>Company</b>				
<b>At 1 January 2014</b>		40,059	12,061	52,120
Profit and total comprehensive income for the year		–	15,055	15,055
Dividend to owners of the Company	22	–	(4,006)	(4,006)
<b>At 31 December 2014/1 January 2015</b>		40,059	23,110	63,169
Profit and total comprehensive income for the year		–	11,100	11,100
Dividend to owners of the Company	22	–	(2,804)	(2,804)
<b>At 31 December 2015</b>		40,059	31,406	71,465
		Note 13		

The notes on pages 41 to 84 are an integral part of these financial statements.

**STATEMENTS OF CASH FLOWS** FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		9,162	14,714	11,100	15,609
<i>Adjustments for:</i>					
Amortisation of intangible assets	6	24	20	9	8
Amortisation of prepaid lease payments	4	198	199	–	–
Depreciation of investment property	5	61	124	61	124
Depreciation of property, plant and equipment	3	4,596	3,937	299	312
Dividends received from subsidiaries	16	–	–	(11,814)	(18,801)
Finance income	17	(295)	(322)	(103)	(134)
Finance costs	18	3,460	2,988	411	391
Impairment loss/(Reversal of impairment) on trade receivables (net)		3,067	(75)	–	–
Net fair value gain on financial assets	20	(186)	(60)	(152)	(29)
Net loss/(gain) on disposal and write off of property, plant and equipment	20	24	(145)	(3,159)	–
Unrealised foreign exchange gain	20	(647)	(564)	(107)	(75)
<b>Operating profit/(loss) before changes in working capital</b>		19,464	20,816	(3,455)	(2,595)
Change in inventories		(6,159)	(1,962)	–	–
Change in trade and other receivables		815	(4,640)	(17)	(174)
Change in trade and other payables		(2,806)	2,150	99	(532)
<b>Cash generated from/(used in) operations</b>		11,314	16,364	(3,373)	(3,301)
Tax refund		1,242	63	–	–
Tax paid		(3,747)	(5,525)	(2)	(1)
<b>Net cash from/(used in) operating activities</b>		8,809	10,902	(3,375)	(3,302)
<b>Cash flows from investing activities</b>					
Acquisition of intangible assets	6	(33)	(39)	(8)	(11)
Acquisition of property, plant and equipment	(i)	(6,147)	(4,377)	(152)	(101)
Advances to subsidiaries		–	–	(24,322)	(2,527)
Dividends received from subsidiaries	16	–	–	11,814	18,801
Interest received		295	322	103	134
Proceeds from disposal of property, plant and equipment		55	248	11,000	–
Withdrawal/(Placement) of fixed deposits	10	513	(513)	–	–
<b>Net cash (used in)/from investing activities</b>		(5,317)	(4,359)	(1,565)	16,296

**STATEMENTS OF CASH FLOWS** FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Cash flows from financing activities</b>					
Dividend paid to owners of the Company	22	(2,804)	(4,006)	(2,804)	(4,006)
(Repayment)/Drawdown of bank borrowings		(4,840)	3,101	(305)	(302)
Interest paid		(3,460)	(2,988)	(411)	(391)
Repayment of finance lease liabilities		(1,144)	(1,177)	(37)	(36)
<b>Net cash used in financing activities</b>		<b>(12,248)</b>	<b>(5,070)</b>	<b>(3,557)</b>	<b>(4,735)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(8,756)</b>	<b>1,473</b>	<b>(8,497)</b>	<b>8,259</b>
<b>Effect of exchange rate fluctuations on cash held</b>		<b>5,217</b>	<b>963</b>	<b>107</b>	<b>75</b>
<b>Cash and cash equivalents at 1 January</b>		<b>38,598</b>	<b>36,162</b>	<b>12,920</b>	<b>4,586</b>
<b>Cash and cash equivalents at 31 December</b>	(ii)	<b>35,059</b>	<b>38,598</b>	<b>4,530</b>	<b>12,920</b>

**Notes to statements of cash flows**
*(i) Acquisition of property, plant and equipment*

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM7,323,000 (2014: RM12,712,000) and RM152,000 (2014: RM101,000) respectively, of which RM1,176,000 (2014: RM1,572,000) of the Group's acquisitions were by means of hire purchase plans and RM1,106,000 (2014: RM6,763,000) of the Group's acquisitions were by means of term loans.

*(ii) 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	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	12	32,624	31,775	4,530	8,888
Deposits placed with licensed banks	12	4,836	7,899	–	4,032
		<b>37,460</b>	<b>39,674</b>	<b>4,530</b>	<b>12,920</b>
Bank overdraft – secured	14	(389)	(772)	–	–
Bank overdraft – unsecured	14	(2,012)	(304)	–	–
		<b>35,059</b>	<b>38,598</b>	<b>4,530</b>	<b>12,920</b>

The notes on pages 41 to 84 are an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

Khind Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

### Principal place of business

No. 2, Jalan Astaka U8/82  
Seksyen U8, Bukit Jelutong  
40150 Shah Alam  
Selangor Darul Ehsan

### Registered office

Unit 30-01, Level 30, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The Company is principally engaged in investment holding and provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 7.

These financial statements were authorised for issue by the Board of Directors on 7 April 2016.

## 1. Basis of preparation

### (a) Statement of compliance

The financial statements of the Group and of 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 2018**

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

#### **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*

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 1. Basis of preparation (continued)

#### (a) Statement of compliance (continued)

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

- from the annual period beginning on 1 January 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 and Amendments to MFRS 5, 11, 12, 128 and 141, which are not applicable to the Group and to the Company.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

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 of 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 and the Company is currently assessing 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 and the Company is currently assessing the financial impact that may arise from the adoption of MFRS 9.

#### (b) Basis of measurement

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

#### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

#### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 6 – measurement of the recoverable amounts of cash-generating units
- Note 15 – measurement of provision for warranties

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 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 investment 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 date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

##### (iii) Acquisitions of non-controlling interests

The Group 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) Loss of control

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

##### (v) 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. Significant accounting policies (continued)****(a) Basis of consolidation (continued)****(vi) Transactions eliminated on consolidation**

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

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(b) Foreign currency****(i) Foreign currency transactions**

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

Monetary assets and liabilities denominated in foreign currencies at 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.

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 in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, 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 profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

**(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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. Significant accounting policies (continued)

#### (c) Financial instruments (continued)

##### (ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

##### **Financial assets**

##### **(a) Financial assets at fair value through profit or loss**

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

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

Other financial assets 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.

##### **(b) 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.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(j)(i)).

##### **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost.

##### (iii) Financial guarantee contracts

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

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

##### (iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or 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 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. Significant accounting policies (continued)

#### (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" and "other expenses" respectively in profit or loss.

##### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

##### (iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment 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 period are as follows:

• leasehold land	15 – 99 years
• office and factory buildings	40 – 50 years
• plant and machinery	5 – 10 years
• tools and moulds	5 – 10 years
• furniture, fittings and office equipment	3 – 10 years
• motor vehicles	5 years
• renovations	5 – 10 years

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. Significant accounting policies (continued)****(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.

**(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, except for property interest held under operating lease, the leased assets are not recognised in 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.

**(f) Intangible assets****(i) Goodwill**

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

**(ii) Other intangible assets**

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

**(iii) Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

**(iv) Amortisation**

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful life of patents and trademarks is ten (10) years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. Significant accounting policies (continued)****(g) Investment property****Investment property carried at cost**

Investment property is property which are owned 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.

**(h) Inventories**

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

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.

**(i) Goods**

The cost of inventories is calculated using the first-in-first-out 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.

**(ii) Property development**

Inventories comprise costs associated with the acquisition of land and all costs directly attributable to property development activities or that can be allocated on a reasonable basis to these activities.

**(i) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments 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.

**(j) Impairment****(i) Financial assets**

All financial assets (except for financial assets categorised as fair value through profit or loss and 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. 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 loans and receivables 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. Significant accounting policies (continued)

#### (j) Impairment (continued)

##### (ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) 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 goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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. For the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups 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.

#### (k) Equity instruments

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

##### (i) Ordinary shares

Ordinary shares are classified as equity.

##### (ii) Distributions of assets to owners of the Company

The Group measures a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****2. Significant accounting policies (continued)****(l) 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.

**(m) 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.

**Warranties**

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

**(n) 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. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

**(ii) Services**

Revenue from rendering of services is recognised when the services are rendered and upon customers' acceptance.

**(iii) 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.

**(iv) Dividend income**

Dividend income is recognised in profit or loss on the date that 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.

**(v) Management fees**

Management fees are recognised in profit or loss on an accrual basis.

**(vi) Interest income**

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. Significant accounting policies (continued)

#### (o) 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

#### (p) 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 goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit 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.

#### (q) 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, and adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

#### (r) 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 segment 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2. Significant accounting policies (continued)

#### (s) Contingencies

##### 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.

#### (t) Fair value measurements

Fair value of an asset or a liability, except for 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 value are categorised into different levels in a fair value hierarchy based on the input 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'000	Long term leasehold land RM'000	Office and factory buildings RM'000	Plant and machinery RM'000	Tools and moulds RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Construction -in-progress RM'000	Total RM'000
<b>Cost</b>										
At 1 January 2014	7,841	5,425	31,260	6,919	16,406	11,895	5,967	6,396	–	92,109
Additions	–	4,938	4,660	51	1,261	690	646	466	–	12,712
Written off	–	–	–	–	–	(244)	–	(225)	–	(469)
Disposals	–	–	–	–	–	–	(407)	–	–	(407)
Effect of movements in exchange rates	–	–	277	–	–	92	38	74	–	481
At 31 December 2014/ 1 January 2015	7,841	10,363	36,197	6,970	17,667	12,433	6,244	6,711	–	104,426
Additions	–	–	2,188	635	686	924	1,024	1,164	702	7,323
Apportionment to inventories	(5,489)	–	–	–	–	–	–	–	(491)	(5,980)
Disposals	–	–	–	–	–	(124)	(403)	(10)	–	(537)
Effect of movements in exchange rates	–	–	2,690	–	–	573	256	608	–	4,127
At 31 December 2015	2,352	10,363	41,075	7,605	18,353	13,806	7,121	8,473	211	109,359

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****3. Property, plant and equipment (continued)**

Group	Freehold land RM'000	Long term leasehold land RM'000	Office and factory buildings RM'000	Plant and machinery RM'000	Tools and moulds RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Construction -in-progress RM'000	Total RM'000
<b>Depreciation</b>										
At 1 January 2014	–	855	5,833	5,205	12,519	9,459	4,260	4,344	–	42,475
Depreciation for the year	–	128	786	228	699	788	696	612	–	3,937
Written off	–	–	–	–	–	(239)	–	(221)	–	(460)
Disposals	–	–	–	–	–	–	(313)	–	–	(313)
Effect of movements in exchange rates	–	–	27	–	–	58	28	52	–	165
At 31 December 2014/ 1 January 2015	–	983	6,646	5,433	13,218	10,066	4,671	4,787	–	45,804
Depreciation for the year	–	228	910	271	788	933	754	712	–	4,596
Disposals	–	–	–	–	–	(91)	(359)	(8)	–	(458)
Effect of movements in exchange rates	–	–	259	–	–	417	207	500	–	1,383
At 31 December 2015	–	1,211	7,815	5,704	14,006	11,325	5,273	5,991	–	51,325

**Carrying amounts**

At 1 January 2014	7,841	4,570	25,427	1,714	3,887	2,436	1,707	2,052	–	49,634
At 31 December 2014/ 1 January 2015	7,841	9,380	29,551	1,537	4,449	2,367	1,573	1,924	–	58,622
At 31 December 2015	2,352	9,152	33,260	1,901	4,347	2,481	1,848	2,482	211	58,034

Company	Freehold land RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Total RM'000
<b>Cost</b>					
At 1 January 2014	7,841	1,152	272	479	9,744
Additions	–	84	–	17	101
At 31 December 2014/1 January 2015	7,841	1,236	272	496	9,845
Additions	–	118	34	–	152
Disposals	(7,841)	–	–	–	(7,841)
At 31 December 2015	–	1,354	306	496	2,156
<b>Depreciation</b>					
At 1 January 2014	–	647	23	329	999
Depreciation for the year	–	182	54	76	312
At 31 December 2014/1 January 2015	–	829	77	405	1,311
Depreciation for the year	–	185	59	55	299
At 31 December 2015	–	1,014	136	460	1,610

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**3. Property, plant and equipment (continued)**

Company	Freehold land RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Total RM'000
<b>Carrying amounts</b>					
At 1 January 2014	7,841	505	249	150	8,745
At 31 December 2014/1 January 2015	7,841	407	195	91	8,534
At 31 December 2015	–	340	170	36	546

**3.1 Title deed**

Title deed to the leasehold land with unexpired lease period of more than 50 years of the Group with a carrying amount of RM436,036 (2014: RM444,289) belonging to a subsidiary is in the process of being registered in the name of the subsidiary.

**3.2 Security**

At 31 December 2015, freehold land, leasehold land and office buildings of the Group with a carrying amount of RM2,352,000, RM4,784,884 and RM24,816,240 (2014: RM7,841,000, RM5,603,561 and RM22,472,300) respectively have been pledged as securities for the bank facilities granted to the Group (see Note 14).

**3.3 Assets under hire purchase**

Included in property, plant and equipment of the Group are motor vehicles, tools and moulds acquired under hire purchase arrangements with a carrying amount of RM3,979,432 (2014: RM5,307,724).

**3.4 Apportionment of property, plant and equipment to inventories**

The common cost incurred for the property development activities was apportioned to property, plant and equipment and inventories based on the proportion of floor space to be occupied by the Group and to be sold as residential properties.

**4. Prepaid lease payments**

Group	RM'000
<b>Leasehold land with unexpired period less than 50 years</b>	
<b>Cost</b>	
At 1 January 2014/31 December 2014/1 January 2015/31 December 2015	2,975
<b>Amortisation</b>	
At 1 January 2014	677
Amortisation for the year	199
At 31 December 2014/1 January 2015	876
Amortisation for the year	198
At 31 December 2015	1,074
<b>Carrying amounts</b>	
At 1 January 2014	2,298
At 31 December 2014/1 January 2015	2,099
At 31 December 2015	1,901

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****5. Investment property**

<b>Group and Company</b>	<b>RM'000</b>
<b>Cost</b>	
At 1 January 2014/31 December 2014/1 January 2015/31 December 2015	3,090
<b>Depreciation</b>	
At 1 January 2014	–
Depreciation for the year	124
At 31 December 2014/1 January 2015	124
Depreciation for the year	61
At 31 December 2015	185
<b>Carrying amounts</b>	
At 1 January 2014	3,090
At 31 December 2014/1 January 2015	2,966
At 31 December 2015	2,905

Investment property of the Group and of the Company amounting to RM2,905,000 (2014: RM2,966,000) has been charged to secure banking facilities granted to the Group and the Company (see Note 14).

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

<b>Group and Company</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Rental income	84	–
Direct operating expenses:		
– income generating investment property	13	–
– non-income generating investment property	–	13

**Fair value information**

Fair value of investment property is categorised as follows:

<b>Group and Company</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>2015</b>				
Land and building	–	–	4,982	4,982
<b>2014</b>				
Land and building	–	–	4,936	4,936

**Level 3 fair value**

Level 3 fair value is estimated using unobservable inputs for the investment property.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

<b>Description of valuation technique and inputs used</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Comparison method: The valuation method considers the sales and listing of comparable properties recorded in the area and adjustments are made between the subject properties and those similar properties. The adjustments are made in relation to location and accessibility, size of the lot, legal and legislation constraints, supply and demand. The most significant input into this valuation approach is price per square foot.	Price per square foot (RM448 – RM549)	The estimated fair value would increase/(decrease) if the price per square foot is higher/(lower).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**6. Intangible assets**

Group	Goodwill RM'000	Patents and trademarks RM'000	Total RM'000
<b>Cost</b>			
At 1 January 2014	3,826	1,288	5,114
Additions	–	39	39
At 31 December 2014/1 January 2015	3,826	1,327	5,153
Additions	–	33	33
At 31 December 2015	3,826	1,360	5,186
<b>Amortisation</b>			
At 1 January 2014	–	1,144	1,144
Amortisation for the year	–	20	20
At 31 December 2014/1 January 2015	–	1,164	1,164
Amortisation for the year	–	24	24
At 31 December 2015	–	1,188	1,188
<b>Carrying amounts</b>			
At 1 January 2014	3,826	144	3,970
At 31 December 2014/1 January 2015	3,826	163	3,989
At 31 December 2015	3,826	172	3,998

**6.1 Impairment testing for cash-generating units containing goodwill**

The cash-generating units ("CGUs") containing goodwill relate to subsidiaries which are principally engaged in manufacturing and trading of electrical home appliances.

The recoverable amount of each CGU was based on its value-in-use.

Value-in-use was determined using cash flow projections based on financial budgets approved by the Board of Directors, covering a period of one year. Cash flow projections for the period beyond the period of one year are extrapolated using 0% growth rate (2014: 0%). The key assumptions used for value-in-use calculations are:

- The subsidiaries will continue their operations indefinitely.
- The size of operations will remain at least at the same level as current results.
- The discount rate of 6.00% (2014: 4.73%) applied has incorporated elements of time value of money and business risk.

The key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources (historical data).

Company	Patents and trademarks RM'000
<b>Cost</b>	
At 1 January 2014	1,073
Additions	11
At 31 December 2014/1 January 2015	1,084
Additions	8
At 31 December 2015	1,092

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6. Intangible assets (continued)**

<b>Company</b>	<b>Patents and trademarks RM'000</b>
<b>Amortisation</b>	
At 1 January 2014	1,017
Amortisation for the year	8
At 31 December 2014/1 January 2015	1,025
Amortisation for the year	9
At 31 December 2015	1,034
<b>Carrying amounts</b>	
At 1 January 2014	56
At 31 December 2014/1 January 2015	59
At 31 December 2015	58

**7. Investments in subsidiaries**

	<b>Company</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
<b>At cost</b>		
Unquoted shares	38,715	38,715
Less: Impairment loss	(6,767)	(6,767)
	31,948	31,948

Details of the subsidiaries are as follows:

<b>Name of entity</b>	<b>Principal place of business/ Country of incorporation</b>	<b>Principal activities</b>	<b>Effective ownership interest and voting interest</b>	
			<b>2015 %</b>	<b>2014 %</b>
Khind Industries Sdn. Bhd.	Malaysia	Dormant	100	100
Khind Customer Service Sdn. Bhd.	Malaysia	Providing general repair and rework services and renting of commercial properties	100	100
Khind-Mistral (Sabah) Sdn. Bhd. *	Malaysia	Dormant	100	100
Khind-Mistral (Borneo) Sdn. Bhd.	Malaysia	Trading in electrical home appliances and wiring accessories	100	100

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 7. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows: (continued)

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2015 %	2014 %
Khind Components Sdn. Bhd.	Malaysia	Dormant	100	100
Khind-Mistral Industries Sdn. Bhd.	Malaysia	Manufacture and sale of electrical home appliances and wiring accessories	100	100
Khind-Mistral (M) Sdn. Bhd.	Malaysia	Trading in electrical home appliances and wiring accessories	100	100
Khind Alliances Sdn. Bhd.	Malaysia	Trading in electrical home appliances	100	100
Khind Electrical (Malaysia) Sdn. Bhd.	Malaysia	Wholesale and distribution of electrical products	100	100
Khind Properties Sdn. Bhd.	Malaysia	Property development and property investment	100	100
Mayer Marketing (M) Sdn. Bhd.	Malaysia	Dormant	100	100
Mistral (Singapore) Pte. Ltd. *	Singapore	Trading in household electrical and electronic appliances	100	100
Khind Middle East FZE * #	United Arab Emirates	Trading in electrical home appliances	100	100
Khind Systems (Singapore) Pte. Ltd. *	Singapore	Supply of power distribution and protection solutions, electrical goods, environmental hygiene and pest control service	100	100
Khind Electrical & Environmental (Singapore) Pte. Ltd. * ##	Singapore	Dormant	100	100
Khind Electrical (Hong Kong) Limited * ##	Hong Kong	Trading in electrical products and building materials	100	100
Khind Electrical (Guangzhou) Limited * ###	China	Dormant	100	100
Mayer Marketing Pte. Ltd. *	Singapore	Trading in electrical home appliances and household goods	100	100
Mayer Marketing Sdn. Bhd. * ####	Brunei	Trading in electrical home appliances and household goods	99.9	99.9

\* Not audited by KPMG.

# The entire equity interest is held by the Company's subsidiary, Khind-Mistral Industries Sdn. Bhd.

## The entire equity interest is held by the Company's subsidiary, Khind Systems (Singapore) Pte. Ltd.

### The entire equity interest is held by the Company's subsidiary, Khind Electrical (Hong Kong) Limited.

#### The 99.9% equity interest is held by the Company's subsidiary, Mayer Marketing Pte. Ltd.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****8. Deferred tax assets/(liabilities)****Recognised deferred tax assets/(liabilities)**

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Property, plant and equipment	1,137	954	(3,247)	(3,146)	(2,110)	(2,192)
Provisions	2,895	3,321	–	–	2,895	3,321
Tax loss carry-forwards	871	631	–	–	871	631
Unutilised capital allowance carry-forwards	32	33	–	–	32	33
Others	–	–	(224)	(68)	(224)	(68)
Tax assets/(liabilities)	4,935	4,939	(3,471)	(3,214)	1,464	1,725
Set off of tax	(1,591)	(1,303)	1,591	1,303	–	–
Net tax assets/(liabilities)	3,344	3,636	(1,880)	(1,911)	1,464	1,725

**Unrecognised deferred tax assets**

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deductible temporary differences	(8,436)	(7,992)	(7,686)	(7,560)
Tax loss carry-forwards	(22,819)	(15,648)	(10,837)	(8,167)
Unutilised capital allowance carry-forwards	(1,560)	(1,439)	(1,461)	(1,373)
	(32,815)	(25,079)	(19,984)	(17,100)
Tax at 24% (2014: 24%)	7,876	6,019	4,796	4,104

The deductible temporary differences, tax loss carry-forwards and unutilised capital allowance carry-forwards do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the respective subsidiaries can utilise the benefits there from.

**Movement in temporary differences during the year**

Group	At 1.1.2014 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31.12.2014/ 1.1.2015 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31.12.2015 RM'000
	Property, plant and equipment	(2,087)	(105)	(2,192)	82
Provisions	3,951	(630)	3,321	(426)	2,895
Tax loss carry-forwards	297	334	631	240	871
Unutilised capital allowances carry-forwards	14	19	33	(1)	32
Others	(115)	47	(68)	(156)	(224)
	2,060	(335)	1,725	(261)	1,464

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**9. Inventories**

	Note	Group	
		2015 RM'000	2014 RM'000
Properties under development	9.1	5,980	–
Raw materials		5,190	4,308
Work-in-progress		648	670
Manufactured inventories		63,998	58,699
		75,816	63,677
Recognised in profit or loss:			
Inventories recognised as cost of sales		219,761	206,016
Write-down to net realisable value		817	962
Reversal of write-down		(216)	(558)

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

**9.1 Properties under development**

Properties under development consist of the following:

	Note	Group	
		2015 RM'000	2014 RM'000
Land cost	(a)	5,489	–
Construction costs incurred		491	–
		5,980	–

**(a) Land cost**

The freehold land held by a subsidiary has been pledged as security for the term loan granted to the Company (see Note 14).

**10. Other investments**

Group	Shares quoted in Malaysia RM'000	Trust funds RM'000	Deposits placed with licensed banks RM'000	Total
				RM'000
<b>2015</b>				
<b>Current</b>				
Financial assets at fair value through profit or loss:				
– Held for trading	229	1,248	–	1,477
Market value of quoted investments	229	1,248	–	1,477
<b>2014</b>				
<b>Current</b>				
Financial assets at fair value through profit or loss:				
– Held for trading	195	1,096	513	1,804
Market value of quoted investments	195	1,096	–	1,291

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****10. Other investments (continued)**

Company	Shares quoted in Malaysia RM'000	Trust funds RM'000	Deposits placed with licensed banks RM'000	Total RM'000
<b>2015</b>				
<b>Current</b>				
Financial assets at fair value through profit or loss:				
– Held for trading	–	1,248	–	1,248
Market value of quoted investments	–	1,248	–	1,248
<b>2014</b>				
<b>Current</b>				
Financial assets at fair value through profit or loss:				
– Held for trading	–	1,096	–	1,096
Market value of quoted investments	–	1,096	–	1,096

**11. Trade and other receivables**

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Current</b>					
<b>Trade</b>					
Trade receivables		67,226	67,727	–	–
Less: Allowance for impairment loss		(4,333)	(2,349)	–	–
		62,893	65,378	–	–
<b>Non-trade</b>					
Amount due from subsidiaries	11.1	–	–	43,369	19,391
Less: Allowance for impairment loss		–	–	(4,247)	(4,247)
		–	–	39,122	15,144
Other receivables	11.2	4,210	5,969	22	25
Deposits		1,694	1,647	16	26
Prepayments		1,460	1,145	503	473
		7,364	8,761	541	524
		70,257	74,139	39,663	15,668

**11.1 Amount due from subsidiaries**

Amount due from subsidiaries are in respect of advances and payments made on behalf, which are unsecured and repayable on demand. Advances of RM890,957 (2014: RM1,000,000) are subject to interest at 4% (2014: 4%) per annum.

**11.2 Other receivables**

Included in other receivables is an amount of RM3,340,999 (2014: RM3,660,739) being advances paid for the purchases of inventories.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**12. Cash and cash equivalents**

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	32,624	31,775	4,530	8,888
Deposits placed with licensed banks	4,836	7,899	–	4,032
	37,460	39,674	4,530	12,920

**13. Share capital**

Group and Company	Number of shares 2015 '000	Amount 2015 RM'000	Number of shares 2014 '000	Amount 2014 RM'000
	Authorised:			
Ordinary shares of RM1 each	50,000	50,000	50,000	50,000
Issued and fully paid:				
Ordinary shares of RM1 each	40,059	40,059	40,059	40,059

**Ordinary shares**

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.

**Translation reserve**

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

**14. Loans and borrowings**

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Non-current</b>				
Secured term loans	28,547	27,693	7,632	7,953
Finance lease liabilities	1,455	1,260	65	104
	30,002	28,953	7,697	8,057
<b>Current</b>				
Secured term loans	1,738	1,512	345	329
Finance lease liabilities	840	1,003	39	37
Secured bank overdrafts	389	772	–	–
Unsecured bank overdrafts	2,012	304	–	–
Unsecured bankers' acceptances	44,083	48,361	–	–
	49,062	51,952	384	366
	79,064	80,905	8,081	8,423

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****14. Loans and borrowings (continued)****Security**

The secured term loans of the subsidiaries are:

- (i) secured by way of fixed charges over the Group's leasehold land and office buildings (see Note 3); and
- (ii) supported by corporate guarantees from the Company.

The secured term loans of the Company are:

- (i) secured by way of fixed charges over the Company's investment property (see Note 5); and
- (ii) freehold land held by a subsidiary.

Secured bank overdrafts are secured by way of fixed charges over the Group's office building (see Note 3) and are guaranteed by the Company.

Unsecured bank overdrafts and bankers' acceptances are supported by negative pledge executed by subsidiaries and are guaranteed by the Company.

**Significant covenants for the term loans**

*The following is the significant covenant for the term loans applicable to the Group:*

- (i) not to allow any change in the majority shareholders or shareholdings of the majority shareholders without the prior consents of the lenders.

**Finance lease liabilities**

Finance lease liabilities are payable as follows:

	<b>Future minimum lease payments 2015 RM'000</b>	<b>Interest 2015 RM'000</b>	<b>Present value of minimum lease payments 2015 RM'000</b>	<b>Future minimum lease payments 2014 RM'000</b>	<b>Interest 2014 RM'000</b>	<b>Present value of minimum lease payments 2014 RM'000</b>
<b>Group</b>						
Less than one year	952	112	840	1,108	105	1,003
Between one and five years	1,575	120	1,455	1,351	91	1,260
	<b>2,527</b>	<b>232</b>	<b>2,295</b>	<b>2,459</b>	<b>196</b>	<b>2,263</b>
<b>Company</b>						
Less than one year	43	4	39	43	6	37
Between one and five years	67	2	65	110	6	104
	<b>110</b>	<b>6</b>	<b>104</b>	<b>153</b>	<b>12</b>	<b>141</b>

Included in the Group's finance lease liabilities are leases of production equipment amounting to RM1,327,000 (2014: RM1,484,000) expiring from one to five years.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**15. Trade and other payables**

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Trade</b>					
Trade payables		15,030	21,057	–	–
<b>Non-trade</b>					
Amount due to subsidiaries	15.1	–	–	85	429
Other payables	15.2	7,058	7,950	71	–
Accrued expenses	15.3	30,854	26,741	1,247	1,219
		37,912	34,691	1,403	1,648
		52,942	55,748	1,403	1,648

**15.1 Amount due to subsidiaries**

Amount due to subsidiaries are mainly in respect of advances, which are unsecured, interest free (2014: 4%) and repayable on demand.

**15.2 Other payables**

Included in other payables is an amount of RM2,403,521 (2014: RM1,873,610) being advances received for sale of inventories.

**15.3 Accrued expenses**

Included in accrued expenses is an amount of RM947,000 (2014: RM1,554,000) being provision for warranties. The movement is shown below:

	Group	
	2015 RM'000	2014 RM'000
At 1 January	1,554	1,811
Provisions made during the year	947	1,554
Provisions used during the year	(887)	(1,272)
Provisions reversed during the year	(667)	(539)
At 31 December	947	1,554

**Warranties**

The provision for warranties mainly relate to the sale of electrical home appliances. The provision is based on estimates made from historical warranty data associated with similar products and services.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****16. Revenue**

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sales of goods	337,768	319,051	–	–
Management fees	–	–	7,786	6,754
Dividends	–	–	11,814	18,801
	337,768	319,051	19,600	25,555

**17. Finance income**

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
– deposits placed with licensed banks	295	322	67	79
– advances to subsidiaries	–	–	36	55
	295	322	103	134

**18. Finance costs**

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
– term loans	1,415	1,118	405	379
– bank overdrafts	137	80	–	–
– other borrowings	1,908	1,790	6	7
– inter-company advances	–	–	–	5
	3,460	2,988	411	391

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**19. Tax expense**
*Recognised in profit or loss*

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>	<b>2015 RM'000</b>	<b>2014 RM'000</b>
<b>Current tax expense</b>				
Malaysian – current year	3,084	1,937	–	–
– prior year	(205)	(495)	–	554
Overseas – current year	228	608	–	–
– prior year	(386)	168	–	–
	<b>2,721</b>	<b>2,218</b>	<b>–</b>	<b>554</b>
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	33	485	–	–
Under/(Over) provision in prior year	228	(150)	–	–
	<b>261</b>	<b>335</b>	<b>–</b>	<b>–</b>
	<b>2,982</b>	<b>2,553</b>	<b>–</b>	<b>554</b>
<b>Reconciliation of tax expense</b>				
Profit before tax	9,162	14,714	11,100	15,609
Income tax calculated using Malaysian tax rate of 25% (2014: 25%)	2,290	3,679	2,775	3,902
Non-deductible expenses	901	1,354	286	221
Tax exempt income	(150)	(326)	(3,795)	(4,700)
Effect of tax rates in foreign jurisdictions	(967)	(1,006)	–	–
Temporary differences not recognised, net change	1,857	(671)	692	577
Other items	(586)	–	42	–
	<b>3,345</b>	<b>3,030</b>	<b>–</b>	<b>–</b>
(Over)/Under provision in prior year	(363)	(477)	–	554
	<b>2,982</b>	<b>2,553</b>	<b>–</b>	<b>554</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****20. Profit for the year**

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Profit for the year is arrived at after charging:</b>					
Amortisation on:					
– Intangible assets	6	24	20	9	8
– Prepaid lease payments	4	198	199	–	–
Auditors' remuneration:					
Audit fees					
KPMG Malaysia		186	178	31	28
Other auditors		138	114	–	–
Non-audit fees					
KPMG Malaysia		15	13	15	13
Bad debts written off		15	6	–	–
Depreciation on property, plant and equipment	3	4,596	3,937	299	312
Depreciation on investment property	5	61	124	61	124
Loss on disposal of property, plant and equipment		24	–	–	–
Property, plant and equipment written off		–	9	–	–
Impairment loss on trade and other receivables	24.4	3,213	125	–	–
Personnel expenses (including key management personnel):					
– Contributions to Employees' Provident Fund		5,457	5,206	826	813
– Wages, salaries and others		49,109	46,300	6,658	5,992
Rental of premises		5,305	4,393	324	220
Realised foreign exchange loss		2,022	572	88	–
Write-down of inventories	9	817	962	–	–
Provision for warranties	15.3	947	1,554	–	–
<b>and after crediting:</b>					
Dividend income from subsidiaries (unquoted)		–	–	11,814	18,801
Reversal of impairment loss on trade and other receivables	24.4	146	200	–	–
Foreign exchange gain:					
– Realised		946	1,163	–	2
– Unrealised		647	564	107	75
Inter-company management fees	16	–	–	7,786	6,754
Rental income of premises		84	11	84	11
Net fair value gain arising on financial assets:					
– Other investments		186	60	152	29
Gain on disposal of property, plant and equipment		–	154	3,159	–
Reversal of write-down of inventories	9	216	558	–	–
Reversal of provision for warranties	15.3	667	539	–	–

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 21. Earnings per ordinary share

#### *Basic earnings per ordinary share*

The calculation of basic earnings per ordinary share at 31 December 2015 was based on the profit attributable to ordinary shares and a weighted average number of ordinary shares outstanding, calculated as follows:

#### **Profit attributable to ordinary shareholders**

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
Profit for the year attributable to owners of the Company (RM'000)	6,180	12,161
Weighted average number of ordinary shares at 31 December ('000)	40,059	40,059
Basic earnings per ordinary share (sen)	15.43	30.36

#### *Diluted earnings per ordinary share*

Diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares as at the end of the reporting period.

### 22. Dividend

#### **Dividend recognised by the Company:**

	<b>Sen per share</b>	<b>Total amount RM'000</b>	<b>Date of payment</b>
<b>2015</b>			
Interim 2015 ordinary	7.00	2,804	26 October 2015
<b>2014</b>			
Interim 2014 ordinary	10.00	4,006	29 October 2014

### 23. Operating segments

The Group has three 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 Chief Operating Decision Maker ("CODM") (i.e. the Group's Chief Executive Officer) reviews internal management reports at least on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- Investment holding: Includes the holding of investment in subsidiaries
- Trading and service: Includes trading of electrical products and providing general repair and rework services
- Manufacturing : Includes manufacturing and distribution of electrical products

Performance is measured based on segment revenue and profit before tax, finance income, finance costs and tax expense, as included in the internal management reports that are reviewed by the CODM. 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 assets**

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total asset is used to measure the return on assets of each segment.

#### **Segment liabilities**

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the CODM.

#### **Segment capital expenditure**

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, prepaid lease payment, investment property and intangible assets other than goodwill.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****23. Operating segments (continued)**

Group	Investment holding		Trading and service		Manufacturing		Eliminations		Total	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Segment profit</b>										
External revenue										
– Malaysia	–	–	157,236	149,972	14,082	12,121	–	–	171,318	162,093
– Outside Malaysia	–	–	156,297	146,544	10,153	10,414	–	–	166,450	156,958
Total external revenue	–	–	313,533	296,516	24,235	22,535	–	–	337,768	319,051
Inter-segment revenue	19,600	25,555	6,849	8,372	52,934	57,050	(79,383)	(90,977)	–	–
Total segment revenue	19,600	25,555	320,382	304,888	77,169	79,585	(79,383)	(90,977)	337,768	319,051
Segment profit	11,408	15,937	5,722	15,358	8,317	8,012	(13,120)	(21,927)	12,327	17,380
Finance income									295	322
Finance costs									(3,460)	(2,988)
Profit before tax									9,162	14,714
Tax expense									(2,982)	(2,553)
Profit for the year									6,180	12,161
<b>Assets</b>										
Segment assets	9,828	26,099	201,915	184,569	40,105	36,303	–	–	251,848	246,971
Unallocated assets									5,016	5,613
Total assets									256,864	252,584
<b>Liabilities</b>										
Segment liabilities	9,399	9,642	102,380	105,278	20,227	21,733	–	–	132,006	136,653
Unallocated liabilities									2,690	2,748
Total liabilities									134,696	139,401
<b>Capital expenditure</b>										
Capital expenditure	152	101	5,102	13,322	2,069	1,689	–	–	7,323	15,112
Depreciation and amortisation	369	443	2,862	2,295	1,648	1,542	–	–	4,879	4,280

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**23. Operating segments (continued)**
**Geographical segments**

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments and deferred tax assets.

<b>Geographical information Group</b>	<b>Revenue RM'000</b>	<b>Non-current assets RM'000</b>
<b>2015</b>		
Malaysia	171,318	45,431
Singapore	109,280	19,641
United Arab Emirates	41,951	1,728
Other countries	15,219	38
	<b>337,768</b>	<b>66,838</b>
<b>2014</b>		
Malaysia	162,093	49,070
Singapore	93,706	16,865
United Arab Emirates	41,742	1,651
Other countries	21,510	90
	<b>319,051</b>	<b>67,676</b>

**24. Financial instruments**
**24.1 Categories of financial instruments**

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

- (a) Loans and receivables ("L&R");
- (b) Fair value through profit or loss ("FVTPL"):
  - Held for trading ("HFT"); and
- (c) Financial liabilities measured at amortised cost ("FL").

<b>2015</b>	<b>Note</b>	<b>Carrying amount RM'000</b>	<b>L&amp;R/ (FL) RM'000</b>	<b>FVTPL-HFT RM'000</b>
<b>Financial assets</b>				
<b>Group</b>				
Other investments	10	1,477	–	1,477
Trade and other receivables *		65,456	65,456	–
Cash and cash equivalents	12	37,460	37,460	–
		<b>104,393</b>	<b>102,916</b>	<b>1,477</b>
<b>Company</b>				
Other investments	10	1,248	–	1,248
Trade and other receivables *		39,160	39,160	–
Cash and cash equivalents	12	4,530	4,530	–
		<b>44,938</b>	<b>43,690</b>	<b>1,248</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****24. Financial instruments (continued)****24.1 Categories of financial instruments (continued)**

<b>2015</b>	<b>Note</b>	<b>Carrying amount RM'000</b>	<b>L&amp;R/ (FL) RM'000</b>	<b>FVTPL- HFT RM'000</b>
<b>Financial liabilities</b>				
<b>Group</b>				
Loans and borrowings	14	(79,064)	(79,064)	–
Trade and other payables *		(49,591)	(49,591)	–
		(128,655)	(128,655)	–
<b>Company</b>				
Loans and borrowings	14	(8,081)	(8,081)	–
Trade and other payables	15	(1,403)	(1,403)	–
		(9,484)	(9,484)	–
<b>2014</b>				
<b>Financial assets</b>				
<b>Group</b>				
Other investments	10	1,804	513	1,291
Trade and other receivables *		69,333	69,333	–
Cash and cash equivalents	12	39,674	39,674	–
		110,811	109,520	1,291
<b>Company</b>				
Other investments	10	1,096	–	1,096
Trade and other receivables *		15,195	15,195	–
Cash and cash equivalents	12	12,920	12,920	–
		29,211	28,115	1,096
<b>Financial liabilities</b>				
<b>Group</b>				
Loans and borrowings	14	(80,905)	(80,905)	–
Trade and other payables *		(52,320)	(52,320)	–
		(133,225)	(133,225)	–
<b>Company</b>				
Loans and borrowings	14	(8,423)	(8,423)	–
Trade and other payables	15	(1,648)	(1,648)	–
		(10,071)	(10,071)	–

\* Excluding non-financial instrument balances.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 24. Financial instruments (continued)

#### 24.2 Net gains and losses arising from financial instruments:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Net gains/(losses) on:</b>				
Fair value through profit or loss:				
- Held for trading	192	(9)	152	29
Loans and receivables	(2,785)	391	210	134
Financial liabilities measured at amortised cost	(3,890)	(1,833)	(499)	(314)
	(6,483)	(1,451)	(137)	(151)

#### 24.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

#### 24.4 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. 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.

##### 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 monitored on an ongoing basis.

Credit evaluations are performed on all new customers receiving credit over a certain amount to mitigate the exposure to credit risk. Credit exposure of overseas customers is minimal as most of the overseas customers transact via letter of credit, which are guaranteed by banks before the shipment of goods.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts 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 regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of its trade receivables. Any trade receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2015 RM'000	2014 RM'000
Domestic	37,024	36,548
Asia	21,497	23,314
Middle-East	4,372	5,516
	62,893	65,378

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****24. Financial instruments (continued)****24.4 Credit risk (continued)****Receivables (continued)***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:

<b>Group</b>	<b>Gross RM'000</b>	<b>Individual impairment RM'000</b>	<b>Net RM'000</b>
<b>2015</b>			
Not past due	45,008	–	45,008
Past due 0-30 days	6,996	–	6,996
Past due 31-120 days	7,088	(12)	7,076
Past due more than 120 days	8,134	(4,321)	3,813
	<b>67,226</b>	<b>(4,333)</b>	<b>62,893</b>
<b>2014</b>			
Not past due	40,770	–	40,770
Past due 0-30 days	12,820	–	12,820
Past due 31-120 days	7,378	–	7,378
Past due more than 120 days	6,759	(2,349)	4,410
	<b>67,727</b>	<b>(2,349)</b>	<b>65,378</b>

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

	<b>Group</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
At 1 January	2,349	2,430
Impairment loss recognised	3,213	125
Impairment loss reversed	(146)	(200)
Impairment loss written off	(1,216)	(6)
Translation differences	133	–
At 31 December	<b>4,333</b>	<b>2,349</b>

At 31 December 2015, there is a significant individual impairment loss of RM2,036,654 relating to a customer that commenced winding up procedures during the financial year.

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.

**Investments and other financial assets***Risk management objectives, policies and processes for managing the risk*

It is the policy of the Group to maximise the value of its liquid assets through external investments in different asset classes to complement its current businesses. Allowed investment set by the management is RM10 million and any single external investment to the same financial intermediary should not exceed 20% of the allocated fund.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 24. Financial instruments (continued)

#### 24.4 Credit risk (continued)

##### Investments and other financial assets (continued)

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts 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.

The investments and other financial assets are unsecured.

##### Financial guarantees

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

*Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM168,423,000 (2014: RM139,159,000) representing the outstanding banking 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.

##### Inter-company advances

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured advances to subsidiaries. The Company does not have a formal policy for managing credit risk arising from advances to subsidiaries as exposure is not considered significant.

*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 their carrying amounts in the statement of financial position.

Loans and advances are only provided to subsidiaries which are wholly owned by the Company.

*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. The Company does not specifically monitor the ageing of current advances to the subsidiaries.

#### 24.5 Liquidity risk

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

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****24. Financial instruments (continued)****24.5 Liquidity risk (continued)***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:

<b>2015</b>	<b>Carrying amount RM'000</b>	<b>Contractual interest rate/coupon</b>	<b>Contractual cash flows RM'000</b>	<b>Under 1 year RM'000</b>	<b>1 - 2 years RM'000</b>	<b>2 - 5 years RM'000</b>	<b>More than 5 years RM'000</b>
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Secured term loans	30,285	1.88%-8.10%	42,344	2,998	2,998	9,600	26,748
Finance lease liabilities	2,295	2.38%-6.56%	2,527	952	765	810	–
Secured bank overdraft	389	7.60%	389	389	–	–	–
Unsecured bank overdraft	2,012	7.85%-8.85%	2,012	2,012	–	–	–
Unsecured bankers' acceptances	44,083	4.31%-6.50%	44,104	44,104	–	–	–
Trade and other payables*	49,591	–	49,591	49,591	–	–	–
	<b>128,655</b>		<b>140,967</b>	<b>100,046</b>	<b>3,763</b>	<b>10,410</b>	<b>26,748</b>
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Secured term loans	7,977	4.60%-4.90%	11,478	711	711	2,133	7,923
Finance lease liabilities	104	2.38%	110	43	43	24	–
Trade and other payables	1,403	–	1,403	1,403	–	–	–
Financial guarantees	–	–	168,423	168,423	–	–	–
	<b>9,484</b>		<b>181,414</b>	<b>170,580</b>	<b>754</b>	<b>2,157</b>	<b>7,923</b>
<b>2014</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Secured term loans	29,205	1.88%-8.10%	41,713	2,677	2,677	7,688	28,671
Finance lease liabilities	2,263	2.38%-6.56%	2,459	1,108	660	691	–
Secured bank overdraft	772	7.28%	772	772	–	–	–
Unsecured bank overdraft	304	8.10%	304	304	–	–	–
Unsecured bankers' acceptances	48,361	1.63%-5.75%	48,381	48,381	–	–	–
Trade and other payables*	52,320	–	52,320	52,320	–	–	–
	<b>133,225</b>		<b>145,949</b>	<b>105,562</b>	<b>3,337</b>	<b>8,379</b>	<b>28,671</b>
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Secured term loans	8,282	4.60%-4.90%	12,134	711	711	2,133	8,579
Finance lease liabilities	141	2.38%	153	43	43	67	–
Trade and other payables	1,648	–	1,648	1,648	–	–	–
Financial guarantees	–	–	139,159	139,159	–	–	–
	<b>10,071</b>		<b>153,094</b>	<b>141,561</b>	<b>754</b>	<b>2,200</b>	<b>8,579</b>

\* Excluding non-financial instrument balances.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**24. Financial instruments (continued)**
**24.6 Market risk**

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

**24.6.1 Currency risk**

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

*Risk management objectives, policies and processes for managing the risk*

The Group does not hedge its exposure to foreign currency risk. The Group ascertains 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 Board and the management will keep this policy under review and will take necessary action to minimise the exposure of the risk.

*Exposure to foreign currency risk*

The Group'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			
	EUR RM'000	USD RM'000	RM RM'000	Others RM'000
<b>2015</b>				
Trade and other receivables	–	6,321	–	1,006
Loans and borrowings	(3,552)	–	–	–
Trade and other payables	(62)	(7,656)	(434)	(3)
<b>Net exposure</b>	<b>(3,614)</b>	<b>(1,335)</b>	<b>(434)</b>	<b>1,003</b>
<b>2014</b>				
Trade and other receivables	–	678	–	8,561
Loans and borrowings	(6,155)	–	–	–
Trade and other payables	–	(4,050)	(498)	(1,645)
<b>Net exposure</b>	<b>(6,155)</b>	<b>(3,372)</b>	<b>(498)</b>	<b>6,916</b>

*Currency risk sensitivity analysis*

A 10% (2014: 10%) strengthening of Ringgit Malaysia ("RM") against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

Group	Profit or loss	
	2015 RM'000	2014 RM'000
EUR	271	462
USD	100	253
Others	(75)	(519)

A 10% (2014: 10%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****24. Financial instruments (continued)****24.6 Market risk (continued)****24.6.2 Interest rate risk**

The Group's fixed rate deposits and 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. 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 utilises short term borrowings for working capital purposes and borrows term loans to finance capital expenditure. In view of the low interest rate scenario, exposure to fluctuation of interest rate risk is not considered to be significant.

*Exposure to interest rate risk*

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Fixed rate instruments</b>				
Financial assets	4,836	8,412	–	4,032
Financial liabilities	(2,295)	(2,263)	(104)	(141)
	2,541	6,149	(104)	3,891
<b>Floating rate instruments</b>				
Financial liabilities	(76,769)	(78,642)	(7,977)	(8,282)

*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, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. 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) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group		Company	
	Profit or loss		Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
<b>2015</b>				
Floating rate instruments	(576)	576	(60)	60
<b>2014</b>				
Floating rate instruments	(590)	590	(62)	62

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 24. Financial instruments (continued)

#### 24.6 Market risk (continued)

##### 24.6.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

*Risk management objectives, policies and processes for managing the risk*

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the management.

*Equity price risk sensitivity analysis*

This analysis assumes that all other variables remain constant and the Group's equity investments moved in correlation with FTSE Bursa Malaysia KLCI ("FBM KLCI").

A 10% (2014: 10%) strengthening/weakening in FBM KLCI at the end of the reporting period would have insignificant impact to equity and profit or loss respectively.

#### 24.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

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.

2015	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>Group</b>										
<b>Financial assets</b>										
Investment in trust fund	–	1,248	–	1,248	–	–	–	–	1,248	1,248
Investment in quoted shares	229	–	–	229	–	–	–	–	229	229
	229	1,248	–	1,477	–	–	–	–	1,477	1,477
<b>Financial liabilities</b>										
Finance lease liabilities	–	–	–	–	–	–	(2,293)	(2,293)	(2,293)	(2,295)
Secured term loans	–	–	–	–	–	–	(29,096)	(29,096)	(29,096)	(30,285)
	–	–	–	–	–	–	(31,389)	(31,389)	(31,389)	(32,580)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****24. Financial instruments (continued)****24.7 Fair value information (continued)**

2015	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>Company</b>										
<b>Financial assets</b>										
Investment in trust fund	–	1,248	–	1,248	–	–	–	–	1,248	1,248
<b>Financial liabilities</b>										
Finance lease liabilities	–	–	–	–	–	–	(106)	(106)	(106)	(104)
Secured term loans	–	–	–	–	–	–	(7,798)	(7,798)	(7,798)	(7,977)
	–	–	–	–	–	–	(7,904)	(7,904)	(7,904)	(8,081)
<b>2014</b>										
<b>Group</b>										
<b>Financial assets</b>										
Investment in trust fund	–	1,096	–	1,096	–	–	–	–	1,096	1,096
Investment in quoted shares	195	–	–	195	–	–	–	–	195	195
	195	1,096	–	1,291	–	–	–	–	1,291	1,291
<b>Financial liabilities</b>										
Finance lease liabilities	–	–	–	–	–	–	(2,256)	(2,256)	(2,256)	(2,263)
Secured term loans	–	–	–	–	–	–	(28,766)	(28,766)	(28,766)	(29,205)
	–	–	–	–	–	–	(31,022)	(31,022)	(31,022)	(31,468)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**24. Financial instruments (continued)**
**24.7 Fair value information (continued)**

2014	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>Company</b>										
<b>Financial assets</b>										
Investment in trust fund	–	1,096	–	1,096	–	–	–	–	1,096	1,096
<b>Financial liabilities</b>										
Finance lease liabilities	–	–	–	–	–	–	(142)	(142)	(142)	(141)
Secured term loans	–	–	–	–	–	–	(8,167)	(8,167)	(8,167)	(8,282)
	–	–	–	–	–	–	(8,309)	(8,309)	(8,309)	(8,423)

**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.

*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. 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 (2014: no transfer in either directions).

**Level 3 fair value**

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

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

*Financial instruments not carried at fair value*

Type	Description of valuation technique and inputs used
Finance lease liabilities and secured term loans	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

*Valuation processes applied by the Group for Level 3 fair value*

The Group uses discounted cash flows in respect of the measurement of fair values of financial instruments. The management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****25. Capital management**

The Group's objectives when managing capital is to maintain a capital base adequate to 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 complies with debt covenants and regulatory requirements.

The debt-to-equity ratios at 31 December 2015 and at 31 December 2014 were as follows:

	<b>Group</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Total loans and borrowings (Note 14)	79,064	80,905
Less: Cash and cash equivalents (Note 12)	(37,460)	(39,674)
Net debt	41,604	41,231
Total equity	122,168	113,183
Debt-to-equity ratio	0.34	0.36

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

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

**26. Operating leases****Leases as lessee**

Non-cancellable operating lease rentals are payable as follows:

	<b>Group</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Less than one year	2,915	3,435
Between one and five years	2,302	2,972
	5,217	6,407

The Group leases a number of office premises under operating leases. The leases typically run for a period between 1 to 3 years. None of the leases include contingent rent.

**Leases as lessor**

The Group and the Company leases out its investment property (see Note 5). The future minimum lease receivables under non-cancellable leases are as follows:

	<b>Group and Company</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Less than one year	60	-

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**27. Capital and other commitments**

	<b>Group</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
<b>Land and building</b>		
Contracted but not provided for	–	1,631

**28. Contingencies**

	<b>Company</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
<b>Guarantees - unsecured</b>		
Guarantees and contingencies relating to borrowings of subsidiaries	168,423	139,159

**29. Related parties**
**Identity of 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 includes all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationships with its subsidiaries and key management personnel.

**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 of the Company are shown below. The balances related to the transactions below are shown in Notes 11 and 15.

	<b>Company</b>	
	<b>2015 RM'000</b>	<b>2014 RM'000</b>
<b>A. Subsidiaries</b>		
– Management fee income	(7,786)	(6,754)
– Rental expense	294	202
– Interest income on advances	(36)	(55)
– Interest expense	–	5
– Sale of land	(11,000)	–

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****29. Related parties (continued)****Significant related party transactions (continued)**

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>B. Key management personnel</b>				
<b>Directors</b>				
– Remuneration	4,586	4,891	1,672	1,845
– Fees	216	216	216	216
– Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	1,008	777	541	454
	5,810	5,884	2,429	2,515

**30. Significant event during the financial year**

On 5 March 2015, the Company disposed a piece of land with a carrying amount of RM7,841,000 to a subsidiary, Khind Properties Sdn. Bhd. ("KPSB") for a sale consideration of RM11,000,000.

During the financial year, KPSB, which was previously a dormant entity, recommenced its operations and is principally engaged in the business of property development and property investment. KPSB acquired the land with the intention of developing the land into a mixed development comprising commercial and residential properties.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**31. 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 at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings of the Company and its subsidiaries:				
– realised	70,002	68,789	31,147	22,919
– unrealised	1,851	1,219	259	191
	71,853	70,008	31,406	23,110
Less: Consolidation adjustments	2,310	779	–	–
Total retained earnings	74,163	70,787	31,406	23,110

The determination of realised and unrealised profits is based on the Guidance of 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 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 36 to 83 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 position of the Group and of the Company as of 31 December 2015 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 31 on page 84 to the financial statements has been compiled 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.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

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**CHENG KING FA**

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**CHENG PING KEAT**

Kuala Lumpur,

Date: 7 April 2016

**STATUTORY DECLARATION** PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Cheng Ping Keat**, the Director primarily responsible for the financial management of Khind Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 36 to 84 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 7 April 2016.

-----  
**CHENG PING KEAT**

Before me:

**D. SELVARAJ**

W320

Commission for Oaths

Kuala Lumpur, Malaysia

**Report on the Financial Statements**

We have audited the financial statements of Khind Holdings Berhad, which comprise the statements of financial position as at 31 December 2015 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 year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 36 to 83.

*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 31 December 2015 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 subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 7 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 KHIND HOLDINGS BERHAD (CONTINUED)**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 31 on page 84 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 or 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

**Ong Beng Seng**

Approval Number: 2981/05/16(J)  
Chartered Accountant

Petaling Jaya,

Date: 7 April 2016

## STATISTICS ON SHAREHOLDINGS AS AT 31 MARCH 2016

### SUBSTANTIAL SHAREHOLDERS – Based on the Register of Substantial Shareholders as at 31 March 2016

Names of Substantial Shareholders	Direct Interest	Percentage (%)	Deemed/ Indirect Interest	Percentage (%)
1. Kee Hin Ventures Sdn. Bhd.	15,708,837	39.21	–	–
2. Cheng Ping Keat	2,725,720	6.80	15,708,837*	39.21
3. Federlite Holdings Sdn. Bhd.	2,692,600	6.72	–	–
4. Koh Guat Kuan	2,165,199	5.41	–	–
5. Great Partner Industries Limited	–	–	15,708,837@	39.21

Note:

\* Indirect interest by virtue of his shareholdings in Kee Hin Ventures Sdn. Bhd.

@ Indirect interest by virtue of their shareholdings in Kee Hin Ventures Sdn. Bhd.

## ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2016

Authorised Share Capital	:	RM50,000,000.00
Issued and Paid-up Capital	:	RM40,059,000.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights per Share	:	One vote per Ordinary Share
No. of Shareholders	:	1,084

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Issued capital
Less than 100	168	15.50	5,918	0.01
100 – 1,000	146	13.47	94,815	0.24
1,001 – 10,000	639	58.95	2,124,152	5.30
10,001 – 100,000	108	9.96	2,611,887	6.52
100,001 to < 5% of issued shares	19	1.75	11,929,872	29.78
5% and above of issued shares	4	0.37	23,292,356	58.15
<b>Total</b>	<b>1,084</b>	<b>100.00</b>	<b>40,059,000</b>	<b>100.00</b>

**STATISTICS ON SHAREHOLDINGS** AS AT 31 MARCH 2016 (CONTINUED)**THIRTY LARGEST SHAREHOLDERS – per Register of Depositors as at 31 March 2016**

<b>Names of Shareholders</b>	<b>No. of Shares held</b>	<b>% of Issued capital</b>
1. Kee Hin Ventures Sdn. Bhd.	15,371,967	38.37
2. Cheng Ping Keat	2,725,720	6.80
3. Federlite Holdings Sdn. Bhd.	2,692,600	6.72
4. Koh Guat Kuan	2,165,199	5.41
5. Cheng King Fa	1,903,601	4.75
6. Imartech Industries Sdn. Bhd.	1,568,000	3.91
7. BI Nominees (Tempatan) Sdn. Bhd. (Md. Azmi bin Lop Yusof)	1,469,935	3.67
8. Airex Industries Sdn. Bhd.	1,110,667	2.77
9. Cheng Hup	671,869	1.68
10. Cheng Yoke Leng	652,333	1.63
11. Cheng Yoke Kan	607,000	1.52
12. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad [Deutsche Trustees Malaysia Berhad for Hong Leong Consumer Products Sector Fund]	560,000	1.40
13. Teo Kwee Hock	532,600	1.33
14. Lim Ah Dek	466,500	1.16
15. Amsec Nominees (Tempatan) Sdn. Bhd. [Pledged securities account – Ambank (M) Berhad for Lee Ah Lan @ Lee Keok Hooi (SMART)]	460,000	1.15
16. Yayasan Terengganu	400,000	1.00
17. Koh Eng Thye	379,367	0.95
18. Kee Hin Ventures Sdn. Bhd.	336,870	0.84
19. CIMB Group Nominees (Asing) Sdn. Bhd. [Exempt An For DBS Bank Ltd (SFS)]	257,900	0.64
20. Yayasan Kelantan Darulnaim	245,000	0.61
21. JF Apex Nominees (Tempatan) Sdn. Bhd. [Pledged Securities Account for Teo Siew Lai (MARGIN)]	226,300	0.56
22. Soh Chak Boo	155,500	0.39
23. Cheing Boon Ngoun @ Chean Puan In	150,367	0.38
24. Cheng Kin Yet	107,933	0.27
25. Heng Sin Tok	88,333	0.22
26. Perbadanan Kemajuan Negeri Kedah	88,200	0.22
27. Khind Industries Sdn. Bhd.	86,500	0.22
28. Hoon Choo	83,700	0.21
29. Public Nominees (Tempatan) Sdn. Bhd. [Pledged securities account for Ooi Kin Chong @ Ooi Kin Chong (E-SPI/ASR)]	79,000	0.20
30. Chan Tuck Kwai	66,841	0.17
	<b>35,709,802</b>	<b>89.15</b>

## DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2016

Pursuant to Section 134(12)(c) of the Companies Act 1965, the Directors' shareholdings/interest and their deemed interest via their spouses and children are as follows:-

Names of Directors	Direct Shareholdings	Percentage (%)	Indirect Shareholdings	Percentage (%)	Deemed Interest	Percentage (%)
1. Cheng King Fa	1,903,601	4.75	–	–	1,304,124 <sup>#</sup>	3.26
2. Cheng Ping Keat	2,725,720	6.80	15,708,837 <sup>*</sup>	39.21	2,165,199 <sup>^</sup>	5.41
3. Lee Ah Lan @ Lee Keok Hooi	460,000	1.15	–	–	–	–
4. Kamil Bin Datuk Hj. Abdul Rahman	–	–	–	–	–	–
5. Wong Chin Mun	–	–	–	–	–	–

Note:

<sup>#</sup> Deemed interest by virtue of his spouse and children's direct shareholdings.

<sup>\*</sup> Indirect interest by virtue of his shareholdings in Kee Hin Ventures Sdn. Bhd.

<sup>^</sup> Deemed interest by virtue of his spouse's direct shareholdings.

**LIST OF PROPERTIES HELD BY THE GROUP AS AT 31 DECEMBER 2015**

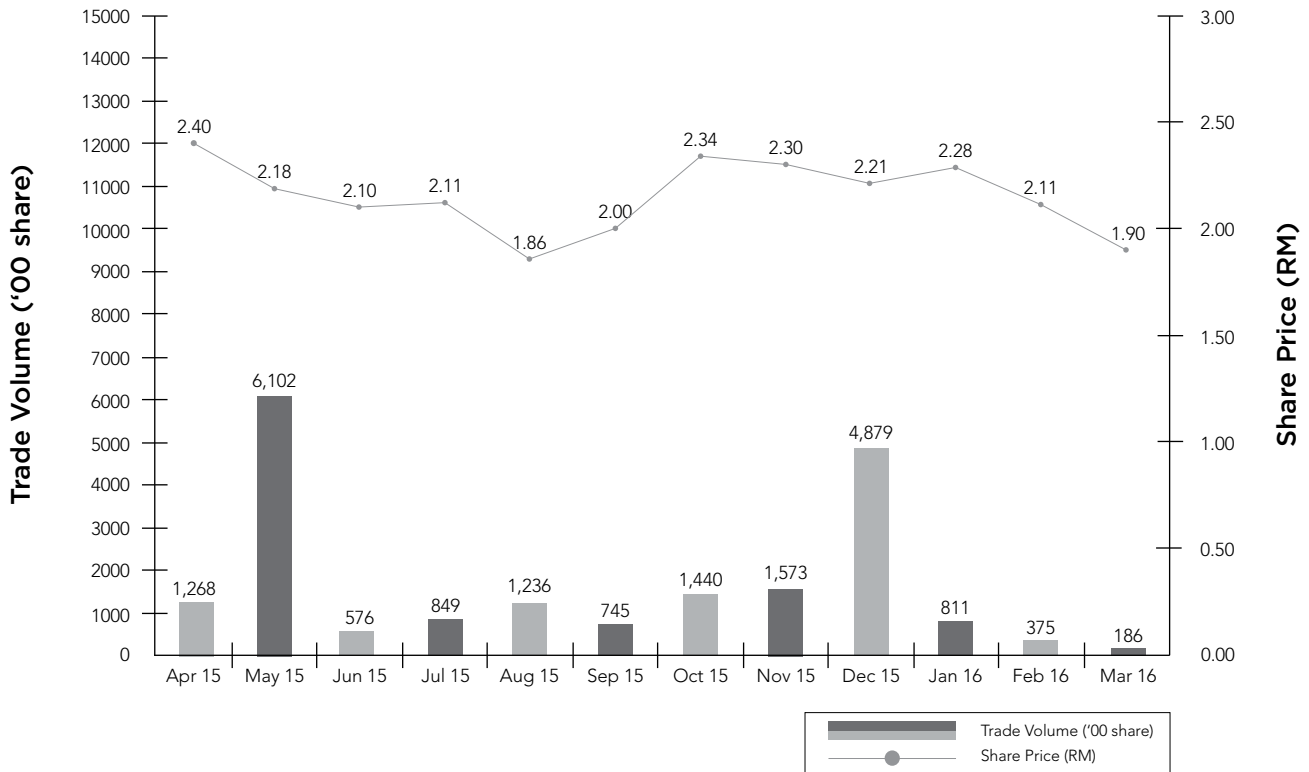
Location/Address	Built-up (sq. feet)	Tenure	Existing use of Properties	Date of Acquisition/ Completion	Approx. age (years)	Net Book Value @ 31.12.2015 (RM'000)
PT124 No. 2 Jalan Perusahaan 2 Off Jalan Bernam 45400 Sekinchan Selangor Darul Ehsan	192,853	Leasehold 99 years expiring on 2102	Factory, warehouse and office for Khind-Mistral Industries Sdn. Bhd.	(Land) 24.01.1989  (Building) 15.01.1991 - 01.07.1998	26 years  17 - 24 years	2,631  6,694
Lot 8243-8245, No. 15-17 Lee Chong Lin Industrial Estate Jalan Pending 93450 Kuching, Sarawak	7,084	Leasehold 60 years expiring on 2045	Office, service centre and warehouse for Khind-Mistral (Borneo) Sdn. Bhd.	(Lot 8243) 31.03.1993 (Lot 8245) 19.08.1995	22 years  20 years	503
Lot 160 Sublot 2180-2181 Block 3 Piasau Industrial Estate 98000 Miri, Sarawak	8,241	Expiring on 2053	Office, service centre and warehouse for Khind-Mistral (Borneo) Sdn. Bhd.	10.09.2004	11 years	686
Lot Pt 2531 held under HS(D) 1854 Pekan Bagan Nakhoda Omar District of Sabak Bernam Selangor	832,911	Leasehold 60 years expiring on 2064	Industrial land presently planted with oil palm	18.11.2008	7 years	436
Lot 3, 4, 5, 6 Mogoputi Industrial Park Kota Kinabalu, Sabah	11,040	Leasehold 99 years expiring on 2097	Office, service centre and warehouse for Khind-Mistral (Borneo) Sdn. Bhd.	10.08.2000	15 years	1,428
Lot 1214, Section 66 Jalan Perbadanan Off Bintawa Industrial Estate 93450 Kuching Sarawak	45,951	Leasehold expiring on 2056	Office, service centre and warehouse for Khind-Mistral (Borneo) Sdn. Bhd.	09.09.2014	2 years	4,785
Plot 120, Bandar Perda held under HS(D) 121 No. PT123, Mukim 7 Daerah Seberang Prai Tengah, Penang	3,670	Freehold	Branch office and service centre for Khind-Mistral (M) Sdn. Bhd.	05.05.1999	16 years	402
PT No. 17671 held under HS(D) 142726 No. 2, Jalan Astaka U8/82 Seksyen U8, Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	25,112	Freehold	Office, service centre and showroom for Khind- Mistral (M) Sdn. Bhd. Khind Alliances Sdn. Bhd. and export office for Khind-Mistral Industries Sdn. Bhd.	12.03.1999	16 years	3,241
Lot 64240 No.4 Jalan Astaka U8/82 Seksyen U8 Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	18,621	Freehold	Office for Khind Holdings Berhad	20.08.2000	15 years	1,998

**LIST OF PROPERTIES HELD BY THE GROUP AS AT 31 DECEMBER 2015 (CONTINUED)**

Location/Address	Built-up (sq. feet)	Tenure	Existing use of Properties	Date of Acquisition/Completion	Approx. age (years)	Net Book Value @ 31.12.2015 (RM'000)
71 Ubi Crescent #06-01, #06-02 #06-03, #06-04 Excalibur Centre Singapore 408571	9,784	Leasehold 60 years expiring on 2057	Office, service centre and showroom for Mistral (Singapore) Pte. Ltd. and Mayer Marketing Pte. Ltd.	30.01.2013	3 years	12,379
71 Ubi Crescent #06-09 Excalibur Centre Singapore 408571	2,799	Leasehold 60 years expiring on 2057	Office, service centre and showroom for Mistral (Singapore) Pte. Ltd. and Mayer Marketing Pte. Ltd.	26.08.2014	2 years	4,147
Lot 745, Block 16 Kuching Central Land District	59,125	Leasehold expiring on 2025	Vacant land	28.04.2010	6 years	1,901
Flat No: G11 & G12 Discovery Gardens MOGUL 226 Dubai, UAE	2,002	Freehold	Apartments for staff accommodations	12.05.2010	6 years	532
Unit 108 Autumn 1 Jumeirah Village Circle Dubai, UAE	953	Freehold	Apartments for staff accommodations	22.05.2014	2 years	915
No.2A Jalan Astaka U8/84A Seksyen U8 Bukit Jelutong 40150 Shah Alam	5,339	Freehold	Semi detached factory building renting out to generate income	15.01.2010	6 years	2,905
PT 7725 held under HS(D) 204098 Mukim of Bukit Raja Daerah Petaling Selangor Darul Ehsan	65,340	Freehold	Vacant land	01.06.2010	6 years	7,841
No.45 & 45A Bercham Bistari 5 Medan Bercham Bistari 31400 Ipoh, Perak	3,080	Leasehold 99 years expiring on 2112	Branch Office, service centre for Khind-Mistral (M) Sdn. Bhd.	03.03.2015	1 year	637
No.377M & M1 Jalan Melor 1/1 Taman Peringgit Jaya 75400 Melaka	3,120	Leasehold 99 years expiring on 2076	Branch Office, service centre for Khind-Mistral (M) Sdn. Bhd.	19.03.2015	1 year	359
No.89, Jalan Teratai 10 Taman Johor Jaya, 81100 Johor Bahru, Johor	2,926	Freehold	Branch Office, service centre for Khind-Mistral (M) Sdn. Bhd.	11.02.2015	1 year	628

## INVESTORS' INFORMATION

### MONTHLY SHARE PRICE AND TRADE VOLUME



### PER SHARE INFORMATION

	As at 31 December					
	2015	2014	2013	2012	2011	2010
Earning per share (sen)	15.43	30.36	40.53	26.48	19.64	20.76
Gross Dividend per share (sen)	7.00	10.00	10.00	6.00	7.00	9.00
Net Dividend per share (sen)	7.00	10.00	10.00	6.00	7.00	7.25
Dividend Pay Out Ratio (%)	45.40	32.94	24.67	22.66	35.64	34.92
Dividend Yield (%)	3.17	4.33	3.61	4.51	5.38	5.70
Net Assets per share (RM)	3.05	2.83	2.60	2.27	2.05	1.91

### SHARE CAPITAL INFORMATION

Price at 31-03-2016	: RM1.90
Market Capitalisation at 31-03-2016	: RM76.11 million
Share Prices	: Highest RM2.69 on 13-05-2015 : Lowest RM1.86 on 28-08-2015
Daily Trade Volume	: Highest 2,360 : Lowest 0

## KHIND GROUP OFFICES AND ADDRESSES

### PENINSULAR MALAYSIA

#### CORPORATE HEADQUARTER

- **Khind Holdings Berhad (380310-D)**

No. 2, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong,  
40150 Shah Alam, Selangor Darul Ehsan, Malaysia

**Tel:** 603-7839 2000  
**Fax:** 603-7847 5301  
**Email:** enquiry@khind.com

#### BUSINESS OFFICE, SALES & MARKETING OPERATIONS

- **Khind-Mistral (M) Sdn Bhd (442421-A)**

No. 2, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong,  
40150 Shah Alam, Selangor Darul Ehsan, Malaysia

**Tel:** 603-7839 2000  
**Fax:** 603-7845 6300 / 603-7847 5300  
**Email:** km.enquiry@khind.com

#### BRANCH OFFICES

##### Perak

No. 44, Persiaran Bercham Selatan 2,  
Taman Desa Kencana, 31400 Bercham, Ipoh, Perak

**Tel:** 605-545 6778 / 605-548 2991  
**Fax:** 605-549 6779 / 605-548 5991  
**Email:** kmm.ipo@khind.com

##### Penang

No. 2, Jalan Perda Timur, Bandar Perda,  
14000 Bukit Mertajam, Pulau Pinang

**Tel:** 604-537 2803 / 604-537 2804 / 604-537 2703  
**Fax:** 604-537 0807 / 604-537 2702  
**Email:** kmm.bmo@khind.com

##### Melaka

No. 377M & M1, Jalan Melor 1/1,  
Taman Peringgit Jaya, 75400 Melaka

**Tel:** 606-281 5717 / 606-281 5723  
**Fax:** 606-281 5849  
**Email:** kmm.mko@khind.com

##### Pahang

No. A63, Lorong Setali 2, Air Putih,  
25300 Kuantan, Pahang

**Tel:** 609-568 9711  
**Fax:** 609-568 9712  
**Email:** kmm.kto@khind.com

##### Johor

No. 89, Jln Teratai 10, Taman Johor Jaya,  
81100 Johor Bahru, Johor

**Tel:** 607-355 8991  
**Fax:** 607-353 8992  
**Email:** kmm.jbo@khind.com

##### Kelantan

Lot 2637, Jalan Sultan Yahya Petra,  
Kampung Lundang, 15150 Kota Bahru, Kelantan

**Tel:** 609-744 8900  
**Fax:** 609-744 5900  
**Email:** kmm.kbo@khind.com

- **Khind-Mistral Industries Sdn Bhd (213282-V)**

##### Factory

No. 2, Jalan Perusahaan 2, Off Jalan Bernam,  
45400 Sekinchan, Selangor Darul Ehsan, Malaysia

**Tel:** 603-3241 1991  
**Fax:** 603-3241 1500  
**Email:** kmi.enquiry@khind.com

- **Khind Alliances Sdn Bhd (811092-W)**

No. 2, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong,  
40150 Shah Alam, Selangor Darul Ehsan, Malaysia

**Tel:** 603-7839 2000  
**Fax:** 603-7845 6300 / 603-7847 5300  
**Email:** kas.inquiry@khind.com

- **Khind Electrical (Malaysia) Sdn Bhd (84527-A)**

No. 35, Persiaran Industri, Bandar Sri Damansara,  
52200 Kuala Lumpur, Malaysia

**Tel:** 603-6276 8732  
**Fax:** 603-6272 1137  
**Email:** kemy.enquiry@khind.com

##### Penang Branch Office

18-17-E, Gurney Tower, Persiaran Gurney, 10250 Penang

**Tel:** 604-229 9394  
**Fax:** 604-226 6390  
**Email:** kemy.penang@khind.com

**KHIND GROUP OFFICES AND ADDRESSES (CONTINUED)****EAST MALAYSIA**

- **Khind-Mistral (Borneo) Sdn Bhd (234614-W)**

No. 15, Lee Chong Lin Industrial Estate,  
Jalan Pending, 93450 Kuching Sarawak

**Tel:** 6082-338 511  
**Fax:** 6082-339 039  
**Email:** kmb.enquiry@khind.com

**BRANCH OFFICES****Miri**

Lot 160, Sub Lot 2180-2181, Block 3,  
Piasau Industrial Estate, 98000 Miri, Sarawak

**Tel:** 6085-662 533

**Fax:** 6085-654 933

**Email:** kmb.enquiry@khind.com

**Tawau**

TB 4315, Block 31 Lot 2, 3rd Floor Fajar Complex,  
Jalan Merdeka 2, 91000 Tawau, Sabah

**Tel:** 6089-763 100

**Fax:** 6089-763 100

**Email:** kmb.enquiry@khind.com

**Kota Kinabalu**

Lot 3-6, Mogoputi Industrial Park,  
Jalan Penampang KM 8, 89500 Kota Kinabalu, Sabah

**Tel:** 6088-718 117

**Fax:** 6088-716 637

**Email:** kmb.enquiry@khind.com

**OVERSEAS**

- **Khind Middle East FZE (01020)**

FZS 1AA05, Jebel Ali Free Zone, P.O.Box 261569,  
Dubai, United Arab Emirates

**Tel:** 00-9714-886 0492  
**Fax:** 00-9714-886 0493  
**Email:** kme.enquiry@khind.com

- **Mistral (Singapore) Pte Ltd (200106472-H)**

71 Ubi Crescent, #06-01, Excalibur Centre,  
Singapore 408571

**Tel:** 65-6346 5233 / 65-6346 5122  
**Fax:** 65-6346 5560  
**Email:** mspl.enquiry@khind.com

- **Mayer Marketing Pte Ltd (198701251D)**

71 Ubi Crescent, #06-04, Excalibur Centre,  
Singapore 408571

**Tel:** 65-6542 8383 / 65-6542 6868  
**Fax:** 65-6543 5152  
**Email:** mayer.enquiry@khind.com

- **Khind Systems (Singapore) Pte Ltd (196400399W)**

- **Khind Electrical & Environmental (Singapore) Pte Ltd (198000887M)**

5, Penjuru Close, #03-00,  
Singapore 608600

**Tel:** 65-6862 3777  
**Fax:** 65-6862 8628  
**Email:** kssg.sales@khind.com / kesg.sales@khind.com

- **Khind Electrical (Hong Kong) Limited (79949)**

Unit D, 5/F, World Tech Centre, No. 95,  
How Ming Street, Kwun Tong, Kowloon, Hong Kong

**Tel:** 00-852-2833 6966  
**Fax:** 00-852-2838 0724  
**Email:** kehk.sales@khind.com

**QUALITY ASSURANCE UNIT****Representative Office in P.R.C.**

Room 303, No. 13 Building, Changcheng, Foshan City,  
Guangdong, P.R.China 528000

**Tel:** +86 757-8333 4980  
**Fax:** +86 757-8399 1493  
**Email:** fskhind@163.com

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twentieth Annual General Meeting of **KHIND HOLDINGS BERHAD** will be convened at Conference Room, Second Floor, No. 2, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan on Monday, 30 May 2016 at 10.00 a.m. to transact the following matters:-

### **As Ordinary Business**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 and the Reports of the Directors and Auditors thereon. (Please see Note 1 of Explanatory Notes on Ordinary Business)
2. To re-elect Cheng Ping Keat who retires by rotation pursuant to Article 100 of the Company's Articles of Association. (Resolution 1)
3. To approve the Directors' Fees of RM216,000 for financial year ending 31 December 2016. (Resolution 2)
4. To appoint Auditors and to authorise the Directors to fix their remuneration.  
Notice of Nomination pursuant to Section 172(11) of the Companies Act 1965, a copy of which is annexed hereto and marked "Annexure A" has been received by the Company for the nomination of Messrs RSM Malaysia, who have given their consent to act, for appointment as Auditors, and of the intention to move the following motion to be passed as an Ordinary Resolution:-  
"THAT Messrs RSM Malaysia, having consented to act, be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs KPMG, and to hold office until the conclusion of the next Annual General Meeting AND THAT the Directors be authorised to determine their remuneration." (Resolution 3)

### **As Special Business**

5. To consider and if thought fit, pass the following resolution pursuant to Section 129(6) of the Companies Act 1965:-  
"THAT Cheng King Fa who is over the age of seventy years and retiring in accordance with Section 129(2) of the Companies Act 1965 be and is hereby re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company." (Resolution 4)
6. To consider and if thought fit, pass the following resolution pursuant to Section 129(6) of the Companies Act 1965:-  
"THAT Wong Chin Mun who is over the age of seventy years and retiring in accordance with Section 129(2) of the Companies Act 1965 be and is hereby re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company." (Resolution 5)
7. To consider and if thought fit, pass the following resolution pursuant to Section 129(6) of the Companies Act 1965:-  
"THAT Lee Ah Lan @ Lee Keok Hooi who is over the age of seventy years and retiring in accordance with Section 129(2) of the Companies Act 1965 be and is hereby re-appointed as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company." (Resolution 6)

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

8. **Ordinary Resolution**  
– **Authority for Directors to issue shares pursuant to Section 132D of the Companies Act 1965**  
"THAT subject always to the Companies Act 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act 1965, to issue shares in the Company from time to time 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 issued pursuant to this Resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being.  
THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." (Resolution 7)

**NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)****9. Ordinary Resolution****– Continuing in office as an Independent Non-Executive Director**

“THAT authority be and is hereby given to Kamil Bin Datuk Hj. Abdul Rahman who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, to continue to serve as an Independent Non-Executive Director of the Company.”

(Resolution 8)

10. To transact any other business for which due notice shall have been given in accordance with the Companies Act 1965.

**By Order of the Board****KUAN HUI FANG (MIA 16876)****WONG WAI FOONG (MAICSA 7001358)**

Kuala Lumpur

29 April 2016

**Notes:**

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, vote and speak in his/her place. A proxy may but need not be a member of the Company and a member may appoint not more than 2 proxies. The provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply.
2. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. 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.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Company’s Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the Meeting or any adjournment thereof.
6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 23 May 2016. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, vote and speak on his/her behalf.

**Explanatory Notes on Ordinary Business**

1. Agenda item no. 1 is meant for discussion only as the provision of Section 169(1) of the Companies Act 1965 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

**Explanatory Notes on Special Business****Resolution 4:-**

The re-appointment of Cheng King Fa, a person over the age of 70 years as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company shall take effect if this proposed Resolution is passed by a majority of not less than three-fourths ( $\frac{3}{4}$ ) of such members as being entitled to vote in person or, where proxies are allowed, by proxy, at a general meeting of which not less than 21 days’ notice specifying the intention to propose the resolution has been duly given.

## NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

### Explanatory Notes on Special Business (continued)

#### Resolution 5:-

The re-appointment of Wong Chin Mun, a person over the age of 70 years as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company shall take effect if this proposed Resolution is passed by a majority of not less than three-fourths ( $\frac{3}{4}$ ) of such members as being entitled to vote in person or, where proxies are allowed, by proxy, at a general meeting of which not less than 21 days' notice specifying the intention to propose the resolution has been duly given.

#### Resolution 6:-

The re-appointment of Lee Ah Lan @ Lee Keok Hooi, a person over the age of 70 years as Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company shall take effect if this proposed Resolution is passed by a majority of not less than three-fourths ( $\frac{3}{4}$ ) of such members as being entitled to vote in person or, where proxies are allowed, by proxy, at a general meeting of which not less than 21 days' notice specifying the intention to propose the resolution has been duly given.

#### Resolution 7:-

This proposed Resolution is proposed pursuant to Section 132D of the Companies Act 1965, and if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue shares in the Company up to and not exceeding in total ten per cent (10%) of the issued and paid-up share capital of the Company for such purposes as the Directors deem fit and in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

This proposed Resolution is a renewal of the previous year's mandate. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 27 May 2015 and will lapse at the conclusion of the Twentieth Annual General Meeting.

#### Resolution 8:-

The Board has assessed the independence of Kamil Bin Datuk Hj. Abdul Rahman, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:-

- a. he fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Thus, he would be able to function as a check and balance and bring an element of objectivity to the Board;
- b. his area of specialisation in corporate governance, corporate finance and risk management would provide the Board with an independent judgement to better manage and run the Group;
- c. he has a good understanding of the Group's business operations;
- d. he has devoted sufficient time and attention to his professional obligations for informed and balanced decision making; and
- e. he has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and carried out his duties in the best interest of the Company and shareholders.

## **STATEMENT ACCOMPANYING** THE NOTICE OF ANNUAL GENERAL MEETING

### **STATEMENT ACCOMPANYING THE NOTICE OF THE TWENTIETH (20TH) ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

#### **Details of the Directors standing for re-appointment**

The details of Cheng King Fa, Wong Chin Mun and Lee Ah Lan @ Lee Keok Hooi who are standing for re-appointment as Directors pursuant to Section 129 of the Companies Act 1965 are disclosed on pages 10 and 11.

**KEE HIN VENTURES SDN BHD** (429373 U)  
(Incorporated in Malaysia)

Registered Office: Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3,  
Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur  
Tel: 03-2783 9191 Fax: 03-2783 9111

24 March 2016

The Board of Directors  
Khind Holdings Berhad  
No. 2, Jalan Astaka U8/82  
Bukit Jelutong 40150  
Shah Alam, Selangor

Dear Sirs,

**RE: NOTICE OF NOMINATION OF MESSRS RSM MALAYSIA AS AUDITORS IN PLACE OF THE RETIRING AUDITORS,  
MESSRS KPMG**

Pursuant to Section 172 (11) of the Companies Act 1965, we, being the substantial shareholder of Khind Holdings Berhad ("the Company"), hereby give notice of our intention to nominate Messrs RSM Malaysia for appointment as Auditors of the Company in place of the retiring Auditors, Messrs KPMG and propose the following Ordinary Resolution for tabling at the forthcoming Annual General Meeting of the Company to be convened at a date to be determined by the Board of Directors:-

**"ORDINARY RESOLUTION  
- APPOINTMENT OF NEW AUDITORS IN PLACE OF THE RETIRING AUDITORS**

THAT Messrs RSM Malaysia, having consented to act, be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs KPMG, and to hold office until the conclusion of the next Annual General Meeting AND THAT the Directors be authorised to determine their remuneration."

Yours faithfully,

SIGNED

**CHENG PING KEAT**  
Director

**FORM OF PROXY**

No. of shares held

CDS Account No.													
-	-												

\*I/We \_\_\_\_\_ Tel: \_\_\_\_\_  
[Full name in block, NRIC/Company No.]

of \_\_\_\_\_

being member(s) of Khind Holdings Berhad, hereby appoint:-

Full Name ( <i>in Block</i> )	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or (delete as appropriate)

Full Name ( <i>in Block</i> )	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairman of the Meeting as \*my/our proxy/proxies to attend and vote for \*me/us and on \*my/our behalf at the Twentieth Annual General Meeting of the Company to be held at Conference Room, Second Floor, No. 2, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan on Monday, 30 May 2016 at 10.00 a.m. and at any adjournment thereof, and to vote as indicated below:-

ORDINARY RESOLUTION		FOR	AGAINST
1.	Re-election of Cheng Ping Keat		
2.	Approval of Directors' Fees		
3.	Appointment of Messrs RSM Malaysia in place of the retiring Auditors, Messrs KPMG and authority to the Directors to fix their remuneration		
4.	Re-appointment of Cheng King Fa as Director		
5.	Re-appointment of Wong Chin Mun as Director		
6.	Re-appointment of Lee Ah Lan @ Lee Keok Hooi as Director		
7.	Authority for Directors to issue shares pursuant to Section 132D of the Companies Act 1965		
8.	Kamil Bin Datuk Hj. Abdul Rahman to continue in office as an Independent Non-Executive Director		

[Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.]

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016

\_\_\_\_\_  
Signature of Shareholder/Common Seal

NOTES:

- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, vote and speak in his/her place. A proxy may but need not be a member of the Company and a member may appoint not more than 2 proxies. The provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply.
- Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991, it may appoint not more than 2 proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- 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.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the Meeting or any adjournment thereof.
- For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 23 May 2016. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, vote and speak on his/her behalf.

*please fold here*

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Affix  
Stamp

The Share Registrar  
**Khind Holdings Berhad**  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No.8 Jalan Kerinchi  
59200 Kuala Lumpur

---

*please fold here*





**Khind Holdings Berhad** (380310-D)  
No. 2, Jalan Astaka U8/82, Bukit Jelutong,  
40150 Shah Alam, Selangor Darul Ehsan, Malaysia.  
Tel: 603-7839 2000 Fax: 603-7847 5301  
[www.khind.com](http://www.khind.com)