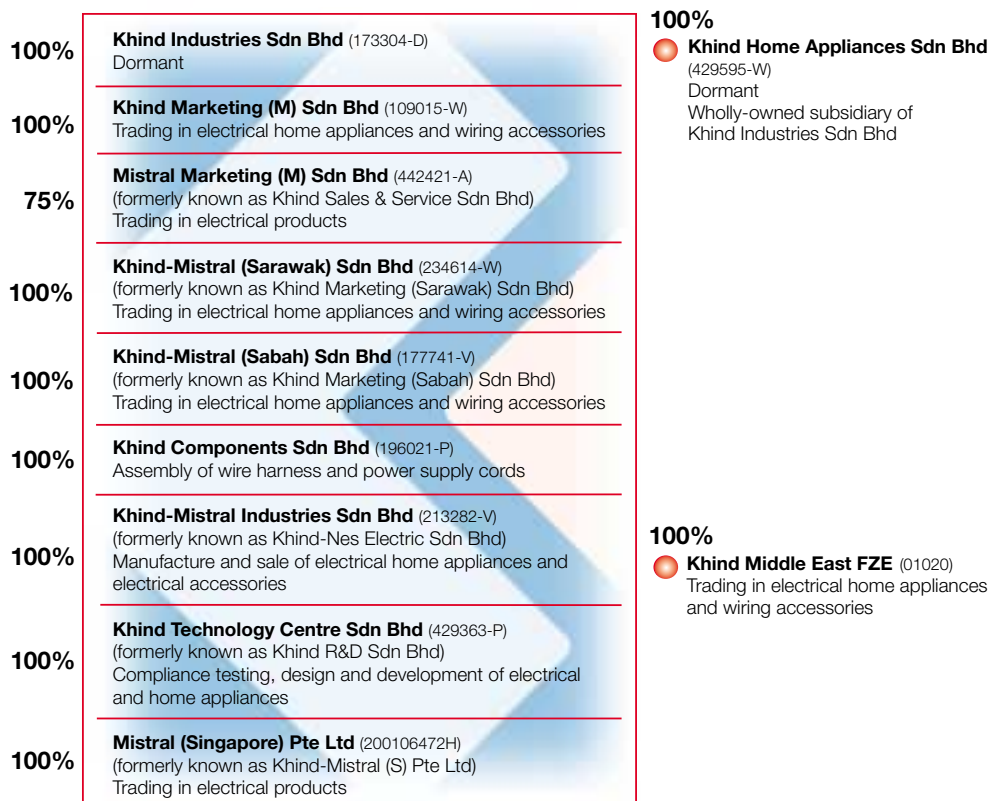


Corporate Structure



Corporate Information

- | | | | |
|---------------------------|---|----------------------|--|
| 1. Registered Office | : No.2, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor.
Tel: 603-7847 1900
Fax: 603-7845 4560 | 6. External Auditors | : KPMG
Chartered Accountants
(AF 0758) |
| 2. Website Address | : www.khind.com
www.mistral.com.my | 7. Internal Auditors | : Deloitte Enterprise Risk Services Sdn. Bhd. |
| Email Address | : khb@khind.com | | |
| 3. Share Registrars | : PFA Registration Services Sdn. Bhd. Level 13, Uptown 1, No.1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor.
Tel: 603-7725 4888
Fax: 603-7722 2311 | 8. Principal Bankers | : Citibank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Public Bank Berhad
Ambank Berhad
United Overseas Bank (M) Berhad |
| 4. Company Secretaries | : Kam Kooi Hua (MACS 00152)
Khoo Guan Kiat (MIA 20886) | 9. Solicitors | : Ong & Partnership
Shearn Delamore & Co
K.T. Tan & Co
Edward Soo & Co
Khor, Anuar & Khong |
| 5. Stock Exchange Listing | : Second Board of Bursa Malaysia Securities Berhad (Bursa Securities) | | |



1. MR. CHENG KING FA – 66 years, Malaysian.
- Founder/Chairman

Mr. Cheng King Fa is the Founder of the KHIND group, which commenced as a small family business 44 years ago. Under his vision and guidance, the business has grown into one of Malaysia's leading local electrical products manufacturer. With more than 40 years 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 20th April 1998 prior to the Company's listing on the Second Board of Bursa Malaysia Securities Bhd on 12th August 1998. On 1st March 2005, he was re-designated as Founder /Chairman.

He is a major shareholder of Kee Hin Ventures Sdn. Bhd.(429373-U), the ultimate holding company of KHIND. He is the father of Mr. Cheng Ping Keat. In 2004, he attended all the six meetings held by the Board.

He has no convictions for any offence within the past ten (10) years and has no conflict of interest with KHIND, other than those disclosed in the 2004 financial statements in respect of related party transactions.

He has a direct interest of 1,750,420 shares (4.37%) in KHIND and an indirect interest of 20,007,737 shares (49.95%) via Kee Hin Ventures Sdn. Bhd. (429373-U).



2. MR. CHENG PING KEAT – 44 years, Malaysian.
- Group Chief Executive Officer

Mr. Cheng Ping Keat was appointed Executive Director of KHIND on 20th 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 exposure, 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 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 is a Director and major shareholder of Kee Hin Ventures Sdn. Bhd. (429373-U), KHIND's ultimate holding company. He is the son of Mr. Cheng King Fa and the only Executive member of the Audit Committee since 10th August 1998.

He has no convictions for any offence within the past ten (10) years and has no conflict of interest with KHIND, other than those disclosed in the 2004 financial statements in respect of related party transactions. In 2004, he attended all the six meetings of the Board.

He has an indirect interest of 20,007,737 shares via Kee Hin Ventures Sdn. Bhd. (429373-U), which owns a 49.95% stake in KHIND.

Mr. Cheng Ping Keat will retire pursuant to Article 100 of the Company's Articles of Association and will seek re-election at KHIND's Ninth (9th) Annual General Meeting.



3. MDM. TAN LAY KUAN @ TAN LAY WAH – 58 years, Malaysian.
- Independent Director

Mdm. Tan Lay Wah has been an Independent Non-Executive Director of KHIND since 20th April 1998. She is highly experienced in company secretarial practice and management consultancy and specializes in industrial management, corporate finance and development of manufacturing industries. She is currently Founder/Executive Director of Champion Die-Casting Sdn. Bhd.– a company involved in the manufacture and trading of zinc and aluminium with high pressure moulded die-casting products.

She has no family relationship with any director and/or major shareholder of KHIND, no conflict of interest with KHIND and has no convictions for any offence within the past ten years.

She has been an independent member of the Audit Committee since 10th August 1998 and is also a member of the Nomination and Remuneration Committee formed on 15th November 2001. She attended five of the six meetings of the Board in 2004.

She has a direct interest of 13,333 shares (0.03%) in KHIND.



4. MR. MD. AZMI BIN LOP YUSOF – 50 years, Malaysian.
- Non-independent / Non-executive Director

Mr. Md. Azmi bin Lop Yusof was appointed a Non-independent / Non-Executive Director of KHIND on 20th April 1998. He obtained a Diploma in Agriculture from Kolej Pertanian Malaysia in 1975 and graduated with a degree in Agricultural Business from Louisiana State University, USA in 1979. He is a former State Assemblyman for Terengganu and also sits on the board of some private limited companies.

He has no family relationship with any Director but is a major shareholder of KHIND. He is also a member of the Nomination and Remuneration Committee. He has no conflict of interest with KHIND and has no convictions for any offence within the past ten years. He attended all the six meetings of the Board in 2004.

He has beneficial interests in 1,556,935 shares (3.89%) and 484,539 shares (1.21%), of KHIND - which are pledged to Maju Nominees (Tempatan) Sdn. Bhd. and Mayban Nominees (Tempatan) Sdn. Bhd. respectively.



**5. MR. NORDIN BIN MOHAMAD DESA – 49 years, Malaysian.
- Independent Director**

Mr. Nordin bin Mohamad Desa became an Independent Non-Executive Director of KHIND on 20th April 1998 and has been the Chairman of the Audit Committee since its inception on 10th August 1998. He graduated with a Bachelor of Science in Electrical and Electronic Engineering degree from the University of Leeds, UK in 1979. He obtained a Master of Business Administration degree from the University of Hull, UK in 1993. Encik Nordin started his career as an Engineer with Jabatan Telekom Malaysia from 1979 to 1985. He then served as a Technical Manager with Ericsson Telecommunication

Sdn Bhd from 1985 to 1990. He later became the Engineering Manager of Perkom Sdn. Bhd. and was with the company from 1990 to 1992.

In 1992, He joined Malaysian Technology Development Corporation Sdn. Bhd. - a government-initiated company established to promote technology based industries, provide venture capital, as well as commercialize indigenous R&D. He held several senior managerial positions in the company and was its Senior General Manager when he left at the end of 2001. He is now an independent business and technology consultant.

He has no family relationship with any Director and /or major shareholder of KHIND, no conflict of interest with KHIND and has no convictions for any offence for the past ten (10) years. He attended all the six meetings of the Board in 2004.

He has a direct interest of 13,333 shares (0.03%) in KHIND.

Mr. Nordin bin Mohamad Desa will retire pursuant to Article 100 of the Company's Articles of Association and will seek re-election at KHIND's Ninth (9th) Annual General Meeting.



**6. MR. LEE AH LAN @ LEE KEOK HOOI – 58 years, Malaysian.
- Non-independent / Non-executive Director**

Mr. Lee Keok Hooi was appointed as a Non-independent /Non-Executive Director of KHIND on 26 March 1999. He graduated from the University of Western Australia in 1973 with a Bachelor of Commerce degree in Accounting. He is an Associate Member of the Australian Society of Certified Practising Accountants and also a Member of the Malaysian Institute of Accountants.

He is the Group Managing Director of Hock Sin Leong Group Berhad – a company listed on the Main Board of Bursa Malaysia Securities Berhad and a premier home-grown consumer electrical and electronic product player, and has been involved in the group activities since 1976. He is also a member of the Nomination and Remuneration Committee of KHIND.

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 (10) years and does not hold any shares in KHIND.

He does not have any conflict of interest with KHIND, other than that disclosed in the 2004 financial statements pertaining to related party transactions. He attended four of the six meetings of the Board in 2004.

He does not have any direct or indirect shareholdings in KHIND.

Mr. Lee Ah Lan @ Lee Keok Hooi will retire pursuant to Article 100 of the Company's Articles of Association and will seek re-election at KHIND's Ninth (9th) Annual General Meeting.



**7. MR. KAMIL BIN DATUK HJ. ABDUL RAHMAN – 56 years, Malaysian.
- Independent Director**

Mr. Kamil A. Rahman was appointed 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. He is the Chairman of the Nomination and Remuneration Committee formed on 15 November 2001. His area of specialization is in corporate governance and corporate finance.

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, a Chartered Accountant of the Malaysian Institute of Accountants and a Fellow of the Institute of Company Secretaries Malaysia.

He is currently the Executive Chairman of Marska Sdn Bhd, an investment holding company. His previous positions were as Senior Vice President of Bank of Commerce (M) Berhad and as Executive Director of Commerce International Merchant Bankers Berhad. Kamil is also a Director of Magna Prima Berhad, Global Carriers Berhad, Bukit Katil Resources Berhad, WDM Holdings Berhad (not listed on Bursa Securities), National Aerospace and Defence Industries Berhad (not listed on Bursa Securities) and the Malaysia South Africa Business Council (company limited by guarantee).

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 (10) years. He attended all the six meetings of the Board in 2004.

He does not have any direct or indirect shareholdings in KHIND.



**8. MR. SOEKARDI THEDJOISWORO – 41 years, Indonesian.
- Executive Director**

Mr. Soekardi Thedjoisworo was appointed an Executive Director of KHIND on 18 November 2003. He has about 15 years experience in banking, finance, credit control and auditing. He has held senior positions as a Central Credit Department Head, Finance Controller, Internal Auditor and as General Manager in various financial organizations and businesses in Indonesia.

In 1987, he graduated with a Bachelor of Science in Finance degree, with minor in Accounting and Economics from the Oklahoma State University, U.S.A. and also obtained his Masters of Business Administration, with major focus in Finance from the Oklahoma City University in 1988.

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 (10) years. He attended all the six board meetings held in 2004.

He does not have any direct or indirect shareholdings in KHIND.



**9. MR. ONG WAN BING alias KIE TJHAN – 40 years, Indonesian
- Non-Independent / Non-executive Director**

Mr. Ong Wan Bing alias Kie Tjhan was appointed a Non-Independent/Non-Executive Director of KHIND on 5 November 2004. He is an established businessman with more than 20 years experience in the textile and electronics businesses in Indonesia. He also sits on the board of some private limited companies in Malaysia and Indonesia.

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 (10) years. He has a 100% attendance of the board meeting in 2004 since his appointment to the Board.

He does not have any conflict of interest with KHIND.

He is a director and has a 6.5% stake in Kee Hin Ventures Sdn. Bhd. (KHVSB) which is deemed the ultimate holding company of KHIND by virtue of its 49.95% stake therein.

Mr. Ong Wan Bing alias Kie Tjhan will retire pursuant to Article 107 of the Company's Articles of Association and will seek re-election at KHIND's Ninth (9th) Annual General Meeting.



Date	Event
19 May 2004	Announcement of unaudited results for the First Quarter ended 31 March 2004.
28 May 2004	Eighth Annual General Meeting.
31 May 2004	Proposal for an internal rationalization of the manufacturing business which involves the transfer of assets from Khind Industries Sdn Bhd ("KISB") to Khind-Mistral Industries Sdn Bhd (formerly Khind-NES Electric Sdn Bhd) ("KMISB").
17 August 2004	Announcement of unaudited results for the Second Quarter ended 30 June 2004.
18 August 2004	Proposal to vary certain Bye-Laws of its existing ESOS and certain clauses of KHIND's Articles of Association.
4 October 2004	Payment of interim dividend of 6% (net of 28% income tax) on 2 November 2004 for the financial year ending 31 December 2004.
25 October 2004	Approval by shareholders of the Company on the Proposed Amendments to the Bye-Laws of the ESOS and Articles of Association, Proposed Internal Rationalisation and Proposed Acquisition at an EGM.
29 November 2004	Announcement of unaudited results for the Third Quarter ended 30 September 2004.
19 January 2005	Incorporation of Khind Middle East FZE, a Free Zone Establishment in Dubai, UAE, as part of KHIND's expansion plans into Middle East market.
22 February 2005	Announcement of unaudited results for the Final Quarter ended 31 December 2004.

Events Highlights

Date	Events
1 April 2004	Launched New Khind Web site.
10 June 2004	New Khind Convention at Intercontinental Hotel, Dubai.
23-25 July 2004	Team Building Retreat for Khind Management staff at Awana, Genting Highland.
20 August 2004	Official Opening of New Kota Bahru Branch.
26-29 August 2004	Merdeka Charity warehouse sales and Blood donation at Khind factory, Sekinchan.
5 September 2004	New Khind Convention at Genting International Convention Centre, First World Hotel, Genting Highlands.
1 October 2004 - 30 November 2004	Successfully organised Khind-Dealer Hari Raya Fair participated by 238 Dealers.
13 December 2004	Set up of Representative Office for Khind-Mistral Industries Sdn Bhd (Malaysia) in Foshan, People's Republic of China.
15-17 October 2004	Team Building Retreat for East Malaysia staffs at Mulu resort, Kuching.
1 December 2004	Launched Khind – Bonuslink Loyalty Program (B2C). Launched Khind Dealers Bonus Point Scheme (B2B).
13 December 2004	First Khind Overseas Showroom Opening in Myanmar.

The Board of Directors ("Board") remained fully committed in maintaining high standards of corporate governance and the effective application of the principles and best practices throughout the Group as a fundamental part of discharging responsibilities, to protect and enhance shareholders' value and the financial performance of the Group.

Towards achieving this, the Board of Directors is pleased to report to the shareholders on the manner the Group has in its opinion applied the principles of Corporate Governance and the extent of compliance of Best Practices of the Code as set out in the Malaysian Code on Corporate Governance (the Code) pursuant to Paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

Board of Directors

An effective Board leads and controls the Group. Board members bring an independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

During the year, five (5) Ordinary Board Meetings and one (1) Special Board Meeting were held and the attendance record is tabulated below:

DIRECTORS' BOARD MEETINGS IN YEAR 2004			
	Directors	Total Number of Meetings	Total Number Attended by Directors
1.	Mr. Cheng King Fa	6	6
2.	Mr. Cheng Ping Keat	6	6
3.	Mr. Soekardi Thedjoisworo	6	6
4.	Mr. Nordin bin Mohamad Desa	6	6
5.	Mdm. Tan Lay Kuan @ Tan Lay Wah	6	5
6.	Mr. Md. Azmi bin Lop Yusof	6	6
7.	Mr. Lee Ah Lan @ Lee Keok Hooi	6	4
8.	Mr. Kamil bin Datuk Hj. Abdul Rahman	6	6
9.	Mr. Rachman Sastra (resigned on 5 November 2004)	5	1
10.	Mr. Lenbach Sastra (alternate Director to Mr. Rachman Sastra and ceased on 5 November 2004)	4	0
11.	Mr. Ong Wan Bing @ Kie Tjhan (appointed on 5 November 2004)	1	1

Board Composition and Balance

The Board currently comprises nine (9) members, of whom three (3) are of Executive capacity. Three (3) out of six (6) Non-Executive Directors are independent, which is in compliance with Paragraph 15.02 of the Listing Requirements of Bursa Securities, that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors. All Independent Non-Executive Directors are independent of management and free of any relationship that could interfere with their exercise of independent judgement.

In totality, the Directors share a wide exposure in the legal, business, financial and technical fields. This blend of knowledge and experience is vital to determine an objective outlook of the Group. A brief profile of each Director is set out in pages 12 to 14 of the Annual Report.

The Executive Directors are responsible for determining and implementing operational decisions, whilst the Non-Executive Directors complement with their skills and experiences. The role of these independent non-executive Directors is crucial in ensuring that the strategies proposed by the management are fully deliberated and examined.

The Independent Non-Executive Directors fulfil a pivotal role in corporate accountability as they provide unbiased and independent views, advice and judgement on issues pertaining to the shareholders, employees, customers, suppliers and the various communities in which the Group conducts its business.

In accordance with Part 2 AA.VII of the Code, Mr. Nordin bin Mohamad Desa has been appointed as the Senior Independent Non-Executive Director.

Supply of Information to the Board

All Directors have full access to information concerning the Company and the Group. All Directors are furnished with a comprehensive set of Board papers detailing the agenda for each meeting. Board papers are circulated to all Directors and its committee prior to each Board Meeting. 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 Meetings. The Board 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 of a substantial value, major investments and financial decisions, including key policies and procedures and delegated authority limits are subject to Board approval.

The directors have full and unrestricted access to advice and services of the Company Secretaries. The Directors can utilise the professional services when necessary to fulfil their duties and specific responsibilities as enumerated in Best Practices Provisions AAI of the code.

Board Committees

The Board delegates certain responsibility to Board Committees, mainly the Audit Committee, the Nomination and Remuneration Committee and the ESOS Committee. Prior to the establishment of these committees, their functions were assumed by the Board as a whole. The Chairman of the three (3) Committees will report to the Board the outcome of their Committee decisions.

a) Audit Committee

The Audit Committee was appointed by the Board and established on 10 August 1998 to assist its duty of maintaining a sound system of internal controls and risk management to safeguard shareholders' interest and the Company's assets.

A full Audit Committee report enumerating its membership, its role and its activities during the year is set out in page 24 to 25 of this annual report.

b) Nomination and Remuneration Committee

The Nomination and Remuneration Committee which was established on 15 November 2001 comprises of two Independent Non-Executive Directors and two Non-Independent Non-Executive Directors.

The Committee is responsible for developing a formal and transparent remuneration policy and packages of Executive Directors and in recommending to the Board for approval. The remuneration of the Non-Executive Directors is decided by the entire Board. The Group has complied with the Malaysian Code on Corporate Governance to review the remuneration for Directors such that the Group attracts and retains the right Director mix.

The members of the Nomination and Remuneration Committee who served during the financial year are: -

Chairman

Kamil bin Datuk Haji Abdul Rahman (Independent and Non-Executive Director)

Members

Tan Lay Kuan @ Tan Lay Wah (Independent and Non-Executive Director)

Lee Ah Lan @ Lee Keok Hooi (Non-Independent and Non-Executive Director)

Md. Azmi bin Lop Yusof (Non-Independent and Non-Executive Director)

c) ESOS Committee

The ESOS Committee was established on 13 May 2003 to administer the ESOS of the Group in accordance with the objectives and regulations thereof and to determine the participation eligibility, option offers and share allocations (based on the performance, length of service, competency and discipline of eligible employees) and to attend to such other matters as may be required. The ESOS Committee meets when necessary.

The ESOS Committee comprises the following Directors:

Chairman

Kamil bin Datuk Haji Abdul Rahman (Independent and Non-Executive Director)

Members

Tan Lay Kuan @ Tan Lay Wah (Independent and Non-Executive Director)

Cheng Ping Keat (Group Chief Executive Officer)

Appointments to the Board

It is the responsibility of the Nomination and Remuneration Committee to recommend new appointees to the Board after reviewing their skills, qualifications, experiences and other special qualities. This Committee will assist the Board in reviewing the required mix of skills and experiences of the Non-Executive Directors.

Directors' Training

All Directors have attended and successfully completed the Mandatory Accreditation Programme ("MAP") conducted by Bursatra Sdn Bhd (formerly known as Bursa Malaysia Training Sdn Bhd) as required under the Listing Requirements of the Bursa Securities with the exception of newly appointed director, Mr. Ong Wan Bing @ Kie Tjhan who will be attending the MAP training within the stipulated dates set by Bursa Securities.

The Directors continue to undergo relevant training programmes to further enhance their knowledge in the latest statutory and/or regulatory requirements on a continuous basis in compliance with Practice Note No. 15/2003 of the Bursa Malaysia Securities Berhad Listing Requirements under the Continuing Education Programme ("CEP") to enable them to discharge their responsibilities more effectively.

Re-Election of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to rotation at the Annual General Meeting subsequent to their appointment. The Articles of Association also provide that each of the Directors be subject to re-election by rotation at least once in every three years during Annual General Meeting.

The Company's Articles of Association had been amended to embrace the Listing Requirements of Bursa Securities where all Directors are now subject to re-election by rotation. The Nomination and Remuneration Committee reviews the rotation of the directors.

Directors' Remuneration

The Remuneration Committee recommends to the Board the remuneration framework and remuneration package of the Executive Directors. The level of remuneration reflects the experience and level of responsibilities undertaken by the Executive Directors. The determination of the fees of the Non-Executive Directors is decided by the Board as a whole.

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

Directors' Remuneration & Benefits in Kind						
Directors	Fees RM	Salaries RM	Bonus RM	EPF-Employer Contribution @ 12% RM	Benefits-in-Kind RM	Grand Total RM
Executive Directors	68,000	852,100	146,480	66,041	160,035	1,292,656
Non Executive Directors	25,000	-	-	-	-	25,000
TOTAL	93,000	852,100	146,480	66,041	160,035	1,317,656

On the recommended disclosure of detail of the remuneration of each Director, the Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' remuneration are appropriately served by the "Band Disclosure" made.

The number of Directors whose total remuneration falls into the following bands are tabulated below, as follows:

Remuneration Bands	Number of Directors		Total
	Executive	Non-Executive	
Up to RM50,000	-	5	5
RM150,001 – RM200,000	1	-	1
RM500,001 – RM550,000	2	-	2
Total	3	5	8

Relations with Shareholders and Investors

The Board acknowledges the importance of accountability to its shareholders through proper communication with them. All relevant developments of the Group and financial results have been duly announced on a timely basis. In addition, regular press releases are made to inform the public of the latest business development.

The AGM

The Annual General Meeting (AGM), remains the principal form of dialogue and an avenue for direct interaction between the shareholders and investors where they are given the opportunity to raise questions on the operational, financial performance and major developments of the Group as well as on the resolutions being proposed. The AGM is usually held in May and it has been the Company's practice to send the Notice of AGM and the Annual Report to shareholders at least 21 days before the meeting.

Dialogue between Companies and Investors

Press conferences are normally held after the Annual General Meeting where the media is advised on the status of resolutions that were considered and the key events of the Company. The Group CEO is present at the press conference to clarify and explain issues raised by the press media.

In addition, the Group CEO meets with fund managers, institutional investors and investment analysts as and when requested.

The shareholders and investors are also able to access the corporate, financial and market information of the Company from the Bursa Malaysia Securities Berhad listed companies information at the Bursa Malaysia Securities Berhad website as well as the Company's website at www.khind.com.

Accountability and Audit

Financial Reporting

The Board aims to provide and present a balanced and comprehensive assessment of the Group's Financial Performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly results and semi-annual return to shareholders as well as the Chairman's statement and review of operations in the Annual Report.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of the financial reporting.

Statement of Internal Control

The Group's Statement of Internal Control is set out in pages 22 to 23 of this Annual Report.

Relationship with the Auditors

An appropriate and transparent relationship is maintained with the Company's 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 views on issues requiring attention.

A full Audit Committee report enumerating its role in relation to the Auditors is set out in pages 24 to 25 of this Annual Report.

Directors' Responsibility Statement in Respect of the Preparation of the Audited Financial Statements

The directors are required by the Companies Act 1965 to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2004 and of the results of their operations and cash flows for the year ended on that date. The Directors consider that in presenting the financial statements, the Group has used appropriate accounting policies which are consistently applied and supported by reasonable and prudent judgements and estimates.

The Board has reviewed and approved the Annual Audited Financial Statements for the financial year ended 31 December 2004 and collectively and individually accept full responsibility for the accuracy of the information given and confirmed that after making reasonable enquiries to the best of their knowledge and belief, there are no other facts the omission of which would make any statement of information therein misleading.

The Directors consider that in preparing the financial statements:

- The Group used appropriate accounting policies which are consistently applied;
- Reasonable and prudent judgements and estimates were made;
- All applicable approved Accounting Standards, regulatory and legal requirements have been complied, save and except otherwise disclosed in the notes of the accounts;
- On going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group have adequate resources to continue in operational existence or the foreseeable future.

The Directors are also responsible for ensuring that the Company maintains accounting records, registered and related information, including minutes of all management and shareholder's meetings.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

The Audit Committee and the Board review and approve all statutory accounts before its release to the Bursa Malaysia Securities Berhad.

Statement of Compliance with the Best Practices of the Code

The Company is committed to achieve high standards of corporate governance throughout the Group and high level of integrity and ethics in its business dealings. The Board is of the view that all best practices have been adopted and complied as prescribed in the Malaysian Code of Corporate Governance.

Additional Compliance Information

The following information is provided in compliance with the Bursa Malaysia Securities Berhad Listing Requirements: -

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. Options, Warrants or Convertible Securities

The Company had on 1 April 2003 been granted approval by Securities Commission ("SC") on its proposed establishment of an Employees' Share Option Scheme ("Proposed ESOS").

4. American Depositary Receipt (ADR) or Global Depositary Receipt (GDR) Programme

During the year under the review, the Company did not sponsor any ADR or GDR 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. Non-audit fees

The non-audit fees paid and payable to the external auditors by the Company and its subsidiaries for the financial year ended 31 December 2004, amounted to RM8,634.

7. Profits estimates, forecast or projection

There is no variance between the results for the financial year and the unaudited results previously released by the Company. The Company did not release any profit estimate, forecast or projection for the financial year.

8. Profit guarantee

No profit guarantee had been given by the Company in respect of the financial year.

9. Material Contracts

Save as disclosed below, there are no other material contracts (not being contracts entered into in the ordinary course of business), which are or may be material which have been entered into by Khind and its subsidiaries, within the two (2) years immediately preceding the date of this Circular.

- (i) Sale and Purchase Agreement dated 31 May 2004 between Khind Industries Sdn. Bhd. (KISB) and Khind-Mistral Industries Sdn. Bhd. (KMISB) in relation to the sale and transfer by KISB to KMISB of properties, plant and machinery, stocks and vehicles for a total cash consideration of RM28,366,377 upon terms and conditions therein stated.
- (ii) Shareholders Agreement dated 24 August 2004 between the Company and three (3) other Indonesian shareholders in relation to the investment by the Company of Rp800,000,000 comprising of 8,000 ordinary share of Rp100,000 each, which is equivalent to 40% equity interests in PT Mistral Indonesia upon terms and conditions therein stated.
- (iii) Sale and purchase Agreement dated 10 September 2004 between Khind-Mistral (Sarawak) Sdn. Bhd. (KMS) and Cheng Tuck Sdn. Bhd. in relation to the purchase by KMS of the Properties for an aggregate cash consideration of RM860,000 upon terms and conditions therein stated.

10. Revaluation of Landed Properties

Save as disclosed in Note 1e (Significant Accounting Policies) and Note 2 (Property, Plant and Equipment) of the Notes to the Financial Statements, the Company does not adopt a policy on regular revaluation of its landed properties.

11. Recurrent Related Party Transactions (RRPT)

The Company had made full disclosures on the Related Party Transactions which consist of the RRPT of a revenue or trading in nature and will be seeking a mandate from the shareholders in the forthcoming Ninth Annual General Meeting.

The details of the Recurrent Related Party Transaction (RRPT) are disclosed in Note 29 of the Financial Statement.

Board Responsibility

The Malaysian Code of Corporate Governance stipulates that the Board of Directors of listed companies should maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. Paragraph 15.27 of the Listing Requirements of Bursa Malaysia Securities Berhad stipulates that the Board of Directors is required to produce a statement in the Annual Report about the state of internal control for the Group.

The Board acknowledges its responsibility for the Group's system of internal control and for reviewing its adequacy and integrity in achieving the Group's corporate objectives. The system of internal control addresses the need for effective and efficient business operations, sound financial reporting and internal controls and compliance with relevant laws and regulations. In pursuing these objectives, the internal control system can only provide reasonable but not absolute assurance against material misstatement, fraud or losses.

The Board of Directors is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement on internal control of the Group during the financial year pursuant to paragraph 15.27 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls in safeguarding the Group's assets and shareholders' interests in the Group.

Risk Management

Risk assessment and evaluation is an integral part of the annual business planning and budgeting process. Each business unit has to establish its business objectives and identify those risks that can significantly affect their achievement. Having identified the risks, business units are required to set out and implement mitigating actions for each significant risk.

During the financial year under review, monitoring of the significant risks is an ongoing process exercised through direct involvement of the Management in regular management and operational meetings and reviewing the effectiveness of risk mitigation strategies implemented by the Management.

The Group's objectives are supported with strategic plans and budgets, which were developed and discussed before the beginning of the new financial year to establish plans and targets against which performance is monitored on an ongoing basis. The business objectives and action plans are reviewed regularly in management meeting throughout the year.

System of Internal Control

The following key processes have been established in reviewing the adequacy and integrity of the Group's system of internal control:

- Clearly defined terms of the processes established and responsibilities to the committees and council as follows:
 - Audit Committee
 - Nomination and Remuneration Committee
 - ESOS Committee
 - Total Quality Management (TQM) Council
- An organisation structure with distinct lines of responsibility, proper segregation of duties and established authority limits for major capital expenditure and other transactions.
- Accounting and Credit Control Policies and Procedures which are systematically documented, revised and made available to guide staff in their day-to-day work.
- A detailed budgeting process where operating units prepare their annual budgets and business plans for consideration by the Senior Management before being presented to the Board for approval and result reviewed on quarterly basis.
- A management reporting system where regular performance results and key business indicators on operations are reported to the Management and the Board. The system allows regular and effective performance monitoring by the Management and the Board.
- An ISO 9001 Quality Management System, which is subject to regular review and audit, continuously manages and controls the quality requirement of the Company's products and services.
- Total Quality Management (TQM) projects, which involve all levels of staff and management in improving the Group's quality of products and enhancing the efficiency of work processes.

Internal Audit Function

The internal audit function is outsourced to external consultants. The internal audits conducted in the financial year were in accordance with the audit plan approved by the Audit Committee.

The internal audit function adopts a risk-based approach to provide the Audit Committee with independent and objective reports on the state of the Group and the extent of compliance with the established policies and procedures as well as relevant statutory requirements. In addition, implementation of management action plans which seek to mitigate weaknesses identified is monitored on an ongoing basis to further strengthen the internal controls within the Group.



The Audit Committee reviews the reports from internal auditors, before reporting and making recommendations to the Board in strengthening the risk management, internal control and governance systems. The Committee presents its findings to the Board regularly, and at least on a quarterly basis, as appropriate.

Control Environment

The Group has a defined organisational structure with defined lines of responsibility and delegation of authority that delineates authority limits to ensure accountability and segregation of duties. The structure will continue to be fine-tuned, for it to be more effective and efficient in supporting the business operations. It is envisaged that, as a result of this effort, the current system of internal controls, accountability and risk management will be improved.

The Group accounting and credit control policies and ISO procedures are adopted to guide key business processes. All business units prepare the annual budgets and business plans, which are in line with Group Vision and Missions, will be consolidated at Group level for the Board's approval. The Management monitors the operating results against budgets through regular management meetings to ensure that targets and objectives are met. The Board reviews the results on a quarterly basis to enable it to gauge the Group's achievement against its annual targets.

Conclusion

The Board is of the view that there is a continuous process in evaluating and managing significant risks and controls faced by the Group. There is no significant breakdown or weaknesses in the system of internal control of the Group that may result in material losses to the Group for the financial year ended 31 December 2004. Because of the changing circumstances and conditions, the effectiveness of an internal control system may vary over time, hence, the Group continues to take necessary measures to strengthen its internal control system.

The Board of Directors is pleased to present its report on the Audit Committee and the activities carried out during the financial year ended 31 December 2004.

1. Constitution

On 10 August 1998, the Board set up the Khind Audit Committee (KAC) as a best practice in corporate governance.

2. Members and Meetings in 2004

In the year under review, Mr. Nordin bin Mohamad Desa is the KAC's Chairman. He is supported by a majority of independent members. Mr. Kamil bin Datuk Haji Abdul Rahman is the member with an accounting qualification.

The KAC met five (5) times during the financial year. The attendance details and status of members are as follows:-

Name	Attendance
Independent	
Nordin bin Mohamad Desa (Chairman)	5/5 (100%)
Kamil bin Datuk Hj. Abdul Rahman	5/5 (100%)
Tan Lay Kuan @ Tan Lay Wah (f)	4/5 (80%)
Non-Independent	
Cheng Ping Keat	5/5 (100%)

3. Terms of Reference

The Terms of Reference for the Committee, remain unchanged since approval by the Board in 1998 and are as follows:-

3.1 Composition

- The Khind Audit Committee (KAC) shall have a minimum of three (3) members, a majority of whom shall be independent directors;
- The members shall be appointed by the Board from amongst its directors;
- No alternate director shall be a member.
- The Chairman shall be an Independent Non-Executive Director and shall be elected by the Audit Committee.

3.2 Secretary

- The secretary of the KAC shall be the Company Secretary.

3.3 Objectives

- To assure the Company's shareholders that specified financial standards and Bursa Malaysia Securities Berhad ("Bursa Securities") disclosure requirements have been complied with;
- To ensure consistency with Bursa Securities' commitment towards a high standard of corporate disclosure;
- To adopt practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to share holders.

3.4 Duties and Responsibilities

- To recommend the nomination of person/persons as external auditors and to consider their fees;
- To review and report to the Board – issues pertaining to the termination/resignation of external auditors;
- To report to the Board after review with external auditors on audit plan and report, evaluation of internal control system and Management letters and Management responses;
- To review and report to the Board on the adequacy and effectiveness of internal audit functions performed;
- To review and report to the Board on the quarterly results of financial statements, focusing on major accounting policy changes, significant and unusual events, accounting standards and legal requirements and the going concern assumption;
- To review and report to the Board on conflict of interest in related party transactions;
- To inform the Board on breaches of Bursa Securities requirements;

3.5 Powers and Authority

In the discharge of its duties, the KAC has the following rights:-

- Is authorized to investigate any matter within its terms of reference;
- Has full and unrestricted access to any information and resources to perform its function;
- Has direct communication to both internal and external auditors and able to meet in the absence of executive members of KAC;
- Able to obtain independent professional advice, when necessary.

3.6 Meetings

- The KAC shall meet at least four (4) times a year;
- The Group Financial Controller and representatives of both external and internal auditors shall be invited to attend the meetings;
- The quorum for the KAC meetings shall be the presence of a majority of independent members;



3. Terms of Reference

3.6 Meetings (continued)

- The Chairman shall call for a meeting to discuss any material issue requiring shareholders' attention, if so requested by the external auditors.

4. Internal Audit Function

The internal audit function is currently out-sourced to Messrs. Deloitte Enterprise Risk Services Sdn. Bhd. Our internal auditors conduct periodic audits on internal control matters relating to systems, standard operating procedures, credit control and risks management, and monitor compliance by the various subsidiaries within the Group.

Specific areas of concern to follow-up on high risk areas are identified in the progress reports and are highlighted to the KAC. Five (5) audit reports were issued and presented to the KAC with the recommended corrective actions acted upon.

5. Activities of the Committee

During the financial year, the KAC held the five (5) meetings scheduled in their 2004 corporate calendar, to discuss and consider each of the draft quarterly result announcements, final accounts and the 2003 annual report before recommending for approval by the Board.

Similarly, the statutory accounts for the previous year and the various accounting provisions required were reviewed to ensure due compliance with group policies and the appropriate accounting standards.

As part of the process, the KAC also discussed the annual audited financial statements with the external auditors as well as their findings and recommendations. The KAC also assess the effectiveness of the system of internal controls in the areas audited and discussions are held before approval of the Internal Audit Annual Audit Plan.

In addition, the KAC also reviewed the terms and procedures of the Recurrent Transactions to ensure that such Recurrent Transactions would be carried out on normal commercial terms which were not prejudicial to the interests of minority shareholders at regular intervals during their meetings.

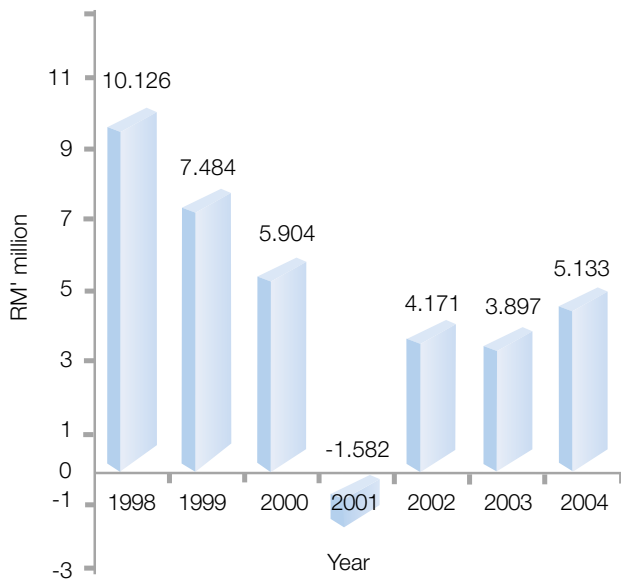
The Employees Share Options Scheme ("ESOS") of Khind was established on 27 June 2003 with the option to allocate shares to eligible employees, up to a maximum of 10% of the issued and paid-up ordinary shares of the Company during the duration of the Scheme.

During financial year ended 31.12.2003, a total of 59,000 ordinary shares of RM1.00 each were allotted to eligible employees, who had exercised their options. As at 31 December 2004, a total of 2,751,000 options had been granted but not exercised.

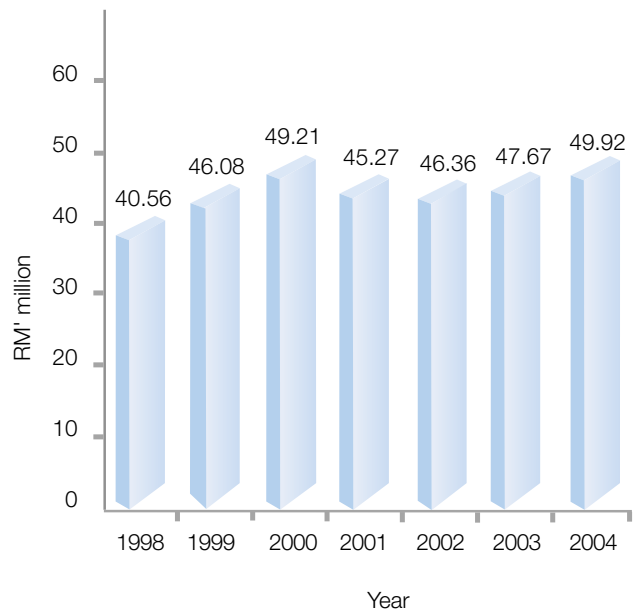
At an Extraordinary General Meeting held on 25 October 2004, shareholders approved that the maximum allocation under the ESOS be increased by 2,000,000 additional options to 15% of the issued and paid-up share capital of the Company, in line with the recent amendments by the Securities Commission.

There were no options granted to non-executive directors during the financial year.

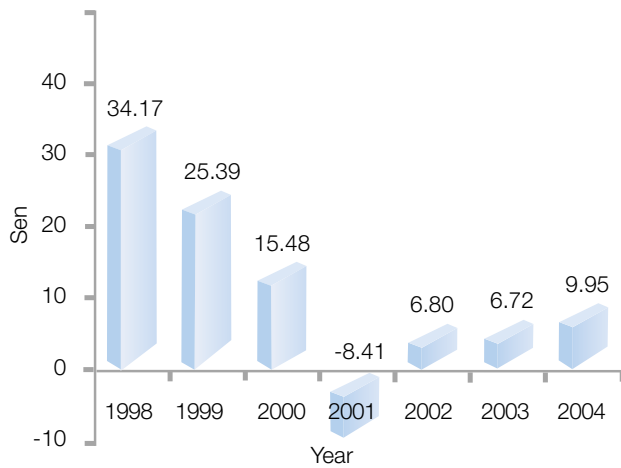
Profit Before Income Taxation



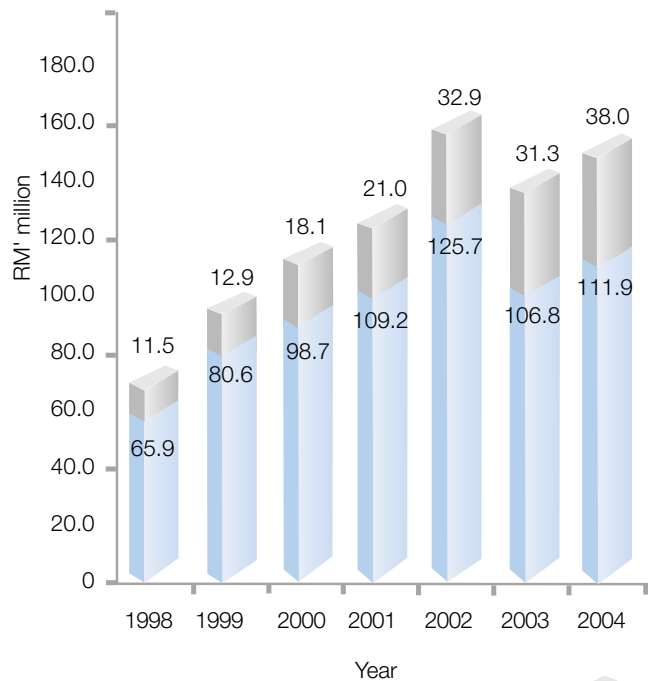
Shareholders' Funds*



Earnings Per Share**



Group Turnover



Export 
Local 

* The shareholders' funds have been restated to conform with the current year's presentation.

** The audited Earnings Per Share for year 2002 was restated due to the adoption of MASB 25. Earning Per Share for years prior to 2002 were not restated due to the immateriality.



The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2004.

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 3 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Net profit for the year	3,984	3,298

Reserves and provisions

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

Dividend

Since the end of the previous financial year, the Company paid an interim dividend of 6% less tax at 28% totalling RM1,731,000 in respect of the year ended 31 December 2004 on 2 November 2004.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2004.

Directors of the Company

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

Cheng King Fa
 Cheng Ping Keat
 Nordin Bin Mohamad Desa
 Tan Lay Kuan @ Tan Lay Wah
 Md Azmi Bin Lop Yusof
 Lee Ah Lan @ Lee Keok Hooi
 Kamil Bin Datuk Haji Abdul Rahman
 Soekardi Thedjoisworo
 Ong Wan Bing alias Kie Tjhan (appointed on 5.11.2004)
 Rachman Sastra (resigned on 5.11.2004)
 Lenbach Sastra (alternate Director to Rachman Sastra; ceased on 5.11.2004)

Directors' interests

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1 each			
	At 1.1.2004/ (Date of appointment)	Bought	Sold	At 31.12.2004
Shareholdings in which Directors have direct interests in the holding company, Kee Hin Ventures Sdn. Bhd.:				
Cheng King Fa	1,944,000	-	-	1,944,000
Cheng Ping Keat	1,647,421	-	-	1,647,421
Ong Wan Bing alias Kie Tjhan	457,730	-	-	457,730
Shareholdings in which Directors have direct interests in the Company:				
Cheng King Fa	1,750,420	-	-	1,750,420
Nordin Bin Mohamad Desa	13,333	-	-	13,333
Tan Lay Kuan @ Tan Lay Wah	13,333	-	-	13,333
Md Azmi Bin Lop Yusof	2,917,274	-	(866,800)	2,050,474

Directors' interests (continued)

	Number of ordinary shares of RM1 each			
	At 1.1.2004/ (Date of appointment)	Bought	Sold	At 31.12.2004
Shareholdings in which Directors have indirect interests in the Company:				
Cheng King Fa	20,007,737	-	-	20,007,737
Cheng Ping Keat	20,007,737	-	-	20,007,737
Ong Wan Bing alias Kie Tjhan	20,007,737	-	-	20,007,737

	Number of options over ordinary shares of RM1 each in the Company				
	At 1.1.2004	Granted	Lapsed	Exercised	At 31.12.2004
Cheng King Fa	150,000	-	-	-	150,000
Cheng Ping Keat	150,000	-	-	-	150,000

	Number of ordinary shares of RM1 each			
	At 1.1.2004	Bought	Sold	At 31.12.2004
Shareholdings in which Directors have indirect interests in a non wholly owned subsidiary, Mistral Marketing (M) Sdn. Bhd. (formerly known as Khind Sales & Service Sdn. Bhd.):				
Cheng King Fa	1,500,000	-	-	1,500,000
Cheng Ping Keat	1,500,000	-	-	1,500,000
Ong Wan Bing alias Kie Tjhan	1,500,000	-	-	1,500,000

By virtue of their interests in the shares of the Company, Cheng King Fa, Cheng Ping Keat, Nordin Bin Mohamad Desa, Tan Lay Kuan @ Tan Lay Wah, Md Azmi Bin Lop Yusof and Ong Wan Bing alias Kie Tjhan are 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 2004 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than two (2) Directors who have financial interests in companies, which traded with certain companies in the Group in the ordinary course of business and sold a leasehold property to the Group as disclosed in Note 29 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of options pursuant to the Employees' Share Option Scheme.

Issue of shares and debentures

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

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Employees' Share Option Scheme.

At an extraordinary general meeting held on 30 May 2003, the Company's shareholders approved the establishment of an Employees' Share Option Scheme ("ESOS") of not more than 10% of the issued share capital of the Company to eligible Directors and employees of the Group. Subsequent to that, the Company's shareholders had approved that the total number of the Company's shares which may be made available under the Scheme be amended to not exceed 15% of the issued and paid-up share capital of the Company at an extraordinary general meeting held on 25 October 2004.



Options granted over unissued shares (continued)

The options offered to take up unissued ordinary shares of RM1.00 each and the option price are as follows:

Date of offer	Option price	Number of options over ordinary shares of RM1.00 each				
		At 1.1.2004	Granted	Lapsed	Exercised	At 31.12.2004
7.7.2003	RM1.00	2,633,000	-	(229,000)	-	2,404,000
19.5.2004	RM1.00	-	347,000	-	-	347,000

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders who have been granted options of less than 100,000. In relation to this, there was no option holder who has been granted options more than 100,000 during the year.

The salient features of the Scheme are as follows:

- i) Eligible employees are those who have been confirmed in writing as employees of the Group for at least one year on or prior to the date of the offer.
- ii) The major groupings of eligible employees to participate in the Scheme and the maximum number of new shares that shall be allotted to any one of them in total during the entire duration of the Scheme are set out as follows:

Major groupings of eligible employees	Maximum allowable allotment Number of ordinary shares
Directors	300,000
Senior managers	200,000
Managers	100,000
Senior executives	60,000
Executives	40,000
Senior clericals	30,000
Clerks/Technicians	20,000
Operatives	15,000

- iii) The option is personal to the grantee and is non-assignable.
- iv) The option price shall, at the discretion of the ESOS committee, be determined based on a discount of not more than 10% from the five (5)-days weighted average market price of the ordinary shares of the Company as shown in the daily official list issued by the Bursa Malaysia Securities Berhad for the five (5) market days preceding the date of offer or the par value of the shares, whichever is the higher.
- v) The options granted may be exercised at any time within a period of five (5) years from the date of offer of the option or such shorter period as may be specifically stated in the offer upon giving notice in writing.
- vi) The options granted may be exercised in full or in lesser number of ordinary shares provided that the number shall be in multiples of 100 shares.
- vii) The new shares to be allotted upon the exercise of any option shall upon allotment rank pari passu in all respects with the then existing shares except that the new shares allotted under the Scheme shall not rank for any dividends or other distribution declared, made or paid to shareholders prior to the date of allotment of the new shares.

The persons to whom the option have been granted have no right to participate by virtue of the options in any share issue of any other company.

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) all current assets have been stated at the lower of cost and net realisable value.

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 Group and in the Company financial statements 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.

Other statutory information (continued)

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.

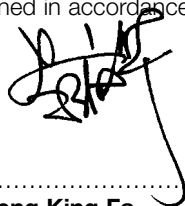
No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2004 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.

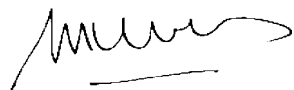
Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:



.....
Cheng King Fa



.....
Cheng Ping Keat

Kuala Lumpur,

Date: 5 April 2005



In the opinion of the Directors, the financial statements set out on pages 33 to 57 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2004 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

Cheng King Fa

Cheng Ping Keat

Kuala Lumpur,

Date: 5 April 2005

Statutory declaration pursuant to
Section 169(16) of the Companies Act, 1965

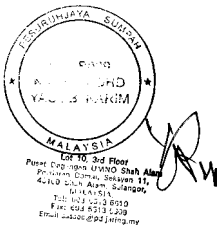


I, **Cheng Ping Keat**, the Director primarily responsible for the financial management of Khind Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 33 to 57 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously 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 Shah Alam on 5 April 2005.

Cheng Ping Keat

Before me:



Mohd Yacob Karim
(Registration No. B029)
Commissioner For Oaths

We have audited the financial statements set out on pages 33 to 57. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) The financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 31 December 2004 and of the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) The accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiary in respect of which we have not acted as auditors is identified in Note 3 to the financial statements and we have considered the financial statements and the auditors' report thereon.

We are satisfied that the financial statements 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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

KPMG

Firm Number: AF 0758
Chartered Accountants

Kuala Lumpur,

Date: 5 April 2005

Tang Seng Choon

Partner
Approval Number: 2011/12/05(J)

Balance sheets
at 31 December 2004



	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Property, plant and equipment	2	28,273	28,402	36	7
Investments in subsidiaries	3	-	-	24,837	19,887
Other investments	4	96	95	78	78
Intangible assets	5	650	760	600	700
Deferred tax assets	16	733	310	-	-
Current assets					
Inventories	6	24,342	22,259	-	-
Trade and other receivables	7	35,415	31,986	22,922	21,754
Tax recoverable	7	1,592	1,638	765	325
Cash and cash equivalents	8	9,593	12,700	325	216
		70,942	68,583	24,012	22,295
Current liabilities					
Trade and other payables	9	17,615	18,002	6,252	1,223
Borrowings	10	25,306	23,533	-	-
Taxation		146	508	-	-
Provision	11	-	475	-	-
		43,067	42,518	6,252	1,223
Net current assets		27,875	26,065	17,760	21,072
		57,627	55,632	43,311	41,744
Financed by:					
Capital and reserves					
Share capital	12	40,059	40,059	40,059	40,059
Reserves	13	9,866	7,613	3,252	1,685
		49,925	47,672	43,311	41,744
Negative goodwill	14	3,591	3,932	-	-
Minority shareholders' interests	15	207	-	-	-
Long term and deferred liabilities					
Borrowings	10	2,344	2,907	-	-
Deferred tax liabilities	16	1,560	1,121	-	-
		3,904	4,028	-	-
		57,627	55,632	43,311	41,744

The financial statements were approved and authorised for issue by the Board of Directors on 5 April 2005.

The notes set out on pages 38 to 57 form an integral part of, and should be read in conjunction with, these financial statements.

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Revenue	18	149,952	138,138	7,309	3,484
Operating profit	18	6,175	5,213	4,568	1,605
Interest expense	20	(1,064)	(1,340)	-	-
Interest income	21	22	24	2	1
Profit before taxation		5,133	3,897	4,570	1,606
Tax expense	22	(942)	(1,267)	(1,272)	(571)
Profit after taxation		4,191	2,630	3,298	1,035
Less: Minority interests		(207)	61	-	-
Net profit for the year		3,984	2,691	3,298	1,035
Basic earnings per ordinary share (sen)	23	9.95	6.72		
Dividends per ordinary share - net (sen)	24	4.32	3.60	4.32	3.60

The notes set out on pages 38 to 57 form an integral part of, and should be read in conjunction with, these financial statement

Statements of changes in equity for the year ended 31 December 2004



Group	Note	Share capital RM'000	Non-distributable		Distributable	Total RM'000
			Share premium RM'000	Translation reserve RM'000	Retained profits RM'000	
At 1 January 2003		40,000	-	1	6,361	46,362
Issue of shares pursuant to Employees' Share Option Scheme	12	59	-	-	-	59
Net profit for the year		-	-	-	2,691	2,691
Dividend	24	-	-	-	(1,440)	(1,440)
At 31 December 2003/ 1 January 2004		40,059	-	1	7,612	47,672
Net profit for the year		-	-	-	3,984	3,984
Dividend	24	-	-	-	(1,731)	(1,731)
At 31 December 2004		40,059	-	1	9,865	49,925
		Note 12				
Company						
Company	Note	Share capital RM'000	Non-distributable		Distributable	Total RM'000
			Share premium RM'000	Translation reserve RM'000	Retained profits RM'000	
At 1 January 2003		40,000	-	-	2,090	42,090
Issue of shares pursuant to Employees' Share Option Scheme	12	59	-	-	-	59
Net profit for the year		-	-	-	1,035	1,035
Dividend	24	-	-	-	(1,440)	(1,440)
At 31 December 2003/ 1 January 2004		40,059	-	-	1,685	41,744
Net profit for the year		-	-	-	3,298	3,298
Dividend	24	-	-	-	(1,731)	(1,731)
At 31 December 2004		40,059	-	-	3,252	43,311
		Note 12			Note 13	

The notes set out on pages 38 to 57 form an integral part of, and should be read in conjunction with, these financial statements.

Cash flow statements for the year ended 31 December 2004

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cash flows from operating activities				
Profit before taxation	5,133	3,897	4,570	1,606
Adjustments for:				
Amortisation of negative goodwill	(341)	(341)	-	-
Amortisation of intangible assets	110	110	100	100
Depreciation	2,393	2,516	3	-
Interest expense	1,064	1,340	-	-
Interest income	(22)	(24)	(2)	(1)
Gain on disposal of property, plant and equipment	(72)	(99)	-	-
Property, plant and equipment written off	100	-	-	-
Unrealised gain on foreign exchange	(136)	(128)	-	-
	8,229	7,271	4,671	1,705
Operating profit before working capital changes				
(Increase)/Decrease in working capital:				
Inventories	(2,083)	3,875	-	-
Trade and other receivables	(3,348)	4,266	28	127
Trade and other payables	(387)	(2,559)	(41)	399
Provision for after sales services	(475)	200	-	-
	1,936	13,053	4,658	2,231
Cash generated from operations				
Income taxes paid	(1,242)	(750)	(1,712)	(896)
	694	12,303	2,946	1,335
Net cash generated from operating activities				
Cash flows from investing activities				
Acquisition of additional shares in a subsidiary	-	-	(4,950)	-
Interest received	22	24	2	1
Proceeds from disposal of property, plant and equipment	73	221	-	-
Purchase of investments	(1)	-	-	-
Purchase of property, plant and equipment (Note A)	(2,278)	(311)	(32)	(7)
	(2,184)	(66)	(4,980)	(6)
Net cash used in investing activities				
Cash flows from financing activities				
Dividends paid to shareholders of the Company	(1,731)	(1,440)	(1,731)	(1,440)
Drawdowns of bankers' acceptances	11,152	1,566	-	-
Repayments of bankers' acceptances	(7,401)	(5,502)	-	-
Repayments of term loans	(2,390)	(2,954)	-	-
Repayments by/(Advances to) subsidiaries	-	-	3,874	(24)
Repayments of hire purchase liabilities	(45)	(284)	-	-
Interest paid	(1,064)	(1,340)	-	-
Proceeds from exercise of ESOS	-	59	-	59
Repayments by holding company	55	-	-	-
	(1,424)	(9,895)	2,143	(1,405)
Net cash (used in)/generated from financing activities				
Net (decrease)/increase in cash and cash equivalents	(2,914)	2,342	109	(76)
Cash and cash equivalents at beginning of year	10,366	7,640	216	292
Effect of realisation of unrealised gain on foreign exchange	-	384	-	-
Cash and cash equivalents at end of year	7,452	10,366	325	216

Cash flow statements for the year ended 31 December 2004 (continued)



A) Purchase of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM2,365,000 (2003 - RM311,000) of which RM87,000 (2003 - Nil) were acquired by means of hire purchases.

B) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	9,593	10,892	325	216
Deposits placed	-	1,808	-	-
Bank overdrafts	(2,141)	(2,334)	-	-
	7,452	10,366	325	216

The notes set out on pages 38 to 57 form an integral part of, and should be read in conjunction with, these financial statements.

1. Summary of significant accounting policies

The accounting policies are adopted by the Group and by the Company and are consistent with those adopted in previous years.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when either control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or negative goodwill as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Goodwill/Negative goodwill

Goodwill/Negative goodwill on consolidation represents the difference, at the date of acquisition, between the consideration paid for shares in the subsidiaries and the fair values attributable to the net assets acquired.

Goodwill arising on acquisition of subsidiaries are set off against negative goodwill. Negative goodwill net of goodwill is stated at cost less accumulated amortisation.

Net negative goodwill is amortised over a period of eighteen years (18) from the date of acquisition.

(d) Subsidiaries

Investments in subsidiaries, which are eliminated on consolidation are stated at cost in the Company's financial statements, less impairment loss where applicable.

(e) Property, plant and equipment

Long term leasehold land are amortised over the leasehold period of 99 years. In previous year, long term leasehold land were stated at cost. All other property, plant and equipment are stated at cost less accumulated depreciation.

Property, plant and equipment retired from active use and held for disposal are stated at the carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

Depreciation

Leasehold properties are depreciated on a straight-line basis over the period of the leases of sixty (60) to nine hundred ninety-nine (999) years or fifty (50) years, whichever is shorter. The straight-line method is used to write off the cost of the other assets over the term of their estimated useful lives at the following principal annual rates:

Freehold properties		2%
Factory buildings		2%
Plant and machinery	10%	- 20%
Tools and moulds	10%	- 20%
Furniture, fittings and office equipment	10%	- 33.33%
Motor vehicles	10%	- 20%
Renovations	10%	- 20%

1. Summary of significant accounting policies (continued)**(f) Investments**

Long term investments other than in subsidiaries are stated at cost. An allowance is made when the Directors are of the view that there is a diminution in their value, which is other than temporary.

(g) Intangible assets

Costs associated with the acquisitions of product patents and trademarks, which derived a benefit or relationship to more than one accounting period are capitalised as intangible assets. Intangible assets are amortised on a straight-line basis over a period of ten (10) years. Should the products be abandoned or considered to be of no value, the costs capitalised will be written off to the income statement.

(h) Inventories

Raw material, work-in-progress and manufactured inventories are stated at the lower of cost and net realisable value with the first-in-first-out (FIFO) basis being the main basis for cost. For work-in-progress and manufactured inventories, cost consists of material, direct labour and an appropriate proportion of fixed and variable production overheads.

Cost of bought-in goods comprises purchase cost and all expenses incurred in bringing the goods to their present location and condition.

(i) Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

(j) 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 value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) Liabilities

Borrowings and trade and other payables are stated at cost.

(l) Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.

Provision for after sales services

A provision for after sales services was recognised when the underlying products or services were sold. It was based on 1% of total export sales of the Company. The estimation was made by reference to historical defect data associated with similar products of the Company.

(m) Affiliates

Affiliates are defined as companies in which the Directors of the Company have significant influence or substantial interest.

(n) Accounting for hire purchase

Assets acquired under hire purchase arrangements are capitalised at their purchase cost and are depreciated on the same basis as owned assets. The total amount payable under hire purchase agreements is shown under hire purchase liabilities.

(o) Impairment

The carrying amount of assets, other than inventories, deferred tax assets and financial assets (financial assets in this context exclude investments in subsidiaries), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value money and the risks specific to the assets. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

1. Summary of significant accounting policies (continued)**(o) Impairment (continued)**

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it 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. The reversal is recognised in the income statement.

(p) Income tax

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(q) Employee benefits**(i) Short term employee benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by the employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

Obligations for contributions to defined contribution plan are recognised as an expense in the income statement as incurred.

(iii) Equity and equity-related compensation benefits

The share option programme allows Group employees to acquire shares of the Company. When the options are exercised, equity is increased by the amount of the proceeds received.

(r) Foreign currency**(i) Foreign currency transactions**

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

(ii) Financial statements of foreign operations

The Group's foreign operations in an overseas subsidiary are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of the overseas subsidiary are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenues and expenses of the overseas subsidiary are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are taken to Translation Reserve.

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows:

USD1	RM3.80	(2003: USD1	RM3.80)
SGD1	RM2.32	(2003: SGD1	RM2.25)
BND1	RM2.32	(2003: BND1	RM2.25)
GBP1	RM7.31	(2003: GBP1	RM6.82)
HKD1	RM0.49	(2003: HKD1	RM0.49)
TWD1	RM0.12	(2003: TWD1	RM0.09)
AUD1	RM2.96	(2003: AUD1	Nil)

1. Summary of significant accounting policies (continued)**(s) Revenue****(i) Goods sold**

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iii) Rental income

Rental income is recognised based on value invoiced to customers during the year.

(iv) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(v) Management fees

Management fees are recognised in the income statement on an accrual basis.

(t) Financing costs

All interest and other costs incurred in connection with borrowings are expensed as incurred. The interest component of hire purchase payments is recognised in the income statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period.

2. Property, plant and equipment

<i>Group</i>	Long term leasehold		Freehold properties	Factory buildings	Plant and machinery	Furniture, fittings and office equipment		Motor vehicles	Renovations	Total
	land	properties				Tools and moulds	and office equipment			
Cost	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2004	3,000	4,533	6,742	10,143	5,318	10,590	5,406	2,280	1,364	49,376
Additions	-	860	-	-	16	613	563	191	122	2,365
Written off	-	-	-	-	(26)	(570)	(466)	-	(26)	(1,088)
Transfers	-	-	-	-	-	-	(5)	-	5	-
Disposals	-	-	-	-	-	(86)	(2)	(126)	-	(214)
At 31 December 2004	3,000	5,393	6,742	10,143	5,308	10,547	5,496	2,345	1,465	50,439
Depreciation										
At 1 January 2004	-	524	419	1,687	4,060	8,678	3,281	1,585	740	20,974
Charge for the year	35	91	114	207	303	738	525	245	135	2,393
Written off	-	-	-	-	(23)	(531)	(422)	-	(12)	(988)
Transfers	-	-	-	-	-	-	(1)	-	1	-
Disposals	-	-	-	-	-	(86)	(1)	(126)	-	(213)
At 31 December 2004	35	615	533	1,894	4,340	8,799	3,382	1,704	864	22,166
Net book value										
At 31 December 2004	2,965	4,778	6,209	8,249	968	1,748	2,114	641	601	28,273
At 31 December 2003	3,000	4,009	6,323	8,456	1,258	1,912	2,125	695	624	28,402
Depreciation charge for the year ended 31 December 2003	-	91	112	199	365	858	506	248	137	2,516

2. Property, plant and equipment (continued)

Company	Furniture, fittings and office equipment RM'000
Cost	
At 1 January 2004	7
Additions	32
	<hr/>
At 31 December 2004	39
	<hr/>
Depreciation	
At 1 January 2004	-
Charge for the year	3
	<hr/>
At 31 December 2004	3
	<hr/>
Net book value	
At 31 December 2004	36
	<hr/>
At 31 December 2003	7
	<hr/>
Depreciation charge for the year ended 31 December 2003	*
	<hr/>

* Represents amount less than RM1,000

Title deeds to the long term leasehold land of RM2,965,000 (2003 - RM3,000,000), leasehold properties with a net book value of RM1,877,000 (2003 - RM1,918,000) and freehold properties with a net book value of RM5,778,000 (2003 - RM3,489,000) belonging to four (4) (2003 - three (3)) subsidiaries are in the process of being registered in the names of these companies.

Security

Long term leasehold land, leasehold properties and freehold properties of the Group with a net book value of RM8,920,000 (2003 - RM9,095,000) have been pledged as securities for the bank facilities granted to the Group (refer Note 10).

Assets under hire purchase

Included in property, plant and equipment of the Group are motor vehicles acquired under hire purchase arrangements with net book value of RM201,000 (2003 - RM629,000).

3. Investments in subsidiaries

	Company	
	2004 RM'000	2003 RM'000
Unquoted shares, at cost	24,837	19,887
	<hr/>	<hr/>

The principal activities of the companies in the Group, their places of incorporation and the interest of Khind Holdings Berhad are as follows:

Name of Company	Principal Activities	Country of Incorporation	Effective Ownership Interest	
			2004 %	2003 %
Khind Industries Sdn. Bhd.*	Manufacture and sale of electrical home appliances and wiring accessories	Malaysia	100	100
Khind Marketing (M) Sdn. Bhd.	Trading in electrical home appliances and wiring accessories	Malaysia	100	100
Khind-Mistral (Sabah) Sdn. Bhd. (formerly known as Khind Marketing (Sabah) Sdn. Bhd.)	Trading in electrical home appliances and wiring accessories	Malaysia	100	100

3. Investments in subsidiaries (continued)

Name of Company	Principal Activities	Country of Incorporation	Effective Ownership Interest	
			2004 %	2003 %
Khind-Mistral (Sarawak) Sdn. Bhd. (formerly known as Khind Marketing (Sarawak) Sdn. Bhd.)	Trading in electrical home appliances and wiring accessories	Malaysia	100	100
Khind Components Sdn. Bhd.	Assembly of wire harness and power supply cords	Malaysia	100	100
Khind-Mistral Industries Sdn. Bhd. (formerly known as Khind-NES Electric Sdn. Bhd.)	Manufacture and sale of electrical home appliances and wiring accessories	Malaysia	100	100
Mistral Marketing (M) Sdn. Bhd. (formerly known as Khind Sales & Service Sdn. Bhd.)	Trading in electrical products	Malaysia	75	75
Khind Technology Centre Sdn. Bhd. (formerly known as Khind R & D Sdn. Bhd.)	Compliance testing of electrical and home appliances	Malaysia	100	100
Khind Home Appliances Sdn. Bhd.**	Intended to manufacture home appliances	Malaysia	100	100
Mistral (Singapore) Pte. Ltd. (formerly known as Khind-Mistral (S) Pte. Ltd.) ***	Trading in electrical products	Singapore	100	100

* During the year, the Company transferred its operations to Khind-Mistral Industries Sdn. Bhd. (formerly known as Khind-NES Electric Sdn. Bhd.) and became dormant thereafter (refer Note 31).

** The entire equity interest is held by Khind Industries Sdn. Bhd.

*** Audited by other firm of accountants

4. Other investments

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Long term				
Quoted shares, at cost	96	95	78	78
Quoted shares, at market value	67	79	38	51

The quoted investments have not been written down to market value because the Directors are of the view that the diminution in value of these investments is temporary.

5. Intangible assets

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Cost				
At 1 January/ At 31 December	1,100	1,100	1,000	1,000
Amortisation				
At 1 January	(340)	(230)	(300)	(200)
Amortisation during the year (Note 18)	(110)	(110)	(100)	(100)
At 31 December	(450)	(340)	(400)	(300)
	650	760	600	700

6. Inventories

	Group	
	2004	2003
	RM'000	RM'000
Raw material	3,486	5,006
Work-in-progress, at cost	556	552
Manufactured inventories	20,300	16,701
	<u>24,342</u>	<u>22,259</u>

Raw material and manufactured inventories of RM85,000 (2003 - RM480,000) and RM235,000 (2003 - RM335,000) respectively are carried at net realisable value.

7. Trade and other receivables and tax recoverable

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Trade receivables	30,684	25,736	-	-
Other receivables, deposits and prepayments	4,221	5,685	495	523
Amount due from holding company	510	565	510	510
Amount due from subsidiaries	-	-	21,917	20,721
	<u>35,415</u>	<u>31,986</u>	<u>22,922</u>	<u>21,754</u>
Tax recoverable	1,592	1,638	765	325

Trade receivables

	Group	
	2004	2003
	RM'000	RM'000
Trade receivables	32,874	27,677
Less: Allowance for doubtful debts	(2,190)	(1,941)
	<u>30,684</u>	<u>25,736</u>

Included in trade receivables is an amount of RM800,000 (2003 - RM 771,000) due from a related party, HSL Electrical & Electronics Sdn. Bhd.

Bad debts of RM59,000 (2003 - RM330,000) were written off against allowance for doubtful debts during the year.

Other receivables, deposits and prepayments**Group**

Included in other receivables, deposits and prepayments in the previous year was an amount of RM2,032,000 being advances for purchases of inventories from a company in China. The amount was fully recovered in the current year.

Amount due from holding company**Group and Company**

Amount due from holding company is in respect of advances, which are unsecured, interest free and have no fixed terms of repayment.

Amount due from subsidiaries**Company**

Amount due from subsidiaries are in respect of advances, which are unsecured, interest free and have no fixed terms of repayment.

Tax recoverable**Group and Company**

Tax recoverable is in respect of excess taxes paid, which are refundable and are subject to agreement by the Inland Revenue Board.

8. Cash and cash equivalents

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deposits placed with licensed banks	-	1,808	-	-
Cash and bank balances	9,593	10,892	325	216
	<u>9,593</u>	<u>12,700</u>	<u>325</u>	<u>216</u>

9. Trade and other payables

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade payables	8,403	10,462	-	-
Other payables and accrued expenses	8,694	7,022	405	446
Amount due to affiliates	518	518	-	-
Amount due to subsidiaries	-	-	5,847	777
	<u>17,615</u>	<u>18,002</u>	<u>6,252</u>	<u>1,223</u>

Trade payables**Group**

Included in trade payables is an amount of RM5,000 (2003 - RM1,102,000) due to a related party, E & E Sales & Services Sdn. Bhd.

Amount due to affiliates**Group**

Amount due to affiliates are in respect of advances, which are unsecured, interest free and have no fixed terms of repayment.

Amount due to subsidiaries**Company**

Amount due to subsidiaries are in respect of advances, which are unsecured, interest free and have no fixed terms of repayment.

10. Borrowings

		Group	
		2004 RM'000	2003 RM'000
Current:			
Term loans	- secured	637	602
	- unsecured	-	1,800
Bank overdrafts	- secured	1,149	1,055
	- unsecured	992	1,279
Bankers' acceptances	- secured	-	109
	- unsecured	22,471	18,611
Hire purchase liabilities		57	77
		<u>25,306</u>	<u>23,533</u>
Non-current:			
Term loans	- secured	2,275	2,900
Hire purchase liabilities		69	7
		<u>2,344</u>	<u>2,907</u>

10. Borrowings (continued)**Terms and debt repayment schedule**

Group	Total RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
Secured term loans					
- fixed at 8.50%					
(2003 - fixed at 8.50%)	1,140	180	180	540	240
Secured term loans					
- variable at 7.25% to 8.50%					
(2003 - 7.25% to 7.70%)	1,772	457	803	357	155
Secured bank overdrafts					
- variable at 6.40% to 7.50%					
(2003 - 7.50% to 7.90%)	1,149	1,149	-	-	-
Unsecured bank overdrafts					
- variable at 7.50%					
(2003 - 5.10% to 7.50%)	992	992	-	-	-
Unsecured bankers' acceptances					
- variable at 2.17% to 4.11%					
(2003 - 2.20% to 4.15%)	22,471	22,471	-	-	-
Hire purchase liabilities					
- fixed at 3.40% to 7.60%					
(2003 - 4.50% to 7.60%)	126	57	50	19	-
	<u>27,650</u>	<u>25,306</u>	<u>1,033</u>	<u>916</u>	<u>395</u>

The secured term loans are secured by way of:

- i) fixed charges over the Group's long term leasehold land, leasehold properties and freehold properties (Note 2),
- ii) corporate guarantee from the Company.

Secured term loan of RM1,062,000 (2003 - RM1,384,000) is repayable over a period of seven (7) years until full settlement through monthly instalments of RM35,693 commencing November 2000.

Secured term loan of RM1,140,000 (2003 - RM1,320,000) is repayable over one hundred twenty (120) equal monthly instalments of RM22,334 commencing May 2001.

The remaining secured term loan of RM710,000 (2003 - RM798,000) is repayable over one hundred twenty (120) monthly instalments ranging from RM10,977 to RM11,992 commencing from April 2001.

Unsecured term loan of RM1,800,000 had been fully repaid during the year in accordance with the terms of repayment.

Secured bank overdrafts are secured by way of fixed charges over the Group's long term leasehold land, leasehold properties and freehold properties (Note 2) and are guaranteed by the Company.

Unsecured bank overdrafts and bankers' acceptances are guaranteed by the Company.

Significant covenants for the term loans granted to the Group

In connection with the term loans agreements, the Group has agreed on the following significant covenants:

- i) not to create or permit to exist any security over the leasehold properties and freehold properties; and
- ii) not to allow any change in the majority shareholders or the majority shareholders' shareholdings without the prior consents of the lenders.

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	Payments 2004 RM'000	Interest 2004 RM'000	Principal 2004 RM'000	Payments 2003 RM'000	Interest 2003 RM'000	Principal 2003 RM'000
Less than one year	64	7	57	84	7	77
Between one and five years	74	5	69	8	1	7
	<u>138</u>	<u>12</u>	<u>126</u>	<u>92</u>	<u>8</u>	<u>84</u>

11. Provision

After sales services	Group	
	2004	2003
	RM'000	RM'000
At 1 January	475	275
Provisions made during the year	210	254
Provisions used during the year	(292)	(54)
Provisions reversed during the year	(393)	-
At 31 December	-	475

After sales services

During the year, a subsidiary made a provision of RM210,000 (2003 – RM254,000) in respect of its obligation to provide after sales services to home and electrical appliances sold to export customers. The provision is based on 1% of total export sales of the subsidiary.

With effect from current financial year, shipments to customers include critical components and no additional spare parts are to be delivered to customers in the event of product defects occur. Thus, provision for after sales services is no longer required.

12. Share capital

	Group and Company	
	2004	2003
	RM'000	RM'000
Ordinary shares of RM1 each:		
Authorised	50,000	50,000
Issued and fully paid		
At 1 January	40,059	40,000
Shares issued under Employees' Share Option Scheme (Note 17)	-	59
At 31 December	40,059	40,059

In the previous year, the Company issued 59,000 ordinary shares of RM1.00 each at par for cash pursuant to the Employees' Share Option Scheme.

13. Reserves**Retained profits**

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all its distributable reserves at 31 December 2004, if paid out as dividends.

14. Negative goodwill

	Group	
	2004	2003
	RM'000	RM'000
At 1 January/At 31 December	5,978	5,978
Amortisation		
At 1 January	(2,046)	(1,705)
Charge for the year (Note 18)	(341)	(341)
At 31 December	(2,387)	(2,046)
	3,591	3,932

15. Minority shareholders' interests

This consists of minority shareholders' proportion of share capital and reserves of a subsidiary, net of their share of subsidiary's goodwill on consolidation and amortisation of goodwill charged to minority shareholders. Minority shareholders' share of post-acquisition reserves, profit or losses are recognised to the extent of the minority shareholders' interests in the equity of the subsidiary.

16. Deferred tax

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deferred tax liabilities	1,560	1,121	-	-
Deferred tax assets	(733)	(310)	-	-

The recognised deferred tax liabilities (before offsetting) are as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Property, plant and equipment				
- capital allowances	1,211	1,114	-	-
- revaluation	860	860	-	-
Unutilised tax losses	(90)	-	-	-
Unabsorbed capital allowances	(367)	-	-	-
Provisions	(54)	(853)	-	-
	1,560	1,121	-	-

The recognised deferred tax assets (before offsetting) are as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Property, plant and equipment				
- capital allowances	99	74	-	-
- revaluation	203	207	-	-
Provisions	(749)	(591)	-	-
Unutilised tax losses	(286)	-	-	-
	(733)	(310)	-	-

No deferred tax is recognised for the following items:

	Group	
	2004 RM'000	2003 RM'000
(Deductible)/Taxable temporary differences	(163)	568
Unabsorbed capital allowances	-	(987)
Unutilised tax losses	-	(2,294)
	(163)	(2,713)

The unutilised tax losses, unabsorbed capital allowances and deductible temporary differences 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 Group can utilise the benefits.

The Group has tax losses carried forward of RM1,343,000 (2003 - RM2,294,000), which give rise to the recognised and unrecognised deferred tax assets in respect of unutilised tax losses above.

17. Employee benefits**Equity compensation benefits****Employees' Share Option Scheme**

The Group offers vested share options over ordinary shares to Directors and other employees with more than one year's service. Movements in the number of share options held by employees are as follows:

	Group and Company	
	2004	2003
	RM'000	RM'000
Outstanding at 1 January	2,633	-
Issued	347	2,898
Exercised	-	(59)
Lapsed	(229)	(206)
	<hr/>	<hr/>
Outstanding at 31 December	2,751	2,633

Details of share options granted during the period:

Expiry date	6 July 2008	6 July 2008
Exercise price per ordinary share (RM)	1.00	1.00
Aggregate proceeds if shares are issued (RM'000)	347	2,898

Details of share options exercised during the period:

Expiry date	-	6 July 2008
Exercise price per ordinary share (RM)	-	1.00
Aggregate issue proceeds (RM'000)	-	59
Fair value at date of issue (RM)	-	1.01

Terms of the options outstanding at 31 December:

Expiry date	Exercise price (RM)	Number
6 July 2008	1.00	2,751,000

In the previous year, the Group received proceeds of RM59,000 in respect of the 59,000 options exercised and accordingly RM59,000 was credited to share capital (refer Note 12).

18. Operating profit

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Revenue - sale of goods	149,952	138,138	-	-
- dividends	-	-	6,057	3,199
- management fees	-	-	1,252	285
	<hr/>	<hr/>	<hr/>	<hr/>
Cost of sales	149,952	138,138	7,309	3,484
	(112,246)	(104,846)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Gross profit	37,706	33,292	7,309	3,484
Distribution costs	(19,287)	(13,081)	-	-
Administration expenses	(12,871)	(16,076)	(2,740)	(1,726)
Other operating expenses	(11)	(155)	(3)	(155)
Other operating income	638	1,233	2	2
	<hr/>	<hr/>	<hr/>	<hr/>
Operating profit	6,175	5,213	4,568	1,605

18. Operating profit (continued)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Operating profit is arrived at after charging:				
Auditors' remuneration	87	82	11	10
Allowance for doubtful debts	308	520	-	-
Amortisation of intangible assets (Note 5)	110	110	100	100
Bad debts written off	217	-	-	-
Depreciation (Note 2)	2,393	2,516	3	-
Directors' emoluments				
- remuneration	1,065	1,589	1,060	479
- fees	93	93	25	30
- benefits-in-kind	160	141	38	-
Inventories written down	844	1,640	-	-
Inventories written off	18	-	-	-
Loss on foreign exchange - realised	2	4	-	-
Property, plant and equipment written off	100	-	-	-
Provision for after sales services (Note 11)	210	254	-	-
Rental of premises	124	149	-	7
and after crediting:				
Amortisation of negative goodwill (Note 14)	341	341	-	-
Allowance for doubtful debts written back	-	1	-	-
Dividend income from subsidiaries	-	-	6,057	3,199
Gain on disposal of property, plant and equipment	72	99	-	-
Gain on foreign exchange				
- realised	189	165	-	-
- unrealised	136	128	-	-
Rental income	285	359	-	-
Reversal of provision for after sales services	393	-	-	-

In the previous year, the estimated monetary value of Directors' benefits-in-kind was RM42,000.

19. Employee information

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Defined contribution plan – Employees' Provident Fund	1,704	1,784	146	76
Other staff costs (including Directors' remuneration)	14,451	13,966	1,791	1,137
	16,155	15,750	1,937	1,213

The number of employees of the Group and of the Company (including Directors) at the end of the year was 562 (2003 - 558) and 23 (2003 - 9) respectively.

20. Interest expense

	Group	
	2004 RM'000	2003 RM'000
Interest payable :		
Term loans	(297)	(498)
Bank overdrafts	(120)	(177)
Bankers' acceptances	(625)	(617)
Hire purchase	(12)	(40)
Others	(10)	(8)
	(1,064)	(1,340)

21. Interest income

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Interest receivable:				
Deposits	13	14	2	1
Others	9	10	-	-
	<u>22</u>	<u>24</u>	<u>2</u>	<u>1</u>

22. Tax expense

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Current tax expense				
Malaysian - current year provision	1,103	1,712	1,324	571
- over provision in prior years	(183)	(69)	(52)	-
Overseas - current year provision	6	-	-	-
	<u>926</u>	<u>1,643</u>	<u>1,272</u>	<u>571</u>
Deferred tax expense				
Reversal of temporary differences	(499)	(371)	-	-
Reversal of deferred tax liabilities on crystallisation of revaluation surplus of property, plant and equipment	(5)	(5)	-	-
Under provision in prior years	520	-	-	-
	<u>16</u>	<u>(376)</u>	<u>-</u>	<u>-</u>
	<u>942</u>	<u>1,267</u>	<u>1,272</u>	<u>571</u>

Reconciliation of effective tax rate/expense**Group**

	2004		2003	
	%	RM'000	%	RM'000
Profit before taxation		<u>5,133</u>		<u>3,897</u>
Income tax using Malaysian tax rate	28.0	1,437	28.0	1,091
Reversal of deferred tax due to crystallisation of revaluation reserve	(0.1)	(5)	(0.1)	(5)
Non-deductible expenses	6.6	337	9.5	370
Tax incentives	(5.6)	(288)	(4.7)	(183)
Tax exempt income	(0.5)	(25)	-	-
Effect of tax losses brought forward now recognised	(12.5)	(642)	(2.2)	(86)
Effect of temporary differences previously not recognised now recognised	(1.5)	(72)	-	-
Effect of temporary differences recognised	-	-	3.7	146
Effect of using different tax rate for chargeable income of up to RM500,000 (2003 - RM100,000) of certain subsidiaries	(3.0)	(156)	(0.4)	(14)
Other items	0.4	19	0.4	17
	<u>11.8</u>	<u>605</u>	<u>34.2</u>	<u>1,336</u>
Over provision of tax in prior years	(3.6)	(183)	(1.7)	(69)
Under provision of deferred tax expenses in prior year	10.1	520	-	-
	<u>18.3</u>	<u>942</u>	<u>32.5</u>	<u>1,267</u>

22. Tax expense (continued)**Company**

	2004		2003	
	%	RM'000	%	RM'000
Profit before taxation		4,570		1,606
Income tax using Malaysian tax rate	28.0	1,280	28.0	450
Non-deductible expenses	0.9	44	7.5	121
	28.9	1,324	35.5	571
Over provision in prior years	(1.1)	(52)	-	-
Tax expense	27.8	1,272	35.5	571

23. Earnings per ordinary share - Group**Basic earnings per share**

The calculation of basic earnings per ordinary share is based on the net profit attributable to ordinary shareholders of RM3,984,000 (2003 - RM2,691,000) and the weighted average number of ordinary shares outstanding during the year of 40,059,000 (2003 - 40,016,000).

Weighted average number of ordinary shares

	2004 '000	2003 '000
Issued ordinary shares at beginning of the year	40,059	40,000
Effect of shares issued during the year	-	16
Weighted average number of ordinary shares	40,059	40,016

The diluted earnings per ordinary share is not shown as the exercise price of options under ESOS is higher than the Company's share price at the balance sheet date.

24. Dividends

	Company	
	2004 RM'000	2003 RM'000
Ordinary		
Paid - Interim dividend 6% (2003- 5%) less tax at 28%	1,731	1,440

25. Segmental information

Segment information is presented in respect of the Group's geographical segments by location of customers. Inter-segment pricing is determined based on negotiated terms.

No business segment analysis is prepared as the Group is primarily engaged in the manufacturing, assembly and trading of electrical and home appliances and wiring accessories.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are also based on the geographical location of customers.

25. Segmental information (continued)

	Malaysia		Rest of the world *		Eliminations		Total	
	2004	2003	2004	2003	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Geographical segments by location of customers								
Revenue from external customers	112,000	106,839	37,952	31,299	-	-	149,952	138,138
Inter-segment revenue	69,189	56,943	3,940	3,219	(73,129)	(60,162)	-	-
Total revenue	181,189	163,782	41,892	34,518	(73,129)	(60,162)	149,952	138,138
Segment result	4,453	3,552	1,722	1,661	-	-	6,175	5,213
Interest expense							(1,064)	(1,340)
Interest income							22	24
Profit before taxation							5,133	3,897
Tax expense							(942)	(1,267)
Profit after taxation							4,191	2,630
Minority interests							(207)	61
Net profit for the year							3,984	2,691
Segment assets	88,286	88,527	10,083	7,675			98,369	96,202
Unallocated assets							2,325	1,948
Total assets							100,694	98,150
Segment liabilities	39,456	40,401	5,809	4,516			45,265	44,917
Unallocated liabilities							1,706	1,629
Total liabilities							46,971	46,546
Capital expenditure	2,365	299	-	12			2,365	311
Depreciation and amortisation	2,472	2,596	3130				2,503	2,626
Non-cash expenses	1,050	1,792	430	575			1,480	2,367

* Rest of the world relates primarily to Asia and Middle East regions.

26. Contingent liabilities – unsecured

	Company	
	2004	2003
	RM'000	RM'000
Guarantees and contingencies relating to borrowings of subsidiaries	69,026	79,924

Litigations**Group**

- i) As previously reported, a subsidiary had received a letter of demand from a supplier's solicitor claiming a sum of RM270,000 as consequential loss suffered due to cancellation of a purchase order. Based on the legal advice obtained, the subsidiary had filed the statement of defence and counter claimed losses resulting from poor quality of the products supplied by the supplier. The case is pending pre-trial case management to be determined by the court.
- ii) As previously reported, an injunction and various claims were made against a subsidiary in respect of imitation products supplied to the subsidiary. The subsidiary had made an application for striking out of the whole suit, which was dismissed. The supplier had requested the subsidiary to pay RM240,000 as a final settlement sum. However, the subsidiary has only proposed an amount of RM50,000 for settlement of the case. Currently, the case is pending for hearing in the High Court.

26. Contingent liabilities – unsecured (continued)

- iii) In July 2004, a copy of the writ bearing Supreme Court of Victoria at Melbourne Commercial and Equity Division Writ No. 6727 of 2004 ("the Said Suit") was served by a receivable against a subsidiary for breach of contract and duty of care in relation to purchase orders of certain consumer electrical products made by the receivable to the subsidiary during the period from 2001 to 2002. The receivable has made claims against the subsidiary for damages of USD6,000,000. On 3 December 2004, the Supreme Court of Victoria set aside the service of the Writ and the receivable was ordered to pay legal cost to the subsidiary. The receivable did not proceed with appeal against the subsidiary after the deadline of 17 December 2004.

The Directors do not expect any material losses to arise from the above cases and therefore, no provision has been made in the financial statements.

27. Holding company

The Company regards Kee Hin Ventures Sdn. Bhd., a company incorporated in Malaysia, as the holding company and ultimate holding company.

28. Commitments

	2004 RM'000	2003 RM'000
Property, plant and equipment Contracted for but not provided for in the financial statements	176	-

29. Related parties

Controlling related party relationships are as follows:

- i) The holding company and ultimate holding company as disclosed in Note 27.
- ii) Its subsidiaries as disclosed in Note 3.
- iii) The entire shareholders of the holding company, namely Cheng King Fa, Cheng Ping Keat, Great Partner Industries Limited, Sony Investment (HK) Ltd and Ong Wan Bing alias Kie Tjhan.

Significant related party transactions of the Group and of the Company during the year other than those disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
With companies in which Lee Ah Lan @ Lee Keok Hooi, a Director of the Company, has interest:				
HSL Electrical & Electronics Sdn. Bhd. Sales	(2,714)	(1,328)	-	-
Pan Malaysian Enterprises Sdn. Bhd. Sales	-	(726)	-	-
E & E Sales & Services Sdn. Bhd. Purchases	495	6,073	-	-
With a company in which Cheng King Fa, a Director of the Company, has interest :				
Cheng Tuck Sdn. Bhd. Purchase of leasehold property	860	-	-	-
With subsidiaries:				
Gross dividends received/receivable	-	-	6,057	3,199
Rental expense	-	-	6	6
Management fees	-	-	1,252	285

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

29. Related parties (continued)

Balances with companies in which a Director of the Company has interests and affiliates at the balance sheet date are disclosed in Notes 7 and 9 to the financial statements.

30. Financial instruments**Financial risk management objectives and policies**

Exposure to credit, interest rate, currency and liquidity risks arises in the normal course of the Group and the Company's business. The Board and management reviews and agrees policies for managing each of these risks and they are summarised below:

Credit 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 requiring 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 credits, which are guaranteed by banks before the shipment of goods.

All new investment, if any in quoted and unquoted securities need to be approved by the Board of Directors. All investments in quoted securities are held for long-term purposes, and therefore, any temporary diminution in value will not have any significant impact to the Group and the Company.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Foreign currency risk

The Group incurs foreign currency risk on sales and purchases and foreign deposits that are denominated in currencies other than Ringgit Malaysia. Approximately 20% (2003 - 22%) of the Group's sales are from export market and 45% (2003 - 40%) of the Group purchases are sourced from overseas. Most of the foreign currency transactions are denominated in US Dollars, except for 7% (2003 - 9%) of the foreign currency transactions are denominated in other foreign currencies. The Group does not hedge this exposure to the US dollars as the exchange rate for US dollars is pegged at USD1 : RM3.80. The transactions in other foreign currencies are insignificant. 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.

In respect of other monetary assets and liabilities held in currencies other than Ringgit Malaysia, the Group does not hedge this exposure as the monetary assets and liabilities are denominated in US dollars.

The Group and the Company are also exposed to foreign currency risk in respect of their investment in a foreign subsidiary. The Group does not hedge this exposure by having foreign currency borrowings in view of the insignificant amount of investment in the foreign subsidiary. However, the Board and management will keep this policy under review and will take necessary action to minimise the exposure of the risk.

Liquidity risk

The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows.

Interest rate 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 minimised.

The following table shows information about the Group's exposure to interest rate risk.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

	Effective interest rate %	Total RM'000	Within 1 year RM'000	1 – 5 years RM'000	After 5 years RM'000
2004					
Financial liabilities					
Secured bank overdrafts	6.45	1,149	1,149	-	-
Unsecured bank overdrafts	7.50	992	992	-	-
Secured term loans (fixed rate)	8.50	1,140	180	720	240
Secured term loans (variable rate)	7.52	1,772	1,772	-	-
Unsecured bankers' acceptances	4.45	22,471	22,471	-	-

30. Financial instruments (continued)

2003	Effective interest rate %	Total RM'000	Within 1 year RM'000	1 – 5 years RM'000	After 5 years RM'000
Financial assets					
Deposits placed with a licensed bank	3.00	1,808	1,808	-	-
Financial liabilities					
Secured bank overdrafts	6.30	1,055	1,055	-	-
Unsecured bank overdrafts	7.50	1,279	1,279	-	-
Secured term loans (fixed rate)	8.50	1,320	180	720	420
Secured term loans (variable rate)	7.62	2,182	2,182	-	-
Unsecured term loan	6.80	1,800	1,800	-	-
Secured bankers' acceptances	1.25	109	109	-	-
Unsecured bankers' acceptances	3.68	18,611	18,611	-	-

Fair values*Recognised financial instruments*

The aggregate fair values of the financial assets and liabilities carried on the balance sheet as at 31 December are shown below:

Group	2004		2003	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial assets				
Quoted shares – long term	96	67	95	79
Financial liabilities				
Secured term loan (fixed rate)	1,140	905	1,320	1,013
Unsecured term loan (fixed rate)	-	-	1,800	1,786
Company				
Financial assets				
Quoted shares – long term	78	38	78	51

The fair value of quoted shares is their quoted bid price at the balance sheet date. For the other financial instruments listed above, fair value has been determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

In respect of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings, the carrying amounts approximate fair values due to the relatively short term nature of these financial instruments.

In respect of other long-term borrowings with variable interest rates, the carrying amounts approximate fair values as they are on floating rates and reprice to market interest rates for liabilities with similar risk profiles.

31. Significant events during the year

- i) On 31 May 2004, the Company's two (2) wholly owned subsidiaries, Khind Industries Sdn. Bhd. ("KISB") and Khind-Mistral Industries Sdn. Bhd. ("KMISB" and formerly known as Khind-NES Electric Sdn. Bhd.) entered into a Sale and Purchase agreement to transfer all the property, plant and equipment and inventories from KISB to KMISB for a total consideration of RM25,312,000.

Details of the assets transferred were as follows:

	RM
Properties	17,541,000
Inventories	7,771,000
Assets acquired	<u>25,312,000</u>

**31. Significant events during the year (continued)**

The sale consideration of the properties were based on valuation performed by W.M. Malik & Kamaruzaman, a firm of independent professional valuers, which was based on open market value on an existing use basis. In relation to the plant and machinery and inventories, the sale considerations were arrived at based on their net book values, and net realisable values respectively.

- ii) On 24 August 2004, the Company entered into a Shareholder Agreement to invest an amount of IDR800,000,000 (equivalent to RM338,000) for a 40% equity interest in P.T. Mistral Indonesia ("PTMI"), comprising 8,000 shares of IDR100,000 each. As at todate, the investment has not been approved by the Indonesian government.

32. Event subsequent to the balance sheet date

On 12 January 2005, Khind-Mistral Industries Sdn. Bhd. ("KMISB" and formerly known as Khind-NES Electric Sdn. Bhd.), incorporated a wholly owned subsidiary, namely Khind Middle East FZE in Dubai, United Arab Emirates. The entire authorised and paid up share capital of Khind Middle East FZE is represented by one (1) share of AED 1.0 million (equivalent to RM1,035,000). This investment is part of the Group's expansion plan into the Middle East markets.

SUBSTANTIAL SHAREHOLDERS

Names of Substantial Shareholders	Direct	Percentage (%)	Indirect	Percentage (%)
1. Kee Hin Ventures Sdn.Bhd. (KHVSB) (429373-U) (note 1)	20,007,737	49.95	-	-
2. Md.Azmi bin Lop Yusof (MALY) (note 2)	2,041,474	5.10	-	-
3. Cheng King Fa (note 3)	1,750,420	4.37	20,007,737	49.95
4. Cheng Ping Keat (note 3)	-	-	20,007,737	49.95
5. Great Partner Industries Limited (note 4)	-	-	20,007,737	49.95
6. Sony Investment (HK) Limited (note 5)	-	-	20,007,737	49.95

Notes:

- (1) (a) Includes pledged account of 12,000,000 shares with Amsec Nominees (Tempatan) Sdn. Bhd. via AmBank Berhad.
(b) Includes pledged account of 4,575,300 shares with Mayban Nominees (Tempatan) Sdn.Bhd.
- (2) MALY's beneficial interest of 1,556,935 shares and 484,539 shares are pledged to Maju Nominees (Tempatan) Sdn. Bhd. and Mayban Nominees (Tempatan) Sdn. Bhd. respectively.
- (3) Mr. Cheng King Fa and Mr. Cheng Ping Keat are deemed interested in KHVSB by virtue of their directorships and substantial shareholdings in KHVSB.
- (4) Great Partner Industries Limited (Co.No: 541965) has an indirect interest by virtue of its substantial stake in KHVSB.
- (5) Sony Investment (HK) Limited (Co.No:617636) has an indirect interest by virtue of its substantial stake in KHVSB.

ANALYSIS OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS

Authorised Share Capital	: RM 50,000,000.00
Fully paid and issued shares	: RM 40,059,000.00
Class of Shares	: Ordinary shares of RM 1.00 each
Voting Rights	: 1 vote per Ordinary Share
No. of Shareholders	: 1,467

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of issued capital
Less than 100	69	4.70	3,005	0.00
100 - 1,000	132	9.00	111,018	0.28
1,001 - 10,000	1,069	72.87	3,497,511	8.73
10,001 - 100,000	170	11.59	4,252,548	10.62
100,001 to < 5% of issued shares	24	1.64	12,187,181	30.42
5% and above of issued shares	3	0.20	20,007,737	49.95
TOTAL	1,467	100.00	40,059,000	100.00



**Thirty Largest Shareholders
- per Register of Depositors**

Names of Shareholders	No. of Shares held	% of issued capital
1 Amsec Nominees (Tempatan) Sdn. Bhd. (102918-T) (AmBank Berhad for Kee Hin Ventures Sdn. Bhd.)	12,000,000	29.96
2 Mayban Nominees (Tempatan) Sdn.Bhd.(Kee Hin Ventures Sdn.Bhd)	4,575,300	11.42
3 Kee Hin Ventures Sdn.Bhd.(KHVSB) (429373-U)	3,095,557	7.73
4 Cheng King Fa	1,750,420	4.37
5 Airex Industries Sdn. Bhd. (455346-A)	1,570,667	3.92
6 Imartech Industries Sdn. Bhd.(270026-X)	1,568,000	3.91
7 Maju Nominees (Tempatan) Sdn. Bhd. (33863-K) (Pledged Account for Md. Azmi bin Lop Yusof)	1,556,935	3.89
8 Dato' Cheng Hup	1,485,069	3.71
9 Mayban Nominees (Tempatan) Sdn. Bhd. (258939-H) (Pledged Account for Md. Azmi bin Lop Yusof)	484,539	1.21
10 Mayban Nominees (Tempatan) Sdn. Bhd. (258939-H) (Pledged Account for Then Nyong Fah)	421,000	1.05
11 PAB Nominee (Tempatan) Sdn. Bhd. (37645-P) (Pledged Account for Yayasan Terengganu(1115001178)	400,000	1.00
12 Kee Hin Ventures Sdn.Bhd.(KHVSB) (429373-U)	336,870	0.84
13 SFB Nominees (Tempatan) Sdn. Bhd. (Pledged Account for Then Nyong Fah)	320,000	0.80
14 Perbadanan Kemajuan Negeri Kedah (ECT 51965)	294,000	0.73
15 Yayasan Sarawak (41971)	294,000	0.73
16 Cheng Yoke Leng	262,034	0.65
17 Yayasan Kelantan Darulnaim (KELENTBIL980)	245,000	0.61
18 Cheing Boon Ngoun @ Chean Puan In	242,667	0.61
19 Cheng Kin Yet	206,100	0.51
20 Chua Ching Geh	173,900	0.43
21 Choah Yoke Moi	166,241	0.41
22 Mai Yin @ Leong Mai Lin	160,209	0.40
23 Citicorp Nominees (Tempatan) Sdn.Bhd.(473737) (Pledged Account for Leow Kay Pin)	127,400	0.32
24 Koh Cheng Kiat	125,333	0.31
25 Soh Kok Heng	121,000	0.30
26 Khind Industries Sdn. Bhd.(173304-D)	112,000	0.29
27 Malaysian Technology Development Corporation Sdn. Bhd. (235796-D)	100,667	0.25
28 Cheah See Han	96,000	0.24
29 HLB Nominees (Tempatan) Sdn. Bhd.(47697-U) (Pledged Account for Chan Wai Pun)	90,000	0.23
30 Tan Jin Tuan	79,000	0.20
	32,459,908	81.03

Director's Shareholdings

Names of Directors	Direct Shareholdings	Percentage %	Indirect Shareholdings	Percentage %
1. Mr. Cheng King Fa (Note 1)	1,750,420	4.37	*20,007,737	49.95
2. Mr. Cheng Ping Keat (Note 1)	-		*20,007,737	49.95
3. Mr. Md. Azmi bin Lop Yusof (Note 2)	2,041,474	5.10	-	-
4. Mr. Nordin bin Mohamad Desa	13,333	0.03	-	-
5. Mdm.Tan Lay Kuan @ Tan Lay Wah	13,333	0.03	-	-
6. Mr. Lee Ah Lan @ Lee Keok Hooi	-	-	-	-
7. Mr. Kamil bin Datuk Hj. Abdul Rahman	-	-	-	-
8. Mr. Soekardi Thedjoisworo	-	-	-	-
9. Mr.Ong Wan Bing alias Kie Tjhan (Note 3)	-	-	*20,007,737	49.95

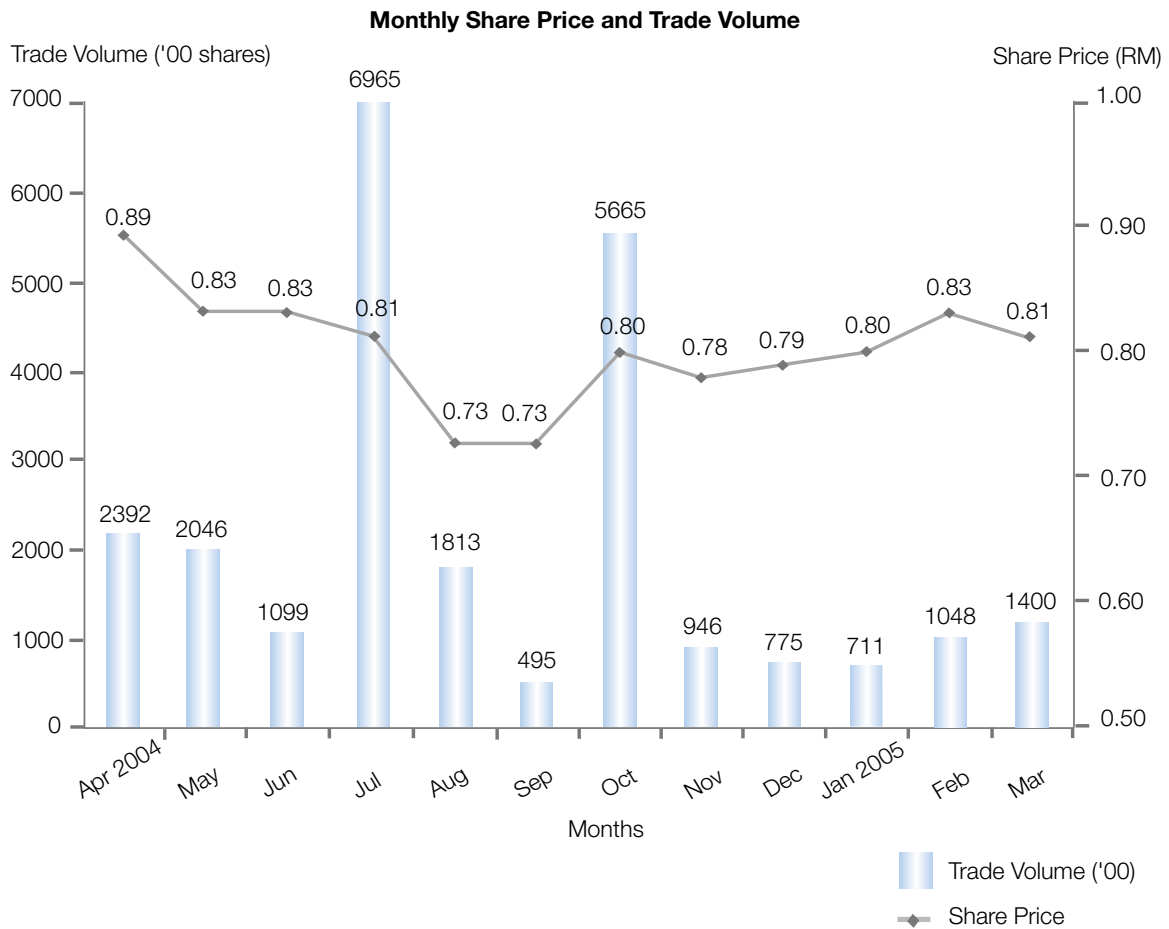
Notes :-

- (1) Messrs. Cheng King Fa and Cheng Ping Keat are deemed interested in the *20,007,737 shares beneficially-owned by Kee Hin Ventures Sdn. Bhd. (429373-U) (KHVSB), by virtue of their substantial stake in KHVSB.
- (2) Mr. Md. Azmi bin Lop Yusof is the beneficial owner for 1,556,935 and 484,539 shares which are pledged to and registered in the names of Maju Nominees (Tempatan) Sdn.Bhd. and Mayban Nominees (Tempatan) Sdn. Bhd. respectively.
- (3) Mr. Ong Wan Bing alias Kie Tjhan is deemed to be indirectly interested in the *20,007,737 shares beneficially-owned by KHVSB, by virtue of his direct interest of 6.5% in KHVSB.

List of Properties Held by the Group as at 31 December 2004



Location/Address	Built-up (sq. feet)	Tenure	Existing use of Properties	Date of Acquisition/ Completion	Approx. age (months/years)	Net Book Value @ 31.12.04 (RM'000)
Lots 12217, 12218, 12219, 12240, 12241, 12266 and 12267 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 Industries Sdn Bhd, Khind Components Sdn Bhd, Khind-Mistral Industries Sdn Bhd (formerly known as Khind-NES Electric Sdn Bhd) and Khind Technology Centre Sdn Bhd (formerly known as Khind R&D Sdn Bhd).	(Land) 24.01.1989	16 years	13,594
				(Building) 15.01.1991 - 01.07.1998	6 - 14 years	
No. 15, Jalan PJS 11/8, Bandar Sunway, (Phase 13), Mukim of Damansara, District of Petaling, Selangor Darul Ehsan.	7,433	Leasehold 99 years expiring on 2096.	Rented out.	26.05.1993	11 - 12 years	1,360
Lot 8243, No. 15, 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 (Sarawak) Sdn Bhd (formerly known as Khind Marketing (Sarawak) Sdn Bhd).	31.03.1993	11 years	683
Lot 8245, No. 17, Lee Chong Lin Industrial Estate, Jalan Pending, 93450 Kuching, Sarawak.				19.08.1995	9 years	
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 (Sarawak) Sdn Bhd (formerly known as Khind Marketing (Sarawak) Sdn Bhd).	10.09.2004	3 months	860
Lot 3, 4, 5, 6 Moguputi Industrial Park, Kota Kinabalu, Sabah.	11,040	Leasehold 99 years expiring on 2097.	Office, service centre & warehouse for Khind-Mistral (Sabah) Sdn Bhd (formerly known as Khind Marketing (Sabah) Sdn Bhd).	10.08.2000	4 - 5 years	1,877
Plot 120, Bandar Perda held under HS (D) 121, No. PT 123, Mukim 7, Daerah Seberang Prai Tengah, Penang.	3,670	Freehold	Office and service centre for Khind Marketing (M) Sdn Bhd branch.	05.05.1999	5 - 6 years	526
No. 2, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor.	25,112	Freehold	Office and service centre for Khind Marketing (M) Sdn Bhd and Mistral Marketing (M) Sdn Bhd (formerly known as Khind Sales & Service Sdn Bhd) Export office for Khind-Mistral Industries Sdn Bhd. (formerly known as Khind-Nes Electronic Sdn Bhd).	12.03.1999	5 - 6 years	3,413
No. 4, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor.	18,621	Freehold	Rented out.	20.08.2000	4 - 5 years	2,270



Per Share Information

		31 December 2004	31 December 2003	31 December 2002	31 December 2001
Earnings per share (sen)	(a)	9.95	6.72	6.80	-8.41
Gross Dividend per share (sen)		6.0	5.0	5.0	6.5
Net Dividend per share (sen)	(b)	4.32	3.60	3.60	4.68
Dividend Pay Out Ratio (%)	(b) ÷ (a)	43.42	53.57	52.94	-55.65
Dividend Yield (%)		7.59	5.24	4.50	2.90
Net Tangible Assets per share (RM)		1.23	1.17	1.14	1.63

Share Capital Information

Price at 31-03-2005	:	RM0.81
Market Capitalization at 31-03-2004	:	RM32.45 Million
Share Prices	:	Highest RM4.35 on 10-02-2000
	:	Lowest RM0.60 on 08-11-2004
Daily Trade Volume ('00 shares)	:	Highest 1503
	:	Lowest 0

NOTICE IS HEREBY GIVEN THAT the Ninth 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 Tuesday, 31 May 2005 at 10.00 a.m. to transact the following:-

AGENDA

Ordinary Business

1. To receive and adopt the Audited Financial Statements for the year ended 31 December, 2004 and the Reports of the Directors and Auditors thereon; (Resolution 1)
2. To re-elect the following Directors, who retire, pursuant to the provisions of Articles 100 and 107 of the Company's Articles of Association :-
 - Article 100**
 - (i) Mr. Cheng Ping Keat (Resolution 2a)
 - (ii) Mr. Nordin bin Mohamad Desa (Resolution 2b)
 - (iii) Mr. Lee Ah Lan @ Lee Keok Hooi (Resolution 2c)
 - Article 107**
 - (iv) Mr. Ong Wan Bing alias Kie Tjhan (Resolution 2d)
3. To approve Directors' Fees of RM93,000 for year ended 31 December, 2004 (Resolution 3)
4. To re-appoint Messrs. KPMG as Auditors of the Company for the year ending 31 December 2005 and to authorize the directors to fix their remuneration (Resolution 4)

Special Business:-

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

5. **Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.**
 "THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval from other relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting." (Resolution 5)
6. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature with the following Related Parties :-**
 - a) HSL Electrical & Electronic Sdn. Bhd.; (Resolution 6a)
 - b) E & E Sales & Services Sdn. Bhd.; (Resolution 6b)

(individually referred to as "the Related Party")

"THAT approval be and is hereby given to the Company and its subsidiaries ("**KHIND Group**") to renew and approve the Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature to be entered into and to give effect to the specified Recurrent Related Party Transactions with "the Related Party" as stated in Section 2.2 of the Circular to Shareholders dated 29 April 2005, which are necessary for the day to day operations of the Khind Group provided that:-

- (i) the transactions are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to "the Related Party" than those generally available to the public and are not detrimental to the minority shareholders;
- (ii) disclosure is made in the annual report, a breakdown of the aggregate value of transactions made with "the Related Party" during the financial year with particulars of the type of transactions made and the name of the related party involved in each type of transactions made and their relationship with the Company and that such approval shall continue to be in force until:-
 - a) the conclusion of the next annual general meeting of the Company;
 - b) the expiration of the period within which the next general meeting is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - c) revoked or varied by resolution passed by the shareholders in a general meeting; whichever occurs first;
- (iii) the directors and/or any one of them be and are hereby authorized to complete and do all such acts and things to give effect to the transactions contemplated and/or authorized by this Ordinary Resolution."

Others

7. 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

Kam Kooi Hua (MACS 00152)
Khoo Guan Kiat (MIA 20886)
Joint Company Secretaries

Shah Alam, Selangor.
29 April 2005.

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
2. In the case of a corporation, the proxy appointed must be in accordance with its Memorandum and Articles of Association, and this Form of Proxy shall be given under its Common Seal or under the hand of an officer or attorney duly authorized.
3. Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he/she thinks fit.
4. This Form of Proxy must be deposited with the Share Registrars, PFA Registration Services Sdn. Bhd., Level 13, Uptown 1, No.1 Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.

Explanatory Notes on Special Business:-

(a) Ordinary Resolution 5 pursuant to Section 132D of the Companies Act, 1965.

The proposed Ordinary Resolution 5, if passed, will empower the Directors to allot and issue up to a maximum of 10 per cent of the issued share capital of the Company at any time in their absolute discretion without convening a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.

(b) Ordinary Resolutions 6a and 6b on Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature.

The proposed Ordinary Resolutions 6a and 6b, if passed, will empower the Directors from the date of the Ninth (9th) Annual General Meeting, to deal with the related party transactions including recurrent related party transactions of a revenue or trading nature which are necessary for its day to day operations. The Recurrent Related Party Transactions are in the ordinary course of business and on terms not more favourable to the related parties than those generally available to the public. This authority unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. Please refer to the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature dated 29 April 2005 for further information.

STATEMENT ACCOMPANYING THE NOTICE OF THE NINTH (9TH) ANNUAL GENERAL MEETING OF KHAND HOLDINGS BERHAD. – PURSUANT TO PARAGRAPH 8.28 (2) OF THE LISTING REQUIREMENTS, OF BURSA MALAYSIA SECURITIES BERHAD

1. Re-election of Directors

The Directors, who are retiring pursuant to the provisions of Articles 100 and 107 of the Company's Articles of Association are:-

Article 100

- a) Mr. Cheng Ping Keat
- b) Mr. Nordin bin Mohamad Desa
- c) Mr. Lee Ah Lan @ Lee Keok Hooi

Article 107

- c) Mr. Ong Wan Bing alias Kie Tjhan

Further details of the abovenamed directors, who are all standing for re-election, are set out in the Profile of Directors on pages 12 to 14 of the Annual Report.

2. Details of Attendance of Directors at Board Meetings in 2004

The above information is provided in the Statement on Corporate Governance on page 17 of the Annual Report.

3. Particulars of the Ninth (9th) Annual General Meeting of the Company

Venue : Conference Room, 2nd Floor, No. 2, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor.
Date : 31 May 2005 (Tuesday)
Time : 10.00 a.m.

No of Shares	
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FORM OF PROXY

(Before completing this form, please refer to the notes below)

I/We _____
 (FULL NAME IN BLOCK LETTERS)

of _____

being a member/members of KHIND HOLDINGS BERHAD (380310-D) hereby appoint _____

_____ (FULL NAME IN BLOCK LETTERS)

of _____

_____ (FULL ADDRESS)
 or failing him/her, _____ (NRIC.No _____) of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the NINTH ANNUAL GENERAL MEETING of the Company to be held at No.2, Jln. Astaka U8/82, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan on Tuesday, 31 May 2005 at 10.00 a.m.

My/Our proxy is to vote on all the Resolutions as indicated by an "X" in the appropriate space below. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.

Ordinary Business	For	Against
RESOLUTION 1 Adoption of Audited Financial Statements for year ended 31.12.2004		
RESOLUTION 2a Re-election of Mr. Cheng Ping Keat		
RESOLUTION 2b Re-election of Mr. Nordin bin Mohamad Desa		
RESOLUTION 2c Re-election of Mr. Lee Ah Lan @ Lee Keok Hooi		
RESOLUTION 2d Re-election of Mr. Ong Wan Bing @ Kie Tjhan		
RESOLUTION 3 Approval of Directors' Fees of RM93,000 for year ended 31.12.2004		
RESOLUTION 4 Re-appointment of KPMG as Auditors for year ending 31.12.2005		
Special Business - Ordinary Resolutions		
RESOLUTION 5 Section 132D Authority to Issue Shares		
RESOLUTION 6a Proposed Renewal of Shareholders' Mandate for RRPT with HSL Electrical & Electronic S/B		
RESOLUTION 6b Proposed Renewal of Shareholders' Mandate for RRPT with E & E Sales & Services S/B		

Signed this _____ day of _____ 2005

 Signature/Common Seal

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
2. In the case of a corporation, the proxy appointed must be in accordance with its Memorandum and Articles of Association and this Form of Proxy shall be given under its Common Seal or under the hand of an officer or attorney duly authorized.
3. Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he/she thinks fit.
4. This Form of Proxy must be deposited with the PFA Registration Services Sdn. Bhd. of Level 13, Uptown 1, No. 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.
5. Note on Special Business:-
 The proposed Ordinary Resolution 5, if passed, will empower the Directors to allot and issue shares up to a maximum of 10 % of the issued share capital of the Company at any time in their absolute discretion without convening a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.
6. The proposed Ordinary Resolutions 6a and 6b, if passed, will empower the Directors from the date of the 9th Annual General Meeting, to deal with the related party transactions including recurrent related party transactions of a revenue or trading nature which are necessary for its day to day operations. The Recurrent Related Party Transactions are in the course of business and on terms not more favourable to the related parties than those generally available to the public. This authority unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. Please refer to the Circular dated 29 April 2005 for further information.

The Share Registrars
PFA Registration Services Sdn. Bhd.
Level 13, Uptown 1
No. 1, Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya, Selangor

Affix
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Complaint Against Public Listed Company Form

This form is intended to facilitate the lodgement of complaints with BMSB, by investors against Public Listed Companies (PLCs) in Malaysia. Investors are encouraged, in the first instance, to amicably settle any differences directly with the PLC concerned.

Q: When can you make a complaint?

A: At anytime, preferably as soon as the problem occurs. Below are some instances when a complaint may be lodged against a PLC:

- Misleading/inaccurate/insufficient disclosure of information;
- Failure to disclose material information in financial statements or annual reports;
- Actions/lack of actions detrimental to the interest of shareholders;
- Director of PLCs;
- Management of PLCs;
- Share Registrar of PLCs; and
- Others(to specify).

Q: What are the procedures to make a complaint?

A: Procedure is very simple. For clarity, it is best to be in written form and directed to the BMSB. You can use any of the following methods to submit your complaints:

- mail the attached Complaint Form to BMSB; or
- fax the Complaint Form to 603-2732 5258.

Q: How will BMSB handle the complaint?

A: BMSB will handle the matter promptly and in any event, will contact the complainant not later than 14 days from receipt of the complaint.

Details of Complainant

Name : _____

NRIC No : _____

CDS No : _____

Address : _____

Telephone No : House : _____

Business : _____

H/Phone : _____

Details of Public Listed Company

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

Details of Complaint

Have you tried to resolve this complaint with the relevant Public Listed Company?

YES

NO

If yes, kindly indicate the name of the person contact and his/her department.

Type of Complaint

Misleading/inaccurate/insufficient disclosure of information;

Failure to disclose material information in financial statements or annual reports;

Action/lack of actions detrimental to the interest of shareholders;

Directors of PLCs;

Management of PLCs;

Share Registrars of PLCs; and

Others (to specify)

if others, please specify:

MY COMPLAINT IS AS FOLLOWS.

(Please provide: detailed account of the complaints in chronological order.)

You may type additional notes in a separate piece of paper.

Signature :

Date :

For BMSB's use : _____

Ref no : _____

Date Received : _____

Officer in charge : _____

Date of first contact with complainant: _____

Status after 14 days : _____

Resolved

Pending

Details:

Contact Details :

Complaint Bureau

Bursa Malaysia Securities Berhad (BMSB),

Exchange Square, Bukit Kewangan,

50200 Kuala Lumpur, Malaysia

Tel : 603-2034 7000

Fax : 603-2732 5258

Complaint Bureau
Bursa Malaysia Securities Berhad
Exchange Square, Bukit Kewangan
50200 Kuala Lumpur, Malaysia

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