



Cheng King Fa

Executive Chairman

Chairman's Statement

Dear Shareholders

On behalf of the Board of Directors of Khind Holdings Berhad and its Group of Companies, I am pleased to present the Annual Report for the financial year ended December 31, 2003.

Overview of the Malaysian Economy

Global economic recovery in 2003 was affected by various factors, not least by the war in Iraq and the outbreak of Severe Acute Respiratory Syndrome (SARS). The negative impact on consumer and corporate spending was evident, and continued to affect the local economy in the second half of the year.

Against this backdrop, Malaysia managed to remain stable, due to the Government's proactive measures to boost confidence and stimulate domestic consumption and investment. To this end, Malaysia's sound economic fundamentals and expansionary fiscal and monetary policies generated a GDP growth of 5.2%. The impressive growth was also fuelled by a recovery in global demand for electronics, together with improved domestic demand.

As the country's leading engine of growth, the manufacturing sector enjoyed stronger output on the back of higher growth of domestic-based industries and better performance of export-oriented industries. Overall, output in this sector in the last quarter of 2003 was up 12 per cent year-on-year, giving many Malaysian businesses cause for optimism. Electrical and electronics goods, which account for half of the country's manufacturing export, grew 8.2 per cent in 2003, as it rode on a recovery in global semi-conductor sales.

The prognosis for 2004 is bright. Already, economists are saying that they may raise their 2004 gross domestic product (GDP) forecasts in view of the strong last quarter of 2003. Continued prudent, yet proactive, fiscal and accommodative monetary policies, as well as a stable and consolidated financial services sector, will enable Malaysia to sustain recovery and growth over 2004.