



It has to be



Managing Director's Review of Operations

Year 2000 – Performance & Operation Review

Last year saw Khind continuing its effort to strengthen and expand its market presence locally and overseas; and maximising shareholders' value. We endeavoured to constantly bring value, reliability and quality to our customers and this is reflected in our commitment to building the "Khind" brand name.

Khind recorded an average yearly growth within the region of 20 percent since its debut on the Second Board of the Kuala Lumpur Stock Exchange (KLSE) in 1998. For the year ended December 31, 2000, the Group's turnover rose 25 percent to RM116.869 million from RM93.461 million the previous year. The Group's impressive increase in turnover was mainly due to the increase in both manufacturing and trading activities.

In a significant move by the Group towards becoming a total electrical player, our new subsidiary, Khind Sales and Service Sdn Bhd (KSS) introduced a wide range of white goods and audio-visual products in August 2000. The results from KSS has been encouraging. In just a short span of five months, KSS was able to capture total sales of RM18.0 million from products such as televisions, VCD players and microwave ovens.

Khind became the first Malaysian brand to introduce pure-flat screen televisions and microwave ovens. In addition to that, we introduced to the market more than 70 new models last year, in line with our plans to continue expanding our range of products.

Khind-NES Electric Sdn Bhd (Khind-NES) was acquired by Khind in April 2000. Khind-NES is principally involved in the manufacturing of products such as electrical extension sockets, multi-adaptors and lightning surge arrestors.

On the overseas front, export sales grew tremendously by 41 percent last year as compared to the previous year. For the financial year ended December 31, 2000, export sales totalled RM18.0 million. Khind exports its products to over 40 countries mainly in the Middle East and Asia Pacific region and we intend to expand our presence in both the existing and potential markets.

Recognising the importance of East

Malaysia to the Group, we had bought new buildings in Kota Kinabalu for RM2.040 million to co-ordinate sales and marketing activities in that region. Last year also saw our two marketing subsidiaries, Khind Marketing (M) Sdn Bhd (KMM) and KSS, moved into the new building located at Bukit Jelutong, Shah Alam which we had purchased earlier.

For the financial year ended 31 December, 2000, Khind's pre-tax profit decreased slightly to RM5.904 million from RM7.848 million the previous year. We are not alarmed by this as we had allocated more money for advertising and promotions last year to build our brand name. We believe that the investment we make in strengthening our brand name is part of a sustainable marketing plan that is already yielding results as reflected in the increased sales.

Impacting our profit margins was also rising raw material costs such as plastic resin, packaging material and metal components. We are making conscious efforts to put in place cost control measures to manage this while looking at ways to increase productivity.

Research & Development

In early 2001, the Group set up Khind R&D Sdn Bhd (Khind R&D) as an initiative to be more customer-oriented by introducing new and improved products that meet their needs. Previously, Khind had a Research and Development department. Upon the corporatisation of this department to Khind R&D, Khind's own pool of professionals will work together with external consultants in developing the Group's range of products and improve processes to be more cost-effective.

Stemming from its concerted R&D effort, Khind obtained an additional five SIRIM quality certifications last year. This brings to a total of 21 SIRIM quality certifications covering more than 200 models. Khind has representatives in five Technical Committees in SIRIM responsible for drafting product standards for Malaysia. This is our commitment to consumers that all our manufactured products are of the highest quality and meet safety standards.

A further testimony of that is the surpassing of the minimum energy efficiency standards enforced by the

Department of Electricity and Gas Supply (DEGS) by our range of electrical fans. This is made possible by Khind's ongoing research and development activities to meet customers' demand for a more efficient and energy-saving product.

Human Resources

As at the end of year 2000, Khind employed a total of 646 employees. Spearheaded by a team of experienced managers, Khind is always evolving and developing local talents to help it become the leading local player in electrical products. It was with this purpose in mind that Khind provided internship programmes for 14 undergraduates from local universities last year.

Corporate Governance

The management of Khind Holdings Berhad recognises that good corporate governance is as much a responsibility to our shareholders as it is a best practice. The Group has and will continue to operate in an ethical and transparent manner, in compliance with the Malaysian Code on Corporate Governance. The corporate values and principles are the engines that propel good governance while achieving optimal efficiency in conducting its business activities.

The five Board meetings held last year were useful platforms for the Directors to review the progress of the Group while keeping them abreast with the Group's development.

Prospects

We look forward to the coming year as we anticipate another successful year. We believe that the introduction of new products by KSS and new models by KMM in year 2001 is able to position the Group more competitively. Finally, we are tremendously excited that the year 2001 marks the 40th Year Anniversary for Khind and I believe that there will be many more exciting days ahead for the Group as it becomes a total electrical player in Malaysia.



Dato' Cheng Hup
Managing Director

DATE	EVENTS
1. 4 April 2000	Entered into a Sale and Purchase Agreement (SPA) with Sanlike Sdn Bhd to acquire fixed assets, stocks and intellectual property rights for a total cash consideration of RM 1,875,046.
2. 19 May 2000	Fourth Annual General Meeting.
3. 24 May 2000	Release of Q1 unaudited results for the first quarter ended 31 March 2000.
4. 16 August 2000	Acquired a new subsidiary viz Khind Sales & Service Sdn Bhd (442421-A) (KSS). Khind subscribed for 1,500,000 ordinary shares of RM 1.00 each at par and for cash in KSS (representing 75% of its issued and paid up share capital)
5. 21 August 2000	Purchase of second factory building at Bukit Jelutong, Shah Alam.
6. 23 August 2000	Release of Q2 unaudited results for the half year ended 30 June 2000.
7. 11-12 October 2000	Book Closure Date for Interim Dividend.
8. 20 October 2000	Payment of Interim Dividend of 7% per share less 28% income tax for year ending 31 December 2000.
9. 23 November 2000	Release of Q3 unaudited results for the third quarter ended 30 September 2000.
10. 23 November 2000	Acquired the entire issued and paid up share capital of RM50,000 of Khind-Nes Electric Sdn Bhd (213282-V) via a third party transaction for a total cash consideration of RM2.00.
11. 2 January 2001	Acquired a wholly-owned subsidiary viz Khind R&D Sdn. Bhd. (429363-P) at par and for cash consideration of RM2.00 from Khind Industries Sdn Bhd (formerly Kee Hin Industries Sdn Bhd) (173304-D).
12. 20 February 2001	Release of Q4 unaudited results for the year ended 31 December 2000.

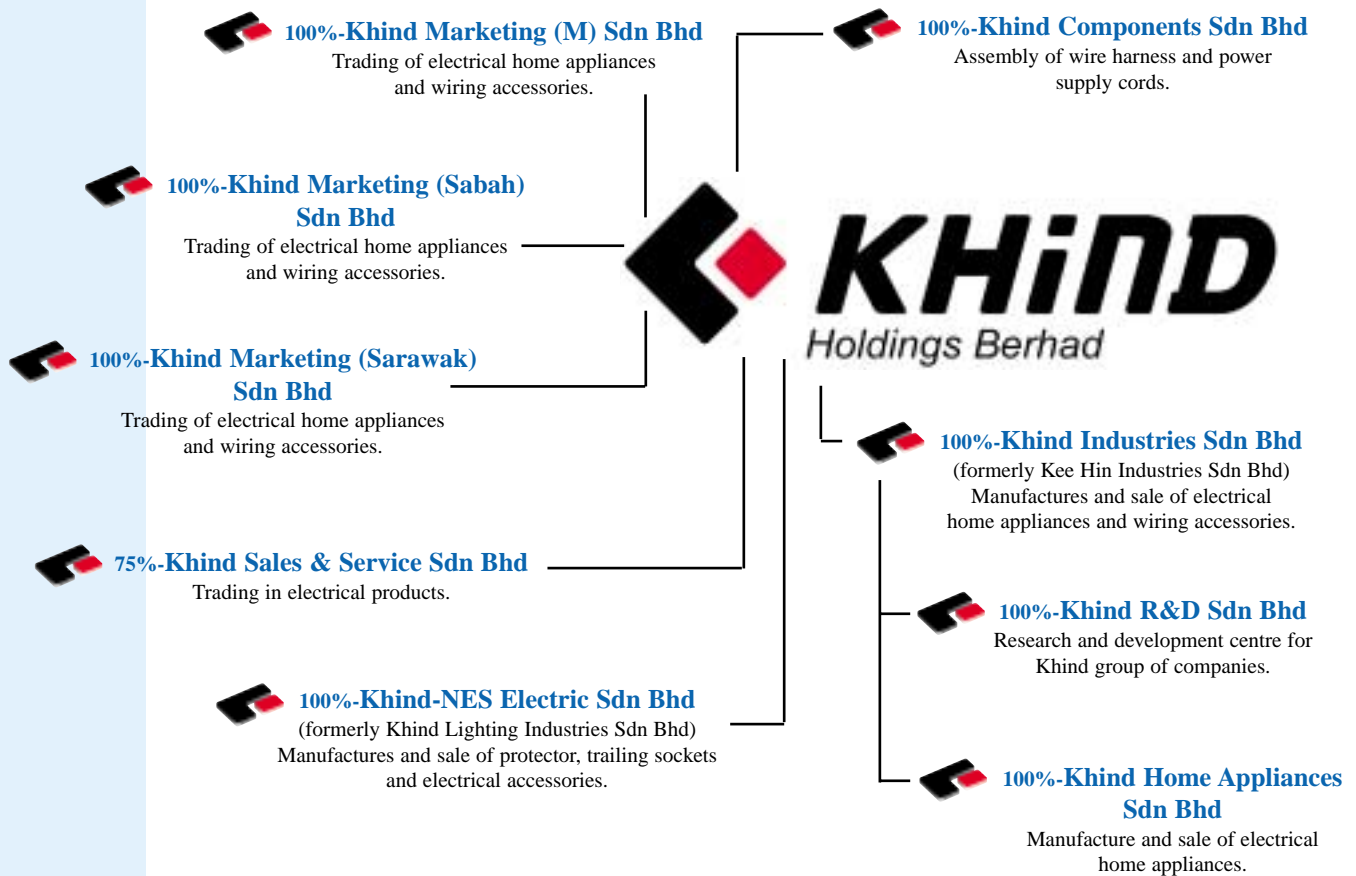
Financial Calendar
2000

DATE	EVENTS
1. 29 January 2000	A total of 38 employees who have served Khind from between 5 to 15 years received their long service awards at Khind's annual luncheon held at Sekinchan.
2. 30 March 2000	Khind Marketing (Malaysia) Sdn Bhd (KMM) announced the winners of its three-month long Khind Emergency Light Match & Win consumer contest. The winners were Miss Leow Siew Cheng, Dr. Audre Das and Miss Chew Choi Lee.
3. 13 April 2000	A total of 23 KMM dealers from the East Coast visited the manufacturing plant in Sekinchan. The tour included a briefing on the quality assurance system of Khind.
4. 29 May 2000	KMM, Khind Sales & Service Sdn Bhd (KSS) and the export division of Khind Industries relocated to a new building in Bukit Jelutong, Shah Alam.
5. 17 August 2000	A total of 25 employees of Khind Industries received their certificate of participation in Kaizen activities from YB Dr. Fong Chan Onn, Minister of Human Resource, during his visit to Khind's manufacturing plant in Sekinchan.
6. 22 August 2000	KSS launched its range of audio-visual products and white goods. This demonstrates Khind's continual commitment to provide consumers with a more complete range of consumer electrical appliances.
7. 22 September 2000	KSS launched its latest flagship product, the pure flat screen colour television. Khind has the widest range of colour televisions among local brands.
8. 22 October 2000	Khind Sport Club organised a family day for all employees working in Peninsular Malaysia.
9. 25 October 2000	Khind Industries hosted a visit from the members of NUNW (National Union of Newspaper Workers) and their families. The visitors were taken on a tour of the manufacturing plant in Sekinchan.
10. 8 November 2000	<ul style="list-style-type: none">•KMM honoured its top 10 outstanding dealers for 1999.•Khind rolled-out 2 new range of electrical fans, the auto fan and the ceiling fan. The introduction of this new range of fans further strengthens Khind's position as the largest local fan manufacturer with about 15% of the local fan market.
11. November 2000	Khind Industries starts began assembly of VCD players in its manufacturing plant in Sekinchan.
12. 13 January 2001	Khind's 40 th anniversary programme was launched at the 2000 Annual Dinner.

Value



Group Corporate Structure



Corporate Information

registered office:

No. 2, Jalan Perusahaan 2,
Off Jalan Bernam,
45400 Sekinchan,
Selangor Darul Ehsan.
Tel: 603-8811991
Fax: 603-8811500

website address:

www.khind.com

e-mail address:

khind@tm.net.my

registrar:

Malaysian Share Registration
Services Sdn. Bhd.
7th Floor, Exchange Square,
Bukit Kewangan, 50200
Kuala Lumpur.
Tel: 603-206 8099
Fax: 603-206 3736

secretaries:

Kam Kooi Hua
(LS 000847)
Goh Soon Siew
(MAICSA 0763499)

stock exchange listing:

Second Board of the
Kuala Lumpur
Stock Exchange

auditor:

KPMG
Public Accountants (AF: 0758)

solicitor:

Khor, Anuar & Khong

principal bankers:

Citibank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
Public Bank Berhad

Caring for our Shareholders

- to strive for the interest of all stakeholders through continuous improvement and proactive planning



With the launch of the ceiling fan, Khind now offers a complete range of fans



The official launch of Khind Sales & Service Sdn. Bhd. is in line with Khind's aim to be a total player in the electrical industry.

Corporate Profile:

Back in 1961, Cheng King Fa started a modest business in Sekinchan trading electrical goods. Driven by his clear vision, the business flourished and in the late seventies, developed to include the manufacture of electrical accessories and lamps. The next decade witnessed Khind's venture into the lucrative export market.

In 1992, Khind's manufacturing expanded to include fans and other household appliances and by the turn of the millennium, the Group was distributing audio-visual products and white goods.

Today, the Khind Group, which was listed on the KLSE on 3rd August 1998, manufactures and distributes world-class electrical home appliances across Malaysia and around the world.



Special thanks to two Japanese Consultants of Japanese Overseas Development Corporation who shared their technical knowhow with us (especially with the plastic moulding division) during their six weeks period with Khind.



A dealer's shop signage in Saudi Arabia



The 4th AGM in progress on 19/5/2000

Caring for our Employees

- to provide a conducive working environment for employees' personal development and excellence
- to build a strong team spirit and develop collective accountability towards realization of our common goals



Khind's 40th anniversary programme was launched at the 2000 Annual Dinner on 13/1/01



Khind "Sukaneka" family day held at S.K.Seri Sekinchan on 22/10/2000.



A group picture of the 5-year service award recipients during the Annual Dinner.



Presentation of certificates by YB Dato Dr. Fong Chan Onn, Minister of Human Resource to participants of Kaizen Programme on 17/8/2000.



The top dealers award presentation in recognition of their long standing support.

Caring for our Customers

- to delight our customers with high quality products and service at a fair price



YB Chia Kam Lem conducting the lucky draw for Millenium Warehouse Sale on 9 -12/11/2000.

Caring for our Suppliers

- to grow together with our employees, suppliers and customers and to treasure them as our valued partners.



The winners of the Khind Emergency Light Match & Win consumer contest



Dealers visit to the factory.



Opening ceremony of Khind Millenium Warehouse Sale in Sekinchan on 9/11/2000 by Group Chairman, Mr Cheng King Fa.

Caring for our Community

- to build our name in the electrical industries both domestically and globally
- to be a pride to our nation and society



Momentos from beneficiaries of Khind's community programme.



Students of SRJK (C) Bin Hua (2), Klang posing for a group photo after an educational tour of the factory.



MBA students of Honolulu University during their visit to Khind factory