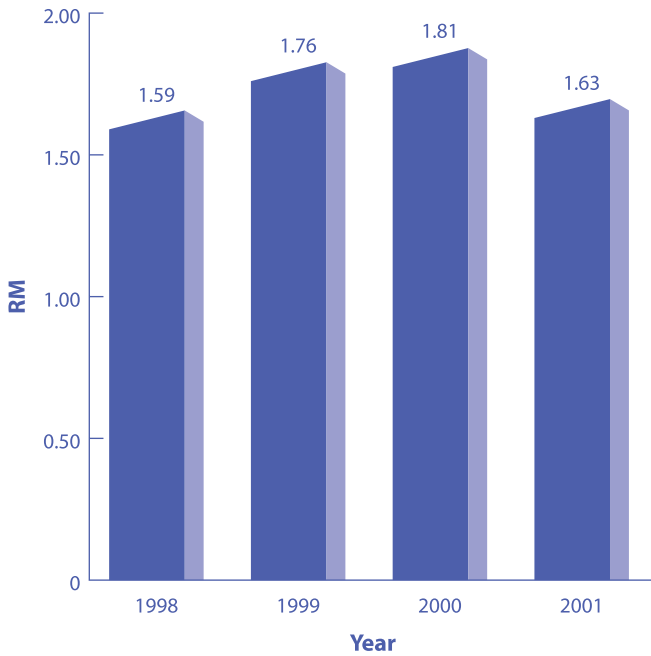
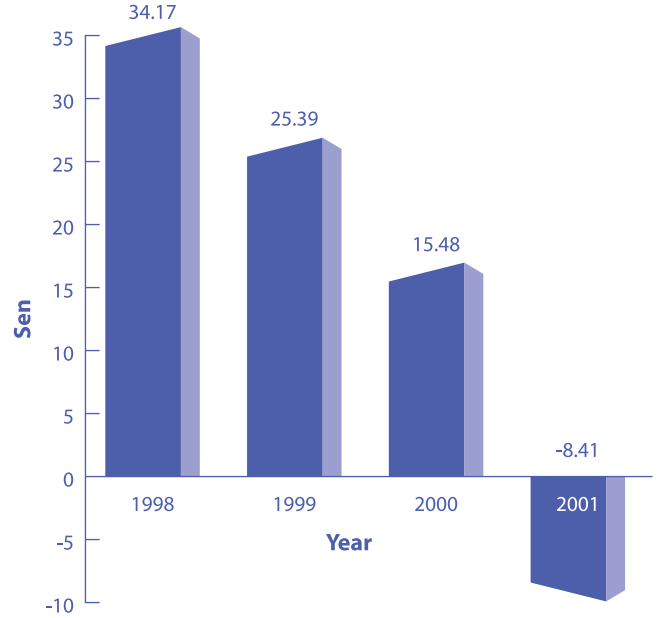


Financial Statements

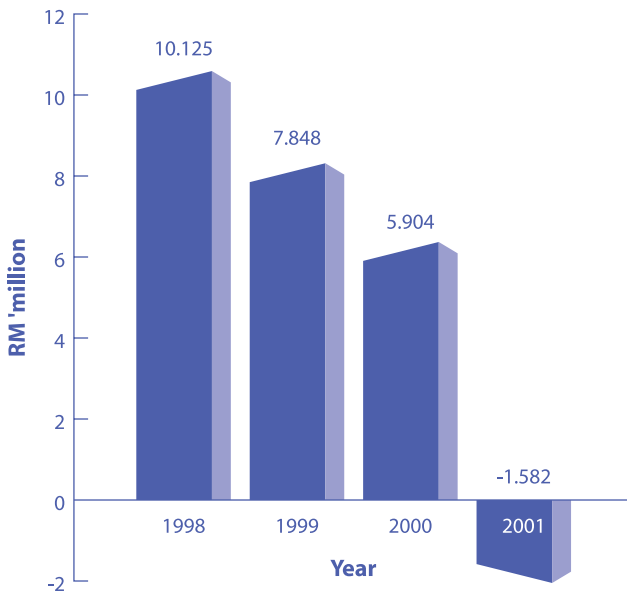
Net Tangible Asset



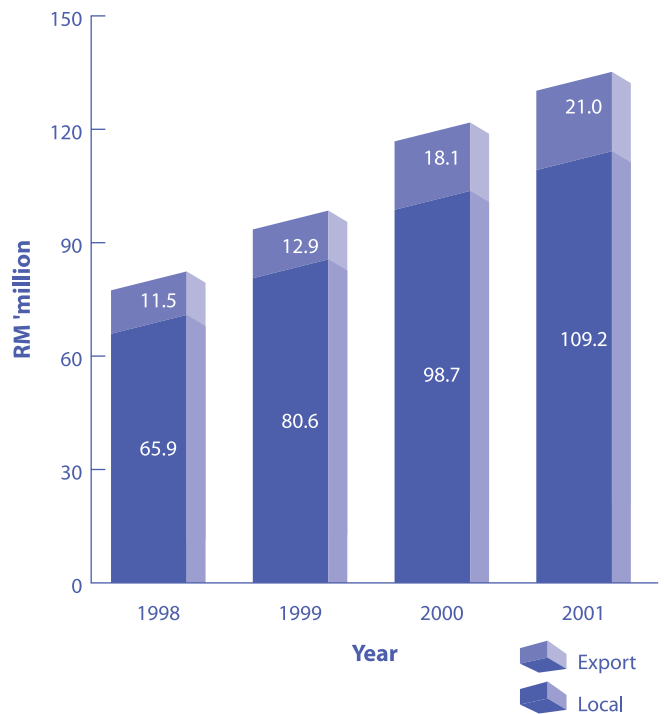
Earnings Per Share



Profit Before Income Taxation



Group Turnover



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 2001.

Principal activities

The Company is principally engaged in investment holding, 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 (loss)/profit for the year	(2,524) =====	8,752 =====

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 6.5% less tax at 28% totalling RM1,404,000 in respect of the year ended 31 December 2001 on 5 October 2001.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2001.

Directors of the Company

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

Cheng King Fa
Dato' Cheng Hup
Cheng Ping Keat
Cheng Ping Loke
Nordin Bin Mohamad Desa
Tan Lay Kuan @ Tan Lay Wah
Y.B. Md Azmi Bin Lop Yusof
Lee Ah Lan @ Lee Keok Hooi
Kamil Bin Datuk Haji Abdul Rahman (appointed on 30.7.2001)
Then Nyong Fah (resigned on 30.7.2001)

In accordance with Article 100 of the Company's Articles of Association, Dato' Cheng Hup, Cheng Ping Keat and Lee Ah Lan @ Lee Keok Hooi retire by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 107 of the Company's Articles of Association, Kamil Bin Datuk Haji Abdul Rahman, who was appointed since the last Annual General Meeting retires from the Board and, being eligible, offers himself for re-election.



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 1.1.2001	Bought	Sold	At 31.12.2001
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
Dato' Cheng Hup	3,521,001	-	-	3,521,001
Cheng Ping Keat	1,577,001	-	-	1,577,001

	Number of ordinary shares of RM1 each			
	At 1.1.2001/ Date of appointment	Bought	Sold	At 31.12.2001
Shareholdings in which Directors have direct interests in the Company:				
Cheng King Fa	524,815	469,000	-	993,815
Dato' Cheng Hup	1,129,502	5,000	-	1,134,502
Cheng Ping Loke	10,000	-	-	10,000
Nordin Bin Mohamad Desa	10,000	-	-	10,000
Tan Lay Kuan @ Tan Lay Wah	10,000	-	-	10,000
Y.B. Md Azmi Bin Lop Yusof	2,336,955	-	125,000	2,211,955
Kamil Bin Datuk Haji Abdul Rahman	1,325,000	5,000	678,000	652,000

	Number of ordinary shares of RM1 each			
	At 1.1.2001	Bought	Sold	At 31.12.2001
Shareholdings in which Directors have indirect interests in the Company:				
Cheng King Fa	15,005,728	-	-	15,005,728
Dato' Cheng Hup	15,005,728	-	-	15,005,728
Cheng Ping Keat	15,005,728	-	-	15,005,728

	Number of ordinary shares of RM1 each			
	At 1.1.2001	Bought	Sold	At 31.12.2001
Shareholdings in which Directors have indirect interests in a non wholly owned subsidiary, Khind Sales & Service Sdn. Bhd.:				
Cheng King Fa	1,500,000	-	-	1,500,000
Dato' Cheng Hup	1,500,000	-	-	1,500,000
Cheng Ping Keat	1,500,000	-	-	1,500,000

The other Director holding office at 31 December 2001 did not have 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 a Director who has financial interest in a company with traded with certain companies in the Group in the ordinary course of business as disclosed in Note 27 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.



Issue of shares and debentures

There were no changes in the issued and paid-up 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 year.

Other statutory information

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors of the Company 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.

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 2001 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant event during the year

On 30 October 2001, the Company proposed a bonus issue of 10,000,000 new ordinary shares of RM1 each to be credited as fully paid-up on the basis of one (1) new ordinary share for every three (3) existing ordinary shares held.

The purpose of the proposed bonus issue is to enable the Company to meet the Securities Commission's ("SC") minimum requirement for companies listed on the Second Board of the Kuala Lumpur Stock Exchange to have at least RM40,000,000 in issued and paid-up share capital by 31 December 2002.

On 28 December 2001, the application for the above proposed bonus issue was approved by the SC. The bonus issue will be subject to approval by the shareholders at an Extraordinary General Meeting to be held on 29 March 2002.

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

.....
Dato' Cheng Hup

Kuala Lumpur,

Date: 11 March 2002



Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 25 to 46 , are drawn up in accordance with 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 2001 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

.....
Dato' Cheng Hup

Kuala Lumpur,

Date: 11 March 2002

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 25 to 46, 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 abovenamed in Kuala Lumpur on 11 March 2002

.....
Cheng Ping Keat

Before me:
S. Barathan
AMN. PJK
(Registration no. W202)
COMMISSIONER FOR OATHS



We have audited the financial statements set out on pages 25 to 46. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

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 2001 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 its subsidiaries have been properly kept in accordance with the provisions of the said Act.

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

Tang Seng Choon

Partner
Approval Number: 2011/12/03/(J)

Kuala Lumpur,

Date: 11 March 2002



	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Property, plant and equipment	2	33,661	31,920	-	-
Investments in subsidiaries	3	-	-	15,887	15,578
Other investments	4	17	-	-	-
Intangible assets	5	900	-	900	-
Current assets					
Inventories	6	26,288	22,332	-	-
Trade receivables	7	32,786	30,992	-	-
Other receivables, deposits and prepayments		4,339	3,643	650	495
Amount due from holding company	8	565	768	510	510
Amount due from subsidiaries	9	-	-	25,126	20,142
Cash and cash equivalents	10	<u>10,601</u>	<u>4,006</u>	<u>499</u>	<u>20</u>
		<u>74,579</u>	<u>61,741</u>	<u>26,785</u>	<u>21,167</u>
Current liabilities					
Trade payables		9,451	9,620	-	-
Other payables and accruals		6,424	3,145	35	556
Amount due to affiliates	11	518	518	-	-
Borrowings	12	32,577	22,140	-	-
Taxation		585	655	2	2
		<u>49,555</u>	<u>36,078</u>	<u>37</u>	<u>558</u>
Net current assets		<u>25,024</u>	<u>25,663</u>	<u>26,748</u>	<u>20,609</u>
		59,602	57,583	43,535	36,187
		=====	=====	=====	=====
Financed by:					
Capital and reserves					
Share capital	13	30,000	30,000	30,000	30,000
Reserves	14	19,879	24,163	13,535	6,187
		<u>49,879</u>	<u>54,163</u>	<u>43,535</u>	<u>36,187</u>
Minority shareholders' interests	15	26	178	-	-
Long term and deferred liabilities					
Borrowings	12	8,361	2,013	-	-
Deferred taxation	16	<u>1,336</u>	<u>1,229</u>	-	-
		9,697	3,242	-	-
		<u>59,602</u>	<u>57,583</u>	<u>43,535</u>	<u>36,187</u>
		=====	=====	=====	=====

The notes set out on pages 31 to 46 form an integral part of, and, should be read in conjunction with, these financial statements.

	Note	2001 RM'000	Group 2000 RM'000	2001 RM'000	Company 2000 RM'000
Revenue	17	130,250	116,869	11,011	2,695
Operating (loss)/profit	17	(104)	6,691	10,378	2,406
Interest expense	19	(1,496)	(824)	-	-
Interest income	20	18	37	4	78
(Loss)/Profit before taxation		(1,582)	5,904	10,382	2,484
Tax expense	21	(1,094)	(2,078)	(1,630)	(755)
(Loss)/Profit after taxation		(2,676)	3,826	8,752	1,729
Add: Minority interests		152	90	-	-
(Loss)/Profit after taxation and minority interests		(2,524)	3,916	8,752	1,729
Pre-acquisition loss		-	729	-	-
Net (loss)/profit for the year		(2,524)	4,645	8,752	1,729
Basic (loss)/earnings per ordinary share (sen)	22	(8.41)	15.48		
Dividend per ordinary share - gross (sen)	23	6.50	7.00	6.50	7.00

The notes set out on pages 31 to 46 form an integral part of, and, should be read in conjunction with, these financial statements.

Group	Note	Share capital RM'000	Share premium RM'000	Non-distributable		Distributable	
				Reserve on consolidation RM'000	Translation reserve RM'000	Unappropriated profits RM'000	Total RM'000
At 1 January 2000		30,000	4,868	7,840	-	10,096	52,804
Net profit for the year		-	-	-	-	4,645	4,645
Dividend	23	-	-	-	-	(1,512)	(1,512)
Goodwill arising from acquisition of subsidiaries		-	-	(1,433)	-	-	(1,433)
Amortisation of reserve on consolidation		-	-	(341)	-	-	(341)
At 31 December 2000		30,000	4,868	6,066	-	13,229	54,163
Net loss for the year		-	-	-	-	(2,524)	(2,524)
Dividend	23	-	-	-	-	(1,404)	(1,404)
Amortisation of reserve on consolidation		-	-	(341)	-	-	(341)
Currency translation differences		-	-	-	(15)	-	(15)
At 31 December 2001		30,000	4,868	5,725	(15)	9,301	49,879
		=====	=====	=====	=====	=====	=====
		Note 13		Note 14		Note 14	
Company							
At 1 January 2000		30,000	4,868	-	-	1,102	35,970
Net profit for the year		-	-	-	-	1,729	1,729
Dividend	23	-	-	-	-	(1,512)	(1,512)
At 31 December 2000		30,000	4,868	-	-	1,319	36,187
Net profit for the year		-	-	-	-	8,752	8,752
Dividend	23	-	-	-	-	(1,404)	(1,404)
At 31 December 2001		30,000	4,868	-	-	8,667	43,535
		=====	=====	=====	=====	=====	=====
		Note 13		Note 14		Note 14	

The notes set out on pages 31 to 46 form an integral part of, and, should be read in conjunction with, these financial statements.

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Cash flows from operating activities				
(Loss)/Profit before taxation after pre-acquisition loss	(1,582)	6,633	10,382	2,484
Adjustments for:				
Amortisation of reserve on consolidation	(341)	(341)	-	-
Amortisation of intangible assets	100	-	100	-
Depreciation	3,079	2,807	-	-
Interest expense	1,496	824	-	-
Interest income	(18)	(37)	(4)	(78)
Gain on disposal of property, plant and equipment	(154)	(19)	-	-
Pre-acquisition loss	-	(729)	-	-
Property, plant and equipment written off	219	-	-	-
Expenditure carried forward written off	-	3	-	-
Unrealised loss/(gain) on foreign exchange	49	(3)	-	-
Operating profit before working capital changes	2,848	9,138	10,478	2,406
(Increase)/Decrease in working capital:				
Inventories	(3,956)	(503)	-	-
Trade and other receivables	(1,896)	(5,967)	(155)	-
Trade and other payables	3,083	(7,128)	(521)	542
Affiliates	-	401	-	-
Cash generated from/(used in) operations	79	(4,059)	9,802	2,948
Income taxes paid	(1,673)	(1,633)	(1,630)	(755)
Net cash (used in)/generated from operating activities	(1,594)	(5,692)	8,172	2,193

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Cash flows from investing activities				
Acquisition of subsidiaries	-	-	(209)	(1,500)
Additional investment in a subsidiary	-	-	(100)	-
Acquisition of subsidiaries, net of cash Acquired (Note A)	-	(422)	-	-
Interest received	18	37	4	78
Proceeds from disposal of property, plant and equipment	884	25	-	-
Purchase of investments	(17)	-	-	-
Purchase of property, plant and equipment (Note B)	(5,158)	(5,133)	-	-
Purchase of intangible assets	(1,000)	-	(1,000)	-
(Placement)/Withdrawal of deposits	(6)	268	-	-
Net cash used in investing activities	(5,279)	(5,225)	(1,305)	(1,422)
Cash flows from financing activities				
Advances from holding company	203	174	-	-
Dividend paid to shareholders of the Company	(1,404)	(1,512)	(1,404)	(1,512)
Drawdown of bankers' acceptances	10,119	39,147	-	-
Repayments of bankers' acceptances	(3,167)	(28,942)	-	-
Drawdown of term loans	8,800	2,261	-	-
Repayments of term loans	(608)	(821)	-	-
(Advances to)/Repayments from subsidiaries	-	-	(4,984)	678
Repayments of hire purchase liabilities	(354)	(234)	-	-
Interest paid	(1,496)	(824)	-	-
Net cash generated from/(used in) financing activities	12,093	9,249	(6,388)	(834)
Net increase/(decrease) in cash and cash equivalents	5,220	(1,668)	479	(63)
Cash and cash equivalents at beginning of year	1,238	2,906	20	83
Effect of exchange rate changes on loss of an overseas subsidiary	(15)	-	-	-
Cash and cash equivalents at end of year	6,443	1,238	499	20

A) Acquisition of subsidiaries

During the year, the Group subscribed for all the ordinary shares in a subsidiary, Khind-Mistral (S) Pte. Ltd. In the previous year, the Group acquired two subsidiaries, Khind Sales & Service Sdn. Bhd. and Khind-NES Electric Sdn. Bhd. The fair values of assets and liabilities assumed were as follows:

	2001 RM'000	2000 RM'000
Property, plant and equipment	-	1,379
Inventories	-	2,017
Trade and other receivables-	-	2,374
Cash and cash equivalents	209	2,578
Trade and other payables	-	(8,172)
Minority interests at the date of acquisition	-	(109)
	<hr/>	<hr/>
Share of net assets acquired	209	67
Goodwill on acquisition	-	1,433
	<hr/>	<hr/>
Purchase consideration	209	1,500
Less: Cash and cash equivalents of subsidiary acquired, net of cash injection from issuance of new 100,000 ordinary shares of SGD1 each	(209)	-
Less: Cash and cash equivalents of subsidiaries acquired, net of cash injection from issuance of new 1,500,000 ordinary shares of RM1 each	-	(1,078)
	<hr/>	<hr/>
Cash flow on acquisition, net of cash acquired	-	422
	=====	=====

B) Purchase of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM5,769,000 (2000 - Nil) of which RM611,000 (2000 - Nil) were acquired by means of hire purchases.

C) Cash and cash equivalents

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

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Cash and bank balances	10,333	3,528	499	20
Deposits (excluding deposits pledged)	55	271	-	-
Bank overdrafts	(3,945)	(2,561)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	6,443	1,238	499	20
	=====	=====	=====	=====

The notes set out on pages 31 to 46 form an integral part of, and, should be read in conjunction with, these financial statements.

1. Summary of significant accounting policies

The following accounting policies are adopted by the Group and 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 in compliance with 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.

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 reserve on consolidation 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/Reserve on consolidation

Goodwill/Reserve 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 reserve on consolidation. Reserve on consolidation net of goodwill is stated at cost less accumulated amortisation.

Net reserve on consolidation is amortised over a period of eighteen years from date of acquisition.

(d) Subsidiaries

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

(e) Property, plant and equipment

Property, plant and equipment other than capital work-in-progress are stated at cost less accumulated depreciation.

Property, plant and equipment retired from active use and held for disposal are stated at the lower of net book value and net realisable value.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised when ever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. In determining the recoverable amount of property, plant and equipment expected future cash flows are not discounted to their present values. The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to equity. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occurred. Such subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

(f) Depreciation

Leasehold properties are depreciated on the straight-line basis over the period of the leases of sixty (60) to nine hundred ninety-nine (999) years or 50 years, whichever is shorter. The straight-line method is used to write off the cost of the other property, plant and equipment 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%

Capital work-in-progress are not depreciated.

A subsidiary has not amortised its long term leasehold land over the period of lease of sixty (60) years due to the title deed has not been issued by the relevant authorities. The non-amortisation has no material effect to the financial statements.



(g) Investments

Long term investments 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.

(h) 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.

(i) 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.

(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) Affiliates

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

(l) 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.

(m) Taxation

The tax expense in the income statement represents taxation at current tax rates based on profit earned during the year.

Deferred taxation is provided on the liability method for all timing differences except where no liability is expected to arise in the foreseeable future and there are no indications the timing differences will reverse thereafter. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.

(n) 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. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

(ii) Financial statements of foreign operations

The Group's 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 period. Foreign exchange differences arising on translation are taken to Translation Reserve in equity.

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

USD1	RM3.80	(2000: USD1	- RM3.80)
SGD1	RM2.06	(2000: SGD1	- RM2.17)
BND1	RM2.03	(2000: BND1	- RM2.17)
GBP1	RM5.46	(2000: GBP1	- RM5.72)
JPY1	RM0.03	(2000: JPY1	- RM0.03)
HKD1	RM0.49	(2000: HKD1	- RM0.49)
NTD1	RM0.11	(2000: NTD1	- RM0.11)

(o) 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.

(p) 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 land	Leasehold properties	Freehold properties	Factory buildings	Plant and machinery	Tools and moulds
<i>Cost</i>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2001	3,000	2,958	4,377	10,143	5,330	10,340
Additions	-	1,800	-	-	123	514
Disposals	-	(465)	-	-	-	(297)
Written off	-	-	-	-	-	-
Transfers	-	240	2,365	-	-	-
At 31 December 2001	3,000	4,533	6,742	10,143	5,453	10,557
Depreciation						
At 1 January 2001	-	308	87	1,091	2,954	5,821
Charge for the year	-	98	108	198	459	1,149
Disposals	-	(64)	-	-	-	(100)
Written off	-	-	-	-	-	-
At 31 December 2001	-	342	195	1,289	3,413	6,870
Net book value						
At 31 December 2001	3,000	4,191	6,547	8,854	2,040	3,687
At 31 December 2000	3,000	2,650	4,290	9,052	2,376	4,519
Depreciation charge for the year ended 31 December 2000	-	59	87	199	484	1,051

Furniture, fittings and office equipment RM'000	Motor vehicles RM000	Renovations RM'000	Capital work-in progress RM'000	Total RM'000
4,771	3,094	1,078	1,186	46,277
675	873	365	1,419	5,769
(164)	(51)	(114)	-	(1,091)
(251)	-	-	-	(251)
-	-	-	(2,605)	-
5,031	3,916	1,329	-	50,704
1,848	1,836	412	-	14,357
518	414	135	-	3,079
(69)	(51)	(77)	-	(361)
(32)	-	-	-	(32)
2,265	2,199	470	-	17,043
2,766	1,717	859	-	33,661
2,923	1,258	666	1,186	31,920
447	370	110	-	2,807



Title deeds to the long term leasehold land of RM3,000,000 (2000 - RM3,000,000), leasehold properties with a net book value of RM3,460,000 (2000 - RM1,495,000) and freehold properties with a net book value of RM5,985,000 (2000 - RM3,716,000) belonging to four (4) subsidiaries are in the process of being registered in the names of these companies.

Security

Long term leasehold land, leasehold properties, freehold properties and factory buildings with a net book value of RM22,029,000 (2000 - RM18,419,000) have been pledged as securities for the bank facilities granted to the Group (see Note 12).

Assets under hire purchase

Included in property, plant and equipment of the Group are plant and machinery and motor vehicles with net book values of RM14,000 (2000 - RM21,000) and RM1,138,000 (2000 - RM466,000) respectively acquired under hire purchase arrangements.

3. Investments in subsidiaries

	2001 RM'000	Company 2000 RM'000
Unquoted shares, at cost	15,887 =====	15,578 =====

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	
			2001 %	2000 %
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 Marketing (Sabah) Sdn. Bhd.	Trading in electrical home appliances and wiring accessories	Malaysia	100	100
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-NES Electric Sdn. Bhd.	Manufacture and sale of protector, trailing sockets and electrical accessories	Malaysia	100	100
Khind Sales & Service Sdn. Bhd.	Trading in electrical products	Malaysia	75	75
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
Khind-Mistral (S) Pte. Ltd.	Trading in electrical products	Singapore	100	-

* During the year, the entire equity interest was transferred to the Company from Khind Industries Sdn. Bhd. for a cash consideration of RM2.

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



4. Other investments

	Group	
	2001	2000
	RM'000	RM'000
<i>Long term</i>		
Quoted shares, at cost	17	-
Quoted shares, at market value	===== 20 =====	===== - =====

5. Intangible assets

	Group and Company	
	2001	2000
	RM'000	RM'000
Cost		
Acquisition during the year	1,000	-
At 31 December	----- 1,000 -----	----- - -----
Amortisation		
Amortisation during the year (Note 17)	(100)	-
At 31 December	----- (100) -----	----- - -----
	----- 900 =====	----- - =====

6. Inventories

	Group	
	2001	2000
	RM'000	RM'000
Raw material, at cost	8,215	6,964
Work-in-progress, at cost	1,363	1,264
Manufactured inventories	16,710	14,104
	----- 26,288 =====	----- 22,332 =====

Manufactured inventories of Nil (2000 - RM244,000) are carried at net realisable value.

7. Trade receivables

	Group	
	2001	2000
	RM'000	RM'000
Trade receivables	34,355	32,184
Less: Allowance for doubtful debts	(1,569)	(1,192)
	----- 32,786 =====	----- 30,992 =====

Included in trade receivables is an amount due from a related party, HSL Electrical & Electronics Sdn. Bhd. of RM780,000 (2000 - RM1,185,000).

8. Holding company

The holding company and ultimate holding company is Kee Hin Ventures Sdn. Bhd. a company incorporated in Malaysia. Amount due from the holding company is in respect of advances, which are unsecured, interest free and have no fixed terms of repayment.

9. Amount due from subsidiaries

Amount due from subsidiaries are in respect of advances, which are unsecured, interest free and have no fixed terms of repayment, except for an advance of RM1,953,000 in the previous year, which bore interest at 6.5% per annum.

10. Cash and cash equivalents

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Deposits placed with licensed banks	268	423	-	-
Deposits placed with finance companies	-	55	-	-
	268	478	-	-
Cash and bank balances	10,333	3,528	499	20
	10,601	4,006	499	20
	=====	=====	=====	=====

Group

Deposits placed with licensed banks of a subsidiary amounting to RM213,000 (2000 - RM207,000) are pledged as security for banking facilities granted to the subsidiary (Note 12).

11. Amount due to affiliates

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

12. Borrowings

		Group	
		2001 RM'000	2000 RM'000
Current:			
Term loans	- secured	779	588
	- unsecured	1,800	-
Bank overdrafts	- secured	998	812
	- unsecured	2,947	1,749
Bankers' acceptances	- secured	41	1,368
	- unsecured	25,744	17,465
Hire purchase liabilities		268	158
		32,577	22,140
		=====	=====
Non-current:			
Term loans	- secured	3,847	1,846
	- unsecured	4,200	-
Hire purchase liabilities		314	167
		8,361	2,013
		=====	=====

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					
- variable at 5.75% to 8.55% (2000 - 8.25% to 8.55%)	4,626	779	750	2,430	667
Unsecured term loan					
- fixed at 6.80% (2000 - Nil)	6,000	1,800	2,400	1,800	-
Secured bank overdrafts					
- variable at 6.40% to 8.80% (2000 - 8.50% to 8.80%)	998	998	-	-	-
Unsecured bank overdrafts					
- variable at 7.15% to 7.80% (2000 - 6.50% to 8.30%)	2,947	2,947	-	-	-
Secured bankers' acceptances					
- variable at 1.25% (2000 - 1.25%)	41	41	-	-	-
Unsecured bankers' acceptances					
- variable at 2.80% to 4.28% (2000 - 2.65% to 4.30%)	25,744	25,744	-	-	-
Hire purchase liabilities					
- fixed at 4.95% to 8.00% (2000 - 5.00% to 8.00%)	582	268	260	54	-
	40,938	32,577	3,410	4,284	667
	=====	=====	=====	=====	=====

The secured term loans are secured by way of:

- i) fixed charges over the Group's long term leasehold land, factory buildings, leasehold properties and freehold properties (Note 2),
- ii) debenture created over other assets, both present and future of a subsidiary,
- iii) joint and several guarantee by Directors of a subsidiary; and
- iv) corporate guarantee from the Company.

Secured term loan of RM1,954,000 (2000 – RM2,241,000) is repayable over a period of ten (10) years until full settlement through monthly instalments of RM35,693 commencing September 2000.

Secured term loan of RM1,680,000 (2000 – Nil) is repayable over one hundred twenty (120) equal monthly instalments of RM22,334, commencing May 2001.

Secured term loan of RM35,000 (2000 – RM77,000) is repayable over one hundred twenty (120) equal monthly instalments of RM3,603 from the date the loan was granted, which was in September 1993.

The remaining secured term loan of RM957,000 (2000 – Nil) is repayable over one hundred twenty (120) monthly instalments ranging from RM10,977 to RM11,992, commencing from April 2001.

The secured term loan of RM116,000 in the previous year was fully settled during the year.

Unsecured term loan of RM6,000,000 (2000 – Nil) is guaranteed by the Company and is repayable over ten (10) equal quarterly instalments of RM600,000, commencing May 2002.

Secured bank overdrafts and bankers' acceptances are secured by way of fixed charges over the Group's long term leasehold land, leasehold properties, freehold properties and factory buildings (Note 2), deposits of a subsidiary (Note 10) and are guaranteed by the Company and the Directors of the respective subsidiaries.

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	Interest	Principal	Payments	Interest	Principal
	2001	2001	2001	2000	2000	2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than one year	314	46	268	193	35	158
Between one and five years	356	42	314	194	27	167
	670	88	582	387	62	325
	=====	=====	=====	=====	=====	=====

13.Share capital

	Company	
	2001	2000
	RM'000	RM'000
Ordinary shares of RM1 each:		
Authorised	50,000	50,000
	=====	=====
Issued and fully paid	30,000	30,000
	=====	=====



14. Reserves

Reserve on consolidation	Group	
	2001	2000
	RM'000	RM'000
Reserve on consolidation		
At 1 January	7,089	8,522
Goodwill arising from acquisition of subsidiaries	-	(1,433)
	<hr/>	<hr/>
At 31 December	7,089	7,089
Amortisation		
At 1 January	(1,023)	(682)
Charge for the year (Note 17)	(341)	(341)
	<hr/>	<hr/>
At 31 December	(1,364)	(1,023)
	<hr/>	<hr/>
	5,725	6,066
	=====	=====

Unappropriated 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 2001, if paid out as dividends.

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 good will on consolidation and amortisation charged to minority shareholders.

16. Deferred taxation

	Group	
	2001	2000
	RM'000	RM'000
At 1 January	1,229	1,104
Transfer from income statement (Note 21)	107	125
	<hr/>	<hr/>
At 31 December	1,336	1,229
	=====	=====

Subject to agreement by the Inland Revenue Board, the Group has potential deferred tax benefits not taken up in the financial statements under the liability method in respect of the following items:

	Group	
	2001	2000
	RM'000	RM'000
Unutilised tax losses	3,392	1,201
Other timing difference	2,907	928
	=====	=====

17. Operating (loss)/profit

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Revenue - sale of goods	130,250	116,869	-	-
- dividends	-	-	11,011	2,695
	<u>130,250</u>	<u>116,869</u>	<u>11,011</u>	<u>2,695</u>
Cost of sales	(103,113)	(88,078)	-	-
Gross profit	<u>27,137</u>	<u>28,791</u>	<u>11,011</u>	<u>2,695</u>
Distribution costs	(11,813)	(8,211)	-	-
Administration expenses	(16,910)	(15,166)	(633)	(289)
Other operating income	1,482	1,277	-	-
Operating (loss)/profit	<u>(104)</u>	<u>6,691</u>	<u>10,378</u>	<u>2,406</u>

Operating (loss)/profit is arrived at after charging:

Auditors' remuneration	65	67	9	9
Allowance for doubtful debts	377	159	-	-
Amortisation of intangible assets (Note 5)	100	-	100	-
Depreciation (Note 2)	3,079	2,807	-	-
Directors' emoluments				
- remuneration	1,337	1,013	-	-
- fees	75	75	30	27
Expenditure carried forward written off	-	3	-	-
Inventories write down	-	81	-	-
Inventories written off	33	-	-	-
Loss on foreign exchange - realised	6	-	-	-
- unrealised	49	-	-	-
Property, plant and equipment written off	219	-	-	-
Rental of premises	202	190	6	4
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

and after crediting:

Amortisation of reserve on consolidation (Note 14)	341	341	-	-
Dividend income from subsidiaries	-	-	11,011	2,695
Gain on disposal of property, plant and equipment	154	19	-	-
Gain on foreign exchange				
- realised	159	233	-	-
- unrealised	-	3	-	-
Allowance for doubtful debts written back	-	7	-	-
Rental income	235	50	-	-
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

The estimated monetary value of Directors' benefits-in-kind is RM141,000 (2000 - RM128,000).

18. Employee information

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Staff costs (including Directors' remuneration)	16,078	13,419	185	56
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

The number of employees of the Group and of the Company (including Directors) at the end of the year was 678 (2000 - 646) and 1 (2000 - 1) respectively.

19. Interest expense

	Group	
	2001 RM'000	2000 RM'000
Interest payable:		
Term loans	(415)	(100)
Bank overdrafts	(202)	(125)
Bankers' acceptances	(817)	(505)
Hire purchase	(57)	(63)
Affiliates	-	(26)
Others	(5)	(5)
	<u>(1,496)</u>	<u>(824)</u>
	=====	=====

20. Interest income

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Interest receivable:				
Deposits	14	19	4	-
Related company	-	-	-	78
Others	4	18	-	-
	<u>18</u>	<u>37</u>	<u>4</u>	<u>78</u>
	=====	=====	=====	=====

21. Tax expense

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Income tax expense:				
- Current year provision	1,004	1,962	1,630	755
- Overprovision in prior years	(17)	(9)	-	-
	<u>987</u>	<u>1,953</u>	<u>1,630</u>	<u>755</u>
Deferred tax expense:				
- Transfer to deferred taxation (Note 16)	107	125	-	-
	<u>1,094</u>	<u>2,078</u>	<u>1,630</u>	<u>755</u>
	=====	=====	=====	=====

The income tax expense of the Group in the current year relates to tax on profits of certain subsidiaries, which cannot be set-off against losses of other subsidiaries for tax purposes as group relief is not available.

The effective tax rate for the Company in the current year is lower than the statutory tax rate due to tax exempt dividends received during the year.

The effective tax rate for the Group in the previous year was higher than the statutory tax rate due to tax on profits of certain subsidiaries, which cannot be set-off against losses of other subsidiaries for tax purposes as group relief is not available.

The effective tax rate for the Company in the previous year was higher than the statutory tax rate due to certain expenses being disallowed for income tax purposes.

During the year, a subsidiary made prepayments of tax amounting to RM616,000, which was included in other receivables, deposits and prepayment.

Subject to agreement by the Inland Revenue Board, the Group has unutilised reinvestment allowance of RM660,000 (2000 - RM909,000) as at 31 December 2001.

22. Basic (loss)/earnings per ordinary share - Group

The calculation of basic (loss)/earnings per ordinary share is based on the net loss attributable to ordinary shareholders of RM2,524,000 (2000 – net profit of RM4,645,000) and the number of ordinary shares outstanding during the year of 30,000,000 (2000 - 30,000,000).

23. Dividends

	Company	
	2001 RM'000	2000 RM'000
Ordinary		
Paid – Interim dividend 6.5% (2000 – 7%) less tax at 28%	1,404	1,512
	=====	=====

24. 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.

	Malaysia		Rest of the world *		Eliminations		Total	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Revenue from external customers	109,210	98,723	21,040	18,146	-	-	130,250	116,869
Inter-segment revenue	80,959	60,325	-	-	(80,959)	(60,325)	-	-
	190,169	159,048	21,040	18,146	(80,959)	(60,325)	130,250	116,869
Operating (loss)/profit	(1,181)	5,576	1,077	1,115	-	-	(104)	6,691
Interest expense							(1,496)	(824)
Interest income							18	37
(Loss)/Profit before taxation							(1,582)	5,904
Tax expense							(1,094)	(2,078)
(Loss)/Profit after taxation							(2,676)	3,826
Minority interests							152	90
(Loss)/Profit after taxation and minority interests							(2,524)	3,916
Pre-acquisition loss							-	729
Net (loss)/profit for the year							(2,524)	4,645
Gross segment assets	103,311	85,547	5,846	8,114			109,157	93,661
Segment liabilities	53,168	32,733	6,084	6,587			59,252	39,320
Capital expenditure	5,629	5,326	140	-			5,769	5,326

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

25. Contingent liabilities - unsecured

	Company	
	2001	2000
	RM'000	RM'000
Guarantees and contingencies relating to borrowings of subsidiaries	86,393	79,650
	=====	=====

Litigations***Group***

- i) As previously reported, an injunction and various claims were made against a subsidiary in respect of imitation products supplied to the subsidiary. The solicitors of the subsidiary are of the view that the subsidiary has a good chance of success in striking out the whole suit. In addition, the Directors do not expect any material losses to arise, therefore no provision is made in the financial statements.
- ii) In the current year, a Notice of Demand was served by a contractor of a subsidiary for an amount of RM271,496 for renovation works carried out for the subsidiary. The subsidiary via its solicitors have informed the contractor to withhold further winding-up proceedings until the Court has adjudicated on the claim, failing which, the subsidiary will file proceedings and claim for damages and costs against the contractor. The solicitors are of the opinion that the claim cannot be substantiated. As such, no provision is made in the financial statements.

26. Commitments

	Group	
	2001	2000
	RM'000	RM'000
Capital commitments: Property, plant and equipment Contracted but not provided for in the financial statements	-	3,636
	=====	=====

27. Related parties

Controlling related party relationships are as follows:

- i) The holding company as disclosed in Note 8.
- ii) Its subsidiaries as disclosed in Note 3.
- iii) The entire shareholders of the holding company, namely Cheng King Fa, Dato' Cheng Hup and Cheng Ping Keat.

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	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
With affiliates, in which the Directors, Cheng King Fa, Dato' Cheng Hup and Cheng Ping Keat, have significant influence or interest:				
Khind Sales & Service Sdn. Bhd.				
Purchases	-	1,717	-	-
Rental income	-	(46)	-	-
Interest income	-	(152)	-	-
Khind-NES Electric Sdn. Bhd.				
Sales	-	(346)	-	-
Purchases	-	1,997	-	-
Rental income	-	(38)	-	-
With a company in which Lee Ah Lan @ Lee Keok Hooi, a Director of the Company, has interest:				
HSL Electrical & Electronics Sdn. Bhd.				
Sales	(1,790)	(1,856)	-	-
With companies in which Then Nyong Fah, a former Director of the Company, has interest:				
Meng Soon Huat Marketing Sdn. Bhd.				
Sales	(571)	(744)	-	-
Purchases	51	93	-	-
Meng Soon Huat Trading Sdn. Bhd.				
Sales	(189)	(70)	-	-
Purchases	1	24	-	-
With a subsidiary:				
Rental expense	-	-	6	4
With certain Directors of the Company, Cheng King Fa and Dato' Cheng Hup:				
Acquisition of a subsidiary	-	-	-	*

* Represents cash consideration of RM2

Khind Sales & Service Sdn. Bhd. and Khind-NES Electric Sdn. Bhd., both subsidiaries of the Company were acquired in the previous year. Transactions with these companies prior to their acquisition dates were considered as related party transactions with affiliates.

Balances with a company in which a Director of the Company has interests and affiliates at the balance sheet date are disclosed in Notes 7 and 11 to the financial statements.

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

28. Acquisition of subsidiaries

Acquisition

- i) On 6 November 2001, the Company subscribed for 100,000 ordinary shares of SGD1 each at par in Khind-Mistral (S) Pte. Ltd. for a cash consideration of RM209,000. For the period since the date of incorporation to 31 December 2001, the subsidiary contributed a net loss of RM21,000 to the consolidated net loss for the year.
- ii) In the previous year, the Company subscribed for 1,500,000 ordinary shares of RM1 each at par in Khind Sales & Services Sdn. Bhd. for a cash consideration of RM1,500,000. For the period since the date of acquisition to 31 December 2000, the subsidiary contributed a net profit of RM206,000 to the consolidated net profit in the previous year.

The Company also acquired the entire equity interest in Khind-NES Electric Sdn. Bhd. for a cash consideration of RM2 in the previous year. For the period since the date of acquisition to 31 December 2000, the subsidiary contributed a net loss of RM78,000 to the consolidated net profit in the previous year.

The acquisitions were accounted for using the acquisition method of accounting. The effects of the acquisitions are disclosed in Note A to the cash flow statements.

29. Significant event during the year

On 30 October 2001, the Company proposed a bonus issue of 10,000,000 new ordinary shares of RM1 each to be credited as fully paid-up on the basis of one (1) new ordinary share for every three (3) existing ordinary shares held.

The purpose of the proposed bonus issue is to enable the Company to meet the Securities Commission's ("SC") minimum requirement for companies listed on the Second Board of the Kuala Lumpur Stock Exchange to have at least RM40,000,000 in issued and paid-up share capital by 31 December 2002.

On 28 December 2001, the application for the above proposed bonus issue was approved by the SC. The bonus issue will be subject to approval by the shareholders at an Extraordinary General Meeting to be held on 29 March 2002.

ANALYSIS OF SHAREHOLDERS - PER RECORD OF DEPOSITORS AS AT 26 MARCH 2002

Authorized Share Capital	: RM 50,000,000.00
Issued and Paid-up Share Capital	: RM 30,000,000.00
Class of Share	: Ordinary shares of RM1.00 each
No. of Shareholders	: 1,214
Voting rights	: 1 vote per ordinary share

Size of Shareholdings	No. of Holders	Total Holdings	Percentage of Holdings
Less than 1,000	3	762	0.00
1,000 to 10,000	1,103	2,793,000	9.31
10,001 to 100,000	84	2,136,629	7.12
100,001 to less than 5%	22	10,063,881	33.55
5% and above	2	15,005,728	50.02
TOTAL	1214	30,000,000.00	100.00

30 LARGEST SHAREHOLDERS - PER RECORD OF DEPOSITORS AS AT 26 MARCH 2002

NO.	SHAREHOLDERS	NO. OF SHARES	%
1	Kee Hin Ventures Sdn. Bhd. `	13,205,728	44.01
2	EB Nominees (Tempatan) Sdn.Bhd. (A/C for Kee Hin Ventures S/B)	1,800,000	6.00
3	Maju Nominees (Tempatan) Sdn. Bhd. (A/C for YB Md. Azmi bin Lop Yusof)	1,187,951	3.96
4	Airex Industries Sdn. Bhd.	1,178,000	3.93
5	Imartech Industries Sdn. Bhd.	1,176,000	3.92
6	Mayfin Nominees (Tempatan) Sdn. Bhd. (A/C for YB Md. Azmi bin Lop Yusof)	1,024,004	3.41
7	Cheng King Fa	993,815	3.31
8	Mayfin Nominees (Tempatan) Sdn. Bhd. (A/C for Dato' Cheng Hup)	720,000	2.40
9	Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd. (A/C for Kamil bin A. Rahman)	647,000	2.16
10	Dato' Cheng Hup	414,502	1.38
11	Mayfin Nominees (Tempatan) Sdn. Bhd. (A/C for Mr. Then Nyong Fah)	318,000	1.06
12	PAB Nominee (Tempatan) S/B. (A/C for Yayasan Terengganu)	300,000	1.00
13	Cheng Ping Liong	286,000	0.95
14	SFB Nominees (Tempatan) S/B. (A/C for Mr. Then Nyong Fah)	240,000	0.80
15	Perbadanan Kemajuan Negeri Kedah	220,500	0.74
16	Yayasan Sarawak	220,500	0.74
17	Yayasan Kelantan Darulnaim	183,750	0.61
18	Cheing Boon Ngoun @ Cheah Puan In	173,000	0.58
19	Mayban Nominees (Tempatan) S/B (Metrowangsa Asset Management Sdn. Bhd. for Yayasan Pahang)	153,750	0.51
20	Cheng Yoke Leng	143,000	0.48

NO.	shareholder	NO. of shares	%
21	Choah Yoke Moi	141,131	0.47
22	Mai Yin @ Leong Mai Lin	120,157	0.40
23	Khind Industries Sdn. Bhd.	119,000	0.40
24	Chia Si Khiong	103,821	0.35
25	Koh Cheng Kiat	94,000	0.31
26	Goh Kay Boh	90,077	0.30
27	Malaysian Technology Development Corporation Sdn. Bhd.	75,500	0.25
28	Lan Chwun-Che @ Shih Man Ya	69,000	0.23
29	Tan Jin Tuan	69,000	0.23
30	Heng Sin Tok	58,000	0.19
		25,525,186	85.08

Substantial Shareholders - Per Register of Substantial Shareholders as at 26 March 2002

No.	Substantial Shareholders	No. of ordinary shares of RM1.00 each held		
		Direct	Indirect	Percentage
1	Kee Hin Ventures Sdn. Bhd. (429373-U) (note 1)	15,005,728	-	50.02
2	YB Md. Azmi bin Lop Yusof (note 2)	2,211,955	-	7.37
3	Dato' Cheng Hup (note 3)	1,134,502	15,005,728	50.02
4	Cheng King Fa	993,815	15,005,728	50.02
5	Cheng Ping Keat	0	15,005,728	50.02

Notes:-

1. Includes pledged account of 1,800,000 shares held by EB Nominees (Tempatan) Sdn. Bhd.

2. Held under pledged accounts with Maju Nominees (Tempatan) Sdn. Bhd. - 1,187,951 shares and Mayfin Nominees (Tempatan) Sdn. Bhd - 1,024,004 shares respectively.

3. Includes pledged account of 720,000 shares held by Mayfin Nominees (Tempatan) Sdn. Bhd.

4. Cheng King Fa, Dato' Cheng Hup and Cheng Ping Keat are directors and substantial shareholders of Kee Hin Ventures Sdn. Bhd.

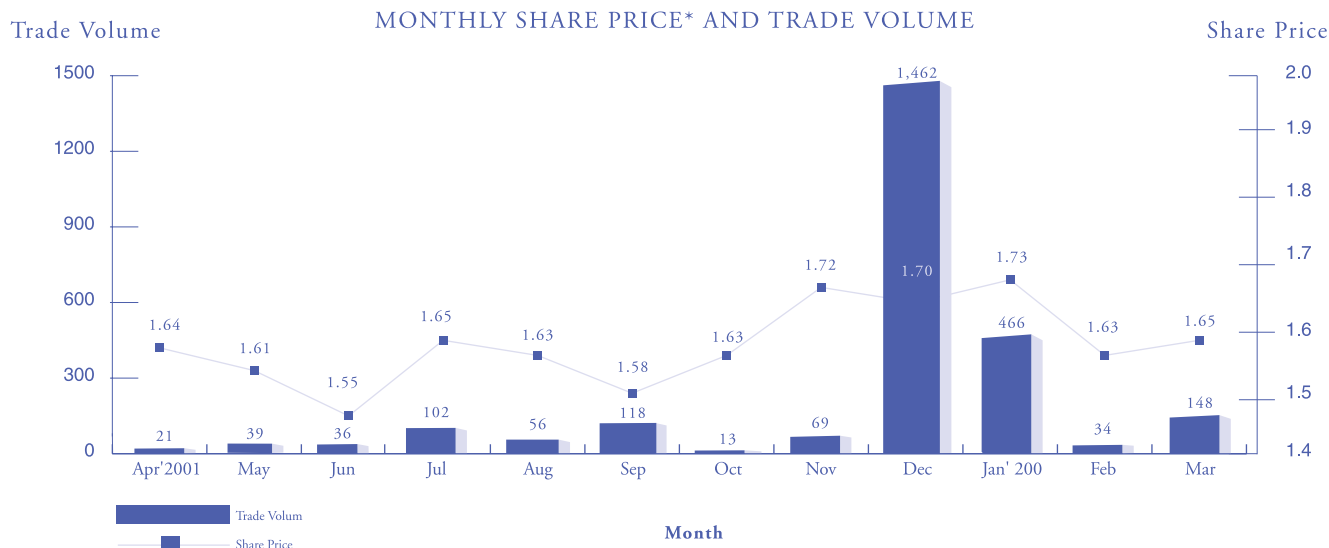
Direct and Indirect Interests of Directors - Per Register of Directors' Shareholdings as at 26 March 2002.

No.	Directors	Direct	%	Indirect	%
1	Mr. Cheng King Fa	993,815	3.31	15,005,728*	50.02
2	Dato' Cheng Hup	1,134,502	3.78	15,005,728*	50.02
3	Mr. Cheng Ping Keat	-	-	15,005,728*	50.02
4	Mr. Cheng Ping Loke	10,000	0.03	-	-
5	YB Md. Azmi bin Lop Yusof	2,211,955	7.37	-	-
6	En.Kamil bin Datuk Hj Abdul Rahman	653,000	2.18	-	-
7	En.Nordin bin Mohamad Desa	10,000	0.03	-	-
8	Mdm.Tan Lay Kuan @ Tan Lay Wah	10,000	0.03	-	-
9	Mr. Lee Ah Lan @ Lee Keok Hooi	-	-	-	-

Messrs Cheng King Fa, Dato' Cheng Hup and Cheng Ping Keat are directors and substantial shareholders of Kee Hin Ventures Sdn. Bhd. (429373-U) which owns 15,005,728 shares ie. 50.02% in the listed issuer.



Location/Address	Built-up (sq. feet)	Tenure	Existing use of Properties	Approx. age (months/years)	Net Book Value @ 31.12.01 (RM'000)
Lots 12266, 12267, 12240, 12241, 12217, 12218, and 12219, No. 2, Jalan Perusahaan 2, Off Jalan Bernam, 45400 Sekinchan, Selangor Darul Ehsan.	192,853 (sq. feet)	*	Factory, warehouse and office for Khind Industries Sdn Bhd, Khind-NES Electric S/B and Khind Components Sdn Bhd. Warehouse for Khind Marketing (M) Sdn Bhd.	3-11 years	11,854
No. 15, Jalan PJS 11/8, Bandar Sunway, (Phase 13), Mukim of Damansara, District of Petaling, Selangor Darul Ehsan.	7,433 (sq. feet)	Leasehold 99 years expiring on 2096.	Leased out	7 years	1,461
Lots No. 8243 and 8245, No. 15 & 17, Lee Chong Lin Industrial Estate, Jalan Pending, 93450 Kuching, Sarawak.	7,084 (sq. feet)	Leasehold 60 years expiring on 2045.	Office, service centre and warehouse for Khind Marketing (Sarawak) Sdn Bhd.	15 years	730
Plot 120, Bandar Perda held under HS(D) 121, No. PT 123, Mukim 7, Daerah Seberang Prai Tengah, Penang	3,670 (sq. feet)	Freehold	Pending vacant possession.	2 ¹ / ₂ years	562
No. 2, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor.	25,112 (sq. feet)	Freehold	Office and service centre for Khind Marketing (M) Sdn Bhd. Export office for Khind Industries Sdn Bhd.	2-3 years	3,640
No. 4, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor	18,621 (sq. feet)	Freehold	Leased out	1 ¹ / ₃ years	2,344
Lot 3, 4, 5, 6 Moguputi Industrial Park, Kota Kinabalu, Sabah.	11,040 (sq. feet)	Freehold	Office, Service centre & warehouse for Khind Marketing (Sabah) Sdn Bhd.	1 ¹ / ₃ years	1,999
					<u>22,590</u>



*Month Share Price= Average between high and low Monthly price

Per Share Information

		31 December 2001	31 December 2000	31 December 1999	31 December 1998
Earnings per share (sen)	(a)	-8.41	15.48	25.39	34.17
Gross Dividend per share (sen)		6.5	7	7	7
Net Dividend per share (sen)	(b)	4.68	5.04	7	5.04
Dividend Pay Out Ratio (%)	(b) ÷ (a)	-	32.26	27.57	14.75
Dividend Yield (%)		2.90	2.00	2.80	1.80
Net Tangible Assets per share (RM)		1.63	1.81	1.76	1.59

Share Capital Information

Price at 29-03-2002	: RM1.79	
Market Capitalization at 29-03-2002	: RM53.7 mil	
Share Prices	: Highest	RM4.34 on 10-02-2000
	: Lowest	RM1.21 on 18-09-2001
Trade Volume ('000 shares)	: Highest	546 on 10-12-2001
	: Lowest	0
Average Daily Volume ('000 shares)	: 20	

Safety And Health Policy

Khind Industries Sdn Bhd (Khind's) has a fundamental responsibility and commitment to ensure that all employees work in a safe and healthy environment. We will comply with all applicable safety and health laws and regulations and will take every measure to prevent job related injuries and illnesses.

Khind's Safety And Health Policy is that:

- i) The Company shall provide and maintain a safe and healthy workplace for all its employees.
- ii) Management shall be held accountable for any unsafe and unhealthy work practises and any accidents or mishaps whether or not they pose a danger to the company's employees or property.
- iii) The employees shall be responsible for their own safety and that of their fellow colleagues as well as the company's property.
- iv) The safety, health and well-being of our employees shall be regarded as of equal importance as profitability, productivity and quality.

Each employee is an important part of our Health and Safety Program and we expect them to be committed to these objectives, and to report hazards and situation which may lead to accidents or illnesses.

The application of sound safety and health practices for the protection of our people is an essential ingredient in the overall success of our business.

CHENG KING FA
(Executive Chairman)



Forging Ahead Towards New Millennium

A COMMITMENT TO QUALITY

NEED FOR POLICY STATEMENT

This quality policy statement is formulated to provide a formal communication to all employees on the basic quality interest to be preserved by the company. It serves as our operational guideline, and calls for strict compliance and firm commitment from everyone.

CORPORATE PHILOSOPHY AND VALUES

We believe that maintaining quality in our products and services pays. To us, quality is our first priority, and quality is everybody's responsibility. As a responsible manufacturer and vendor, we are accountable to our customer on the quality of our output.

DEFINITION OF QUALITY

Quality means providing our customers, internal and external, with products and services that conform to their needs and specifications.

COURSE OF ACTION

To attain the above objective, a total quality system must be set up and implemented so that we can do the right thing in the right manner, the first time and every time.

CHENG KING FA
(Executive Chairman)





KHIND HOLDINGS BERHAD (380310-D)
(Incorporated in Malaysia)
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, _____
of as my/our proxy to attend and vote for me/us on my /our behalf at the SIXTH 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, 28 May 2002 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.

		For	Against
RESOLUTION 1	Receive Audited Accounts and Directors' and Auditors' Reports for year ended 31 December 2001		
RESOLUTION 2	Re-election of Dato' Cheng Hup		
RESOLUTION 3	Re-election of Mr.Cheng Ping Keat		
RESOLUTION 4	Re-election of Mr. Lee Ah Lan @ Lee Keok Hooi		
RESOLUTION 5	Re-election of Encik Kamil bin Datuk Hj. Abdul Rahman		
RESOLUTION 6	Payment of Directors' Fees		
RESOLUTION 7	Re-appointment of KPMG as the Company's Auditors		
RESOLUTION 8	Special Business: Ordinary Resolution - S.132D Authority to Issue Shares		

Signed this _____ day of _____ 2002

Signature/Common Seal

Notes:

1. A Member entitled to attend and vote at this Meeting is entitled to appoint a proxy/proxies to attend and vote on his/her behalf. A proxy need not be a Member of the Company.
2. Where a Member of the Company appoints two or more proxies, the appointment shall be invalid unless the Member specifies the proportion of his/her shareholdings to be represented by each proxy.
3. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointor or his attorney duly authorized in writing and in the case of a corporation shall be either given under its Common Seal or signed on its behalf by an attorney or officer of the corporation so authorized.
4. The instrument appointing a proxy must be deposited with the Share Registrars, Malaysian Share Registration Services Sdn. Bhd. at 7th Floor, Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the Meeting or any adjournment thereof.
5. Explanatory note on Special Business:-
The proposed Ordinary Resolution 8, if passed, is to give the Directors of the Company, flexibility to issue and allot shares for such purposes as the Directors in their absolute discretion consider to be in the interest of the Company, without having to convene a general meeting. This authority will expire at the next Annual General Meeting of the Company.



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Affix
Stamp
Here

The Share Registrars
Malaysian Share Registration Services Sdn. Bhd.
7th Floor, Exchange Square,
Bukit Kewangan,
50200 Kuala Lumpur.

fold





BURSA SAHAM KUALA LUMPUR
KUALA LUMPUR STOCK EXCHANGE (30632P)

complaint against public listed company form

This form is intended to facilitate the lodgement of complaints with the KLSE, 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;
- Directors of PLCs;
- Management of PLCs;
- Share Registrars 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 KLSE. You can use any of the following methods to submit your complaints:

- mail the attached Complaint Form to KLSE; or
- fax the Complaint Form to 603-206 3700.

Q: How will KLSE handle the complaint?

A: KLSE 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

Khind Holdings Berhad

No. 2, Jalan Perusahaan 2,
Off Jalan Bernam,
45400 Sekinchan,
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 contacted and his/her department.

Type of Complaint

- 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;
- 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 complaint in chronological order.) You may type additional notes in a separate piece of paper.

Signature:

Date:

For KLSE 's use:

Ref no:

Date Received:

Officer in charge:

Date of first contact with complainant:

Status after 14 days:

Resolved

Pending

Details:

.....

.....

.....

Contact Details:

Group Communications Division
Kuala Lumpur Stock Exchange
Exchange Square, Bukit Kewangan,
50200 Kuala Lumpur,
Malaysia.

Tel: 603-468 0755

Fax: 603-206 3700

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Affix
Stamp
Here

Group Communications Division
Kuala Lumpur Stock Exchange
Exchange Square, Bukit Kewangan,
50200 Kuala Lumpur, Malaysia.

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