KHIND

Delivering Happiness

KHIND HOLDINGS BERHAD

(199601007964) (380310-D)

ANNUAL REPORT

LAPORAN TAHUNAN

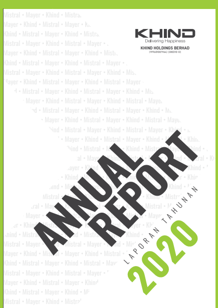
2020

What's inside

25th ANNUAL GENERAL MEETING

FRI 25 June 2021 | 10.00 a.m.

Broadcast Venue :
Conference Room, Level 2,
No. 2, Jalan Astaka U8/82,
Seksyen U8, Bukit Jelutong, 40150,
Shah Alam, Selangor Darul Ehsan.



Cover Rationale

In this year's annual report, KHIND expounded the theme "Moving Forward" which derived from our highly diversified portfolio of products and services. Aided by our dedicated workforce and a strong passion to fortify our expertise for greater synergy that empowers us to stay on track towards sustainable growth. Together we persevere to build an atmosphere full of love and affection by offering household electrical accessories appliances to touch every single living. We are inspired to move forward with the community's demand towards the resonance of enhanced living that attains the renown of a convenient and comfortable reputation as well as nurture our courage to strengthen our leading position in the market.

KHIND
Delivering Happiness
Delivering happiness as our mission: providing value-for-money products and delivering excellent customer experience

mistral
australian heritage 1968
Original heritage of grace and quality: expecting premium quality to give your home an appearance uplift

The heart of your home
mayer
Aims to be the heart of every home: bringing fun, innovation and excitement to kitchens

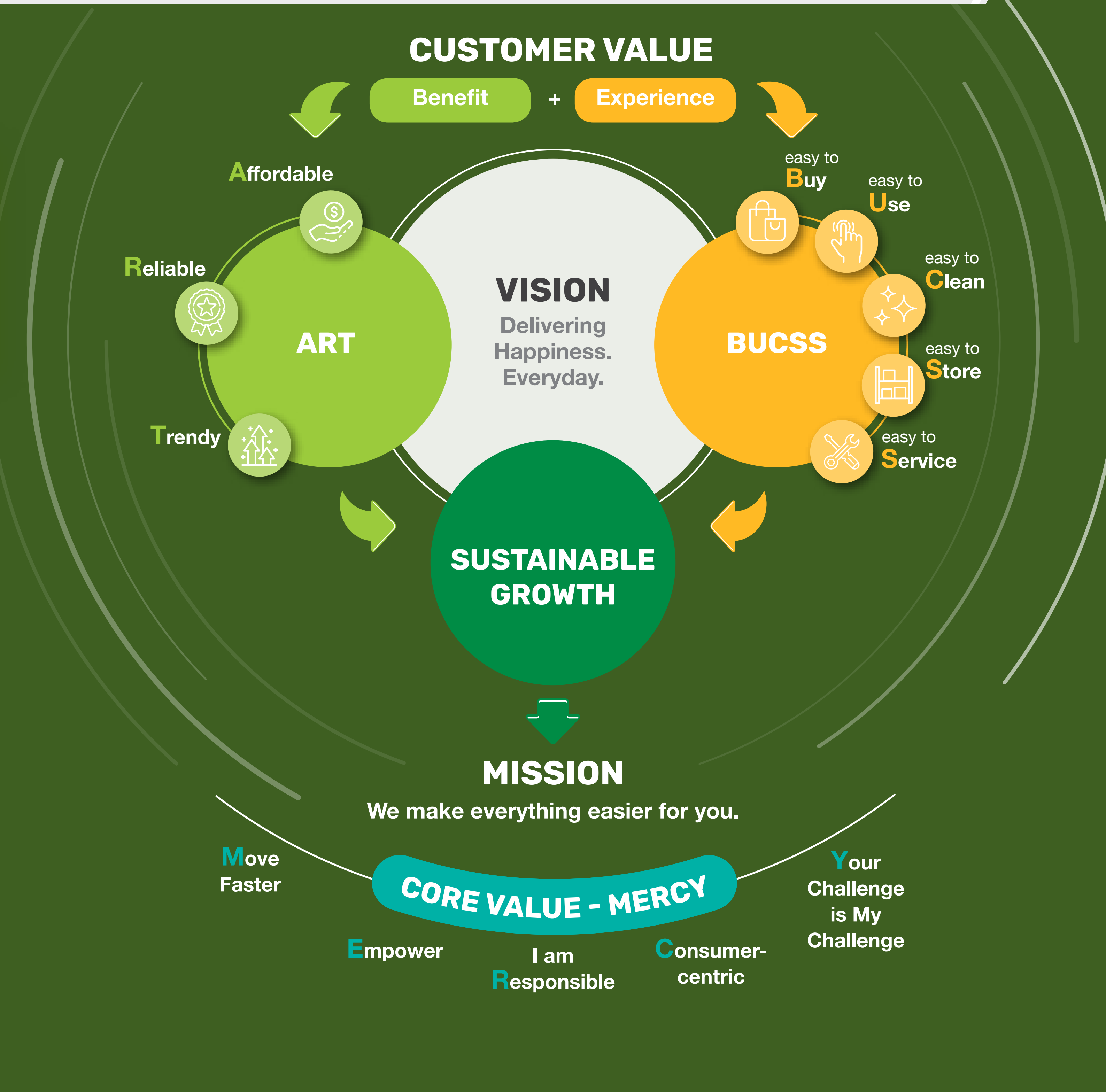
naturai

Honeywell

MacroAir
engineers of air™

Corporate Profile

KHIND HOLDINGS BERHAD ("KHIND" or "the Company") is an investment holding company, whilst its subsidiaries engage in the manufacture and sale of electrical home appliances and distribution of industrial electrical products. KHIND is one of the leading manufacturers of electrical appliances and a major provider of all types of general fans and home consumer fan products in Malaysia. Established in 1961, KHIND has grown from a humble electrical appliance repair shop to the largest manufacturing plant in Sekinchan, Selangor. Today, KHIND has become a successful Malaysian brand well-known in the international scene with presence in over 58 countries around the globe.



TRUSTED **QUALITY**

Since 1961, KHIND has developed trust and positivity in outlook as well as continuing to cultivate trusted quality excellence to soar upwards in bringing value for customers. Our passion drives a high degree of professionalism and innovation in improving people's quality of life. We are committed to uplift the quality of life by dedicating ourselves to ensure safety, health and placing greater emphasis on a conducive work atmosphere at all times with the highest quality.

Newly Renovated Khind Marketing (M) Sdn Bhd's Office

Corporate Information

BOARD OF DIRECTORS

Mr Cheng Ping Keat
Executive Chairman

En Kamil Bin Datuk Haji Abdul Rahman
Senior Independent Non-Executive Director

Mr Wong Chin Mun
Independent Non-Executive Director

Mr Wong Lup Hang
Independent Non-Executive Director

GROUP CHIEF EXECUTIVE OFFICER

Mr Adil Jimmy Mistry

AUDIT COMMITTEE

En Kamil Bin Datuk Haji Abdul Rahman
Chairman, Senior Independent Non-Executive Director

Mr Wong Chin Mun
Member, Independent Non-Executive Director

Mr Wong Lup Hang
Member, Independent Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE

Mr Wong Chin Mun
Chairman, Independent Non-Executive Director

En Kamil Bin Datuk Haji Abdul Rahman
Member, Senior Independent Non-Executive Director

Mr Wong Lup Hang
Member, Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE
(Established on 25 November 2020)

Mr Wong Lup Hang
Chairman, Independent Non-Executive Director

En Kamil Bin Datuk Haji Abdul Rahman
Member, Senior Independent Non-Executive Director

Mr Wong Chin Mun
Member, Independent Non-Executive Director

REGISTERED OFFICE

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

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
Tel: 603-2783 9299 Fax: 603-2783 9222

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad
Stock Code: 7062

COMPANY SECRETARIES

Kuan Hui Fang (MIA 16876)
(SSM PC No. 202008001235)
Wong Wai Foong (MAICSA 7001358)
(SSM PC No. 202008001472)
Chong Lay Kim (LS0008373)
(SSM PC No. 202008001920)

SOLICITORS

- Khor, Anuar & Khong
- Shearn Delamore & Co
- Olivia Lim & Co
- Soo Thien Ming and Nashrah
- Christopher & Lee Ong

EXTERNAL AUDITORS

RSM Malaysia (AF:0768)

INTERNAL AUDITORS

BDO Governance Advisory Sdn. Bhd.

PRINCIPAL BANKERS

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

CORPORATE WEBSITE

www.khind.com
From the date of the issuance of the 2020 Annual Report on 27 May 2021 up until 30 June 2021.

www.khind.com.my
Effective 1 July 2021. All references to the corporate website, www.khind.com in the 2020 Annual Report will be made available on the new corporate website effective this date.

Corporate Structure

KHIND
KHIND HOLDINGS BERHAD

- 100% Khind-Mistral Industries Sdn Bhd
  - 100% Khind Middle East FZE
  - 100% Khind Middle East DMCC
- 100% Khind Marketing (M) Sdn Bhd (f.k.a Khind-Mistral (M) Sdn Bhd)
- 100% Khind-Mistral (Borneo) Sdn Bhd
- 100% Mistral (Singapore) Pte Ltd
- 100% Khind Customer Service Sdn Bhd
- 100% Mayer Malaysia Sdn Bhd
- 100% Khind-Mistral (Sabah) Sdn Bhd
- 100% Khind Components Sdn Bhd
- 100% Khind Properties Sdn Bhd
- 100% Mayer Marketing (M) Sdn Bhd
- 100% Khind Industries Sdn Bhd
- 100% Khind Electrical (Malaysia) Sdn Bhd
- 100% Khind Systems (Singapore) Pte Ltd
  - 100% Khind Electrical & Environmental (Singapore) Pte Ltd
  - 100% Khind Electrical (Hong Kong) Limited
- 100% Mayer Marketing Pte Ltd
- 60% PT Khind Environmental Solutions

5-Year Financial Highlights

	Year ended 31 December				
Key Operating Results (RM'000)	**2016**	**2017**	**2018**	**2019**	**2020**
Revenue	356,292	331,080	348,698	363,202	**478,999**
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	20,712	11,965	13,616	16,044	**47,669**
Profit before tax	12,088	2,916	4,155	2,872	**37,165**
Profit attributable to owners	9,786	1,593	1,578	1,866	**28,509**
Other Key Data (RM'000)					
Total equity attributable to owner	129,186	128,606	130,324	132,134	**156,219**
Total assets	268,467	261,762	272,527	271,555	**317,841**
Total borrowings	78,535	79,196	85,975	85,641	**79,125**
Financial Ratio (%)					
Return on equity attributable to owners	7.6%	1.2%	1.2%	1.4%	**18.2%**
Return on total assets	3.6%	0.6%	0.6%	0.7%	**9.0%**
Current ratio	1.9	1.9	1.8	1.9	**1.9**
Debt equity ratio	0.6	0.6	0.7	0.6	**0.5**
Share Information					
Earnings per share (sen)	24.4	4.0	3.9	4.7	**71.2**
Net Dividend per share (sen)	10.0	1.0	-	-	**10.0**
Dividend Pay Out Ratio (%)	40.9	25.1	-	-	**14.1**
Dividend Yield (%)	4.5	0.5	-	-	**3.4**
Net assets per share (RM)	3.22	3.21	3.25	3.30	**3.90**
Share Price as at 31 December (RM)	2.20	2.02	1.69	1.53	**2.93**
Market Capitalisation (RM million)	88.13	80.92	67.70	61.29	**117.37**

Key Highlights

REVENUE (RM'000)
478,999

PROFIT BEFORE TAX (RM'000)
37,165

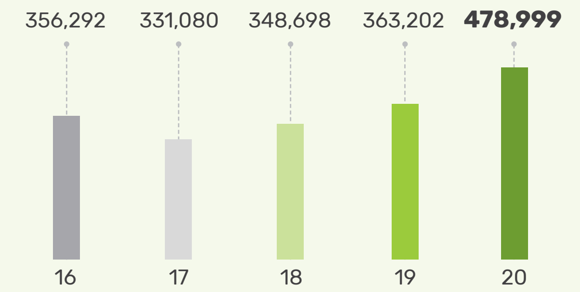
EARNINGS PER SHARE (sen)
71.2

SHAREHOLDERS' FUND (RM'000)
156,219

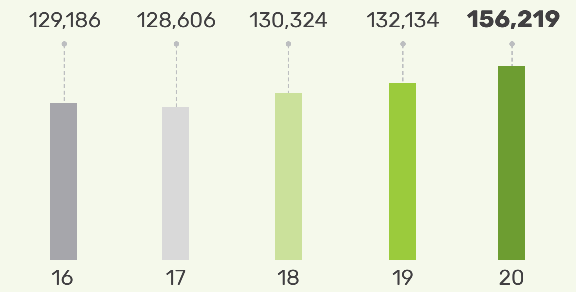
RETURN ON EQUITY (ROE) (%)
18.2

NET DIVIDEND PER SHARE (sen)
10.0

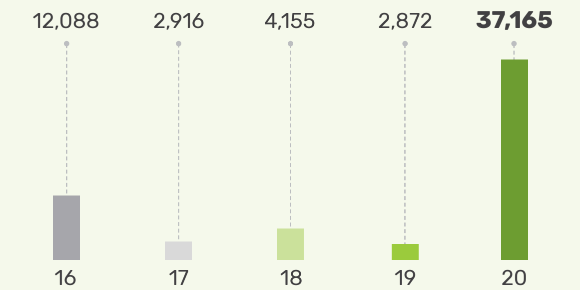
REVENUE (RM'000)



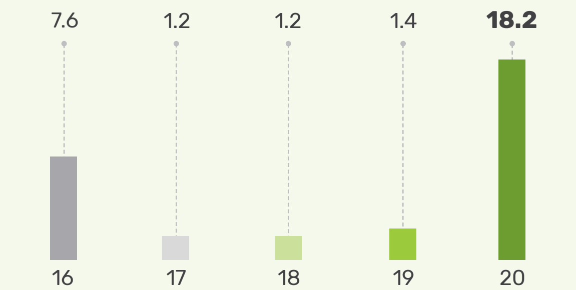
SHAREHOLDERS' FUND (RM'000)



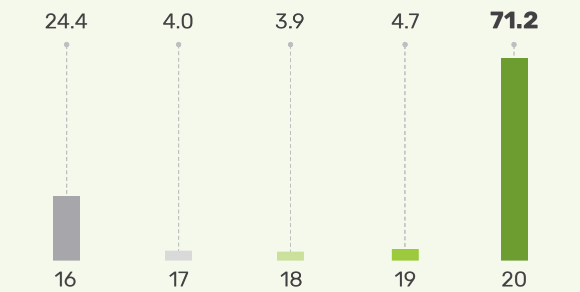
PROFIT BEFORE TAX (RM'000)



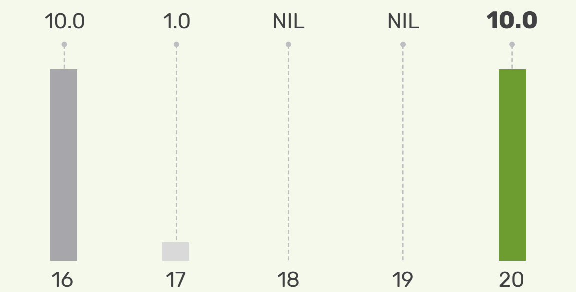
RETURN ON EQUITY (ROE) (%)



EARNINGS PER SHARE (sen)



NET DIVIDEND PER SHARE (sen)



BEYOND
EXPECTATION

KHIND continues to leap further and strive beyond expectations in pursuit of an exceptional value to our customers and stakeholders. In scaling new heights, we firmly believe that in-depth product knowledge and innovation are the strong connection to surpass oneself. With that trust and faith, we are confident of leveraging our extensive knowledge to ensure our products and services perform up to customer's expectations.

Executive Chairman and Group Chief Executive Officer's Joint Statement

CHENG PING KEAT
Executive Chairman

ADIL JIMMY MISTRY
Group Chief Executive Officer (CEO)

Dear Shareholders,

On behalf of the Board of Directors ("Board") of Khind Holdings Berhad ("KHIND" or "the Group"), we are honoured to present the Annual Report and Audited Financial Statement for the year ended 31 December 2020 ("FY2020") to you.

MACROECONOMIC OUTLOOK

One year into the COVID-19 pandemic, the accumulating human toll continues to raise concerns, even as growing vaccine coverage lifts sentiment. High uncertainty surrounds the global economic outlook, primarily related to the path of the pandemic. After an estimated contraction of –3.3 percent in 2020, the global economy is projected to grow at 6 percent in 2021, moderating to 4.4 percent in 2022. Thanks to unprecedented policy response, the COVID-19 recession is likely to leave smaller scars than the 2008 global financial crisis. However, emerging market economies and low-income developing countries have been hit harder and are expected to suffer more significant medium-term losses. Future developments will depend on the path of the health crisis, including whether the new COVID-19 strains prove susceptible to vaccines or they prolong the pandemic; the effectiveness of policy actions to limit persistent economic damage (scarring); the evolution of financial conditions and commodity prices; and the adjustment capacity of the economy.

(Source: IMF World Economic Outlook, April 2021)

Amid a highly challenging global and domestic operating environment, the Malaysian economy contracted by 5.6% in 2020, the lowest since 1998 (-7.4%). This was due to broad-based weaknesses in exports, production and domestic demand, arising from adverse external spill overs and the introduction of stringent domestic containment measures to combat COVID-19. The weaker domestic economic activities led to a deterioration in labour market conditions and income losses, thereby impacting consumer spending.

Executive Chairman and Group Chief Executive Officer's
Joint Statement

The Malaysian economy is projected to rebound to between 6.0% and 7.5% in 2021. Growth will be underpinned by the recovery in global demand and the gradual improvement in domestic economic activity. The growth trajectory will be mainly influenced by the COVID-19 developments, particularly the extent and duration of containment measures and the rollout of vaccines. In 2021, headline inflation is projected to average higher, between 2.5% – 4.0%, due mainly to cost-push factors such as the expected increase in global oil and commodity prices, as well as the lapse in the effect from the tiered electricity tariff rebate introduced in April 2020. The overall inflation outlook, however, is dependent on global oil and commodity price developments.

In this highly uncertain environment, the risks to Malaysia's growth projection are tilted to the downside. Key downside risks include the escalation in COVID-19 cases leading to further rounds of containment measures, albeit targeted, and the slower-than-expected rollout or ineffectiveness of vaccines which could result in stronger precautionary behaviour.

(Source: 2020 BNM Annual Report, Bank Negara Malaysia)

THE PANDEMIC CHALLENGES

The COVID-19 pandemic has brought unprecedented challenges to businesses around the world, with KHIND not being an exception. The first Movement Control Order ("MCO") which came into force on 18 March 2020 causes unexpected disruption to our operation. The compulsory closure of business premises, interstate or overseas travel ban, and prohibition of mass gatherings are amongst the restrictions that affected most businesses in Malaysia. In response to this, KHIND was fast in developing an emergency action plan to ensure survivability of employees and the Group. Frequent virtual meetings, cash flow forecasting and scenario planning had become the regular agenda of the Management team. Furthermore, owing to the restructuring exercises in previous year, the Group had a better position in its cash management.

Other than focusing on survivability, KHIND seeks to thrive by seizing every opportunity to growth in the new normal. Movement restrictions and the directive on work from home have generally brought higher demand to the sale of home appliances, led by a surge in our e-commerce operations and online channels. In this respect, digitalisation has become more important than ever and the usage of social media, web conferencing and collaboration tools suddenly became compulsory in our daily business operations. With the right strategy from the Management coupled with the successful execution by our employees working together with the business partners, KHIND was able to outperform the industry during MCO period.


Newly Renovated Khind Middle East DMCC's Office

Executive Chairman and Group Chief Executive Officer's Joint Statement

A NEW MILESTONE UNLOCKED

The year of 2020 has been a year of excitement for KHIND. The Group achieved the highest sales and net profit in history, with the strongest growth from Malaysia operations. For FY2020, KHIND recorded a revenue increase of 32% to RM479.0 million. Net income increased 1,428% to RM28.5 million as compared to the last financial year.

Driven by effective marketing strategies from the e-commerce team, the Group had boosted its traffic and doubled its online sales. Just Lazada's 11.11 one day sales alone, our sales in Malaysia have increased tremendously by fivefold as compared to 2019. The strong online presence enabled us to establish branding and also gain credibility as we expand our customer base. The success of online sales can be credited to the early strategic planning which becomes vital on the transformation path.

Apart from focusing on financial and operational excellence, KHIND aware that people development is equally important to the Group. Besides guiding by our core values, it is crucial that our employees have the necessary skills and knowledge to perform their tasks. At the same time, employees' engagement plans are on the roadmap to help us in aligning across the organisation and build a better work environment. Together, we can create sustainable change that differentiate our brand, maximises our employees' potential and helps us stay ahead of our competitors.

MOVING FORWARD

Despite the highly uncertain environment with several downside risks, the Board expects the Group will continue to perform well in this financial year. KHIND will continue to achieve organisational excellence with five key pillars – growth mentality; data centric; consumer centric; Kaizen as a common language; and sustainable talent pool. The Group will remain focus on our existing market and expand our reach to every household. Without letting our guard down against the Pandemic crisis and competitive landscape, the Management is confident that KHIND can overcome challenges ahead and succeed in delivering happiness to every stakeholder.

2021 also marks the 60th anniversary of the founding of KHIND, it was made extra special with not only new onboarding Executive Chairman and Group Chief Executive Officer, the record performance also indicate that the Group is entering into the next phase of growth.

RECOGNITION AND APPRECIATION

Last but not least, the Board would like to extend our sincere appreciation to En. Kamil who served as the Chairman during FY2020 for his leadership and contribution. The Board also welcome Mr. Wong Lup Hang in joining KHIND's Board of Directors and we believe his diverse experience will add great value to the Board.

KHIND would also like to take this opportunity to acknowledge the contribution of our employees and our business partners who has been supporting us for a long time especially during the lockdown period. Our achievement would not have been possible without your continuous support, we hope that our long-term relationship will continue in the future and serves as the backbone of our success.

Take care and stay safe!

CHENG PING KEAT
Executive Chairman

ADIL JIMMY MISTRY
Group Chief Executive Officer (CEO)

Management Discussion and Analysis

BUSINESS OVERVIEW OF KHIND GROUP

Khind Holdings Berhad ("KHIND" or "the Group") is a Malaysia based company that is involved in investment holding and provision of management services. KHIND has been listed on the Main Market of Bursa Malaysia Securities Berhad since 12 August 1998 and today, KHIND has become one of the most successful leading home-grown electrical home appliances manufacturers in both Malaysia and international markets.

Our product range mainly focus on air-moving products, home appliances and kitchen appliances, which are distributed under our own brands – "Khind", "Mistral" and "Mayer". Being one of the leading providers of electrical home appliances, KHIND seeks to deliver the best in value for money and customer experience to our consumers. The Group will continue in delivering innovative products and providing excellent customer service in order to achieve sustainable business growth.

On 9 March 2020, the Group has completed the disposal of a piece of vacant freehold land held under H.S.(D) 277346, PT 29362, Mukim Bukit Raja, Daerah Petaling, Negeri Selangor. The disposal enabled the Group to realise the value of the land and focus on our existing core businesses. This was further evidenced by our success in outperforming our competitors during the COVID-19 pandemic and movement restriction periods.

KEY BUSINESS SEGMENTS

TRADING SEGMENT

Geographical Information	Revenue (RM'000)	Percentage (%)
Malaysia	267,718	57.9
Singapore	137,331	29.7
United Arab Emirates	55,132	11.9
Overseas	2,481	0.5
Total	**462,662**	**100**

Within the Association of South-East Asian Nations ("ASEAN") region, the Group markets and sells its products under the brand of 'Khind', 'Mistral' and 'Mayer'.

Khind Marketing (M) Sdn Bhd ("KMM") (formerly known as Khind-Mistral (M) Sdn Bhd) is the marketing and distribution arm of 'Khind' products in Malaysia for the Group. The brand of 'Khind' is synonymous with value-for-money, high quality electrical home consumer appliances throughout the world. Since our establishment in 1961, the Group has always sought to be at the forefront of bringing great innovative and affordable products to consumers such as air-cooling fans, rice cookers, toaster ovens, chillers, washing machines, and vacuum cleaners to homes in Malaysia.

Management Discussion and Analysis

KEY BUSINESS SEGMENTS > (CONT'D)

TRADING SEGMENT (CONT'D)

The Group acquired the 'Mistral' brand in 2001 for most markets in the Asia-Pacific region. Since then, KHIND has nurtured 'Mistral' as a premium brand of home consumer appliances for both Malaysia and Singapore markets. Its product line-up includes various luxurious looking home living fans. It has also expanded its range to include other home appliances such as air cooler, water heater, kettle, rice cooker, oven, induction cooker and etc.

In 2012, the Group acquired Mayer Marketing Pte Ltd ("MMPL"). Under the house labels of 'Mayer' and 'Mistral', MMPL is dedicated to source for products that are stylish, reliable, durable and reasonably priced for the discerning customer. Known for its complete range of quality and high-performance kitchen appliances, MMPL retained itself as a leading distributor of imported quality home appliances in Singapore and currently has a retail presence of five (5) stores in Singapore.

Our products are mainly distributed via outright sales to dealers, departmental and chain stores, supermarkets and some are also distributed via e-commerce channels due to the increasing internet savvy consumers. Malaysia and Singapore have remained as the primary markets where the Group operates while businesses in Middle East countries continued to grow, thus contributing to the Group's profit over the years. The ASEAN market will be the Group's focus for the next few years where great potential lies ahead.

The incorporation of PT Khind Environmental Solutions in 2017 witnessed the Group's venture into the Indonesian market. Being the sole agent for MacroAir High Volume Low Speed fans in Indonesia, the Group offers environmental solutions to the commercial and industrial clients. At the same time, more product offerings are being brought into the Indonesian market to include home consumer products.

In 2020, the Group continued to streamline its operation and divest in non-core businesses, which included the sale of minority stake in LBS Services (Singapore) Pte Ltd. The divestment will further enhance the Group's financial position and focus on the existing core businesses.

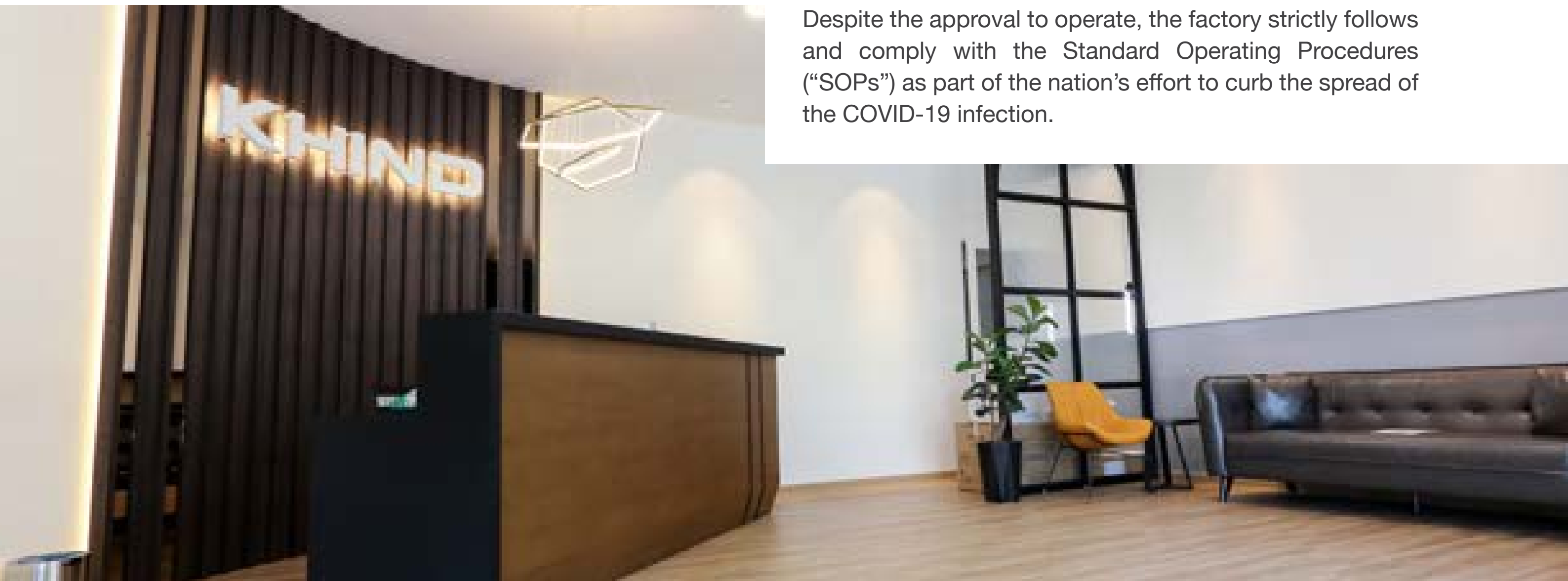
MANUFACTURING SEGMENT

Geographical Information	Revenue (RM'000)	Percentage (%)
Malaysia	60,325	58.6
Singapore	5,611	5.5
United Arab Emirates	29,947	29.1
Other countries	7,029	6.8
Total	**102,912**	**100**

Our manufacturing plant in Sekinchan has a total built-up area of approximately 200,000 square feet located on approximately 5.6 acres of land. In 2020, the factory had a total workforce of 407 staff. Since the Movement Control Order ("MCO") implemented on 18 March 2020, the Group has provided more employment opportunities amid the COVID-19 pandemic situation and all of the employees are sourced from the surrounding local market.

Through our manufacturing arm, Khind-Mistral Industries Sdn. Bhd. continues to support the production of the Group's flagship products such as fans, rechargeable emergency lamps and small kitchen appliances. During the first MCO period, our factory has obtained approval from MITI on 9 April 2020 to operate as one of the essential services. This has greatly helped us in order fulfilment as the local demand for home appliances has been growing substantially with the stay at home directives.

Despite the approval to operate, the factory strictly follows and comply with the Standard Operating Procedures ("SOPs") as part of the nation's effort to curb the spread of the COVID-19 infection.



Management Discussion and Analysis

OUR STRATEGIES

The Group's attention in the next one to three years will be our core businesses and further expand market reach for our brands – "Khind", "Mistral" & "Mayer". KHIND will remain focus on the existing countries of significant business operations, which comprised of Malaysia, Singapore and United Arab Emirates.

Our manufacturing plant will be the foundation of our growth while our trading companies will undertake aggressive approach in increasing market share. This will be supported by the Group's core values and provides end consumer with great products and pleasant customer experience. Kaizen will continue to serve as an approach for continuous improvement in our process and productivity. The revamped performance management system is also vital in our business growth by providing a sustainable talent pool.

FINANCIAL REVIEW

REVIEW OF FINANCIAL PERFORMANCE

For the financial year ended 31 December 2020 ("FY2020"), the Group recorded a revenue of RM479.0 million for the year, representing an increase of 31.9% over the previous year performance of RM363.2 million. The higher sales were mainly due to significant improvement of 66.4% in local sales and marginal increase of 2.6% in overseas sales, partly contributed by weakening in local currency.

In FY2020, the Group's profit before tax increased by approximately RM34.3 million or 1,194% to RM37.2 million as compared to RM2.9 million in the previous year. The significant increase was largely due to the one-off gain on disposal of land by one of the subsidiaries and better contribution from the trading segment.

The Group's rationalisation exercise during the year had improved the efficiency of the allocated resources, thereby resulted in the reduction of distribution expenses in terms of percentage of sales. The asset divestment had also reduced the depreciation expenses and finance cost associated with the assets. Moreover, the low interest rate environment further amplified the effect of reduction in the financing cost.

STATEMENT OF FINANCIAL POSITION

Property, plant and equipment registered a decrease of 1.2% or RM0.5 million. The slight decrease was due to the asset redeployment in order to achieve efficiency in assets. Inventories turnover days had reduced from 118 days to 99 days as at 31 December 2020, attributed to the significant increase in sales as a result of strong demand for home appliances. However, the trade receivables also rose significantly in tandem with sales and resulted in the turnover days of trade and other receivables increased from 70 days to 81 days in FY2020.

Total liabilities increased by RM22.3 million or 16.0% to RM161.6 million as at 31 December 2020, mainly due to the increase in trade and other payables. The turnover days of trade and other payables increased from 70 days to 82 days for FY2020, which is in line with the receivable turnover days. During the year, total borrowings reduced by RM6.5 million to RM79.1 million in 2020 as compared to RM85.6 million in previous year. This was mainly due to the loan redemption in relation to the land disposed during the year.

As at 31 December 2020, the Group had shareholders' equity of approximately RM156.2 million as compared to RM132.1 million as at 31 December 2019, resulting from a significant increase in current year profit.

Total Borrowings (RM'million)		Shareholders' equity (RM'million)	
FY20	FY19	FY20	FY19
79.1	85.6	156.2	132.1

CASH FLOW AND LIQUIDITY

During the financial year, the Group's cash and cash equivalents increased by RM2.8 million to RM42.6 million from RM39.8 million in previous year. Net cash generated from operations amounting to RM5.0 million while the land disposal proceeds of RM26.0 million was mainly utilised for repayment of borrowings and working capital purposes. Therefore, the Group's gearing ratio reduced substantially to 0.51 times at the end of 2020 as compared with 0.65 times in the previous year.

Revenue (RM'million)		Profit before tax (RM'million)	
FY20	FY19	FY20	FY19
479.0	363.2	37.2	2.9

Cash & cash equivalent (RM'million)		Group gearing ratio	
FY20	FY19	FY20	FY19
42.6	39.8	0.51	0.65

Management Discussion and Analysis

FINANCIAL REVIEW > (CONT'D)

DIVIDENDS

In view of the favourable performance of the Group, the Board decided to declare a total dividend of 10 sen per share for FY2020 (FY2019: nil).

OPERATION REVIEW >

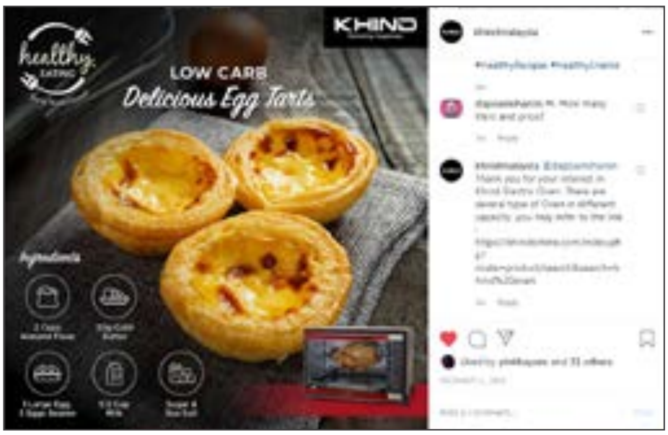
Stepping into the new decade, KHIND achieved the record performance in history in 2020. The Group recorded the revenue of RM479.0 million for the year, representing a remarkable increase of 31.9% over the previous year's performance of RM363.2 million. Profit before tax for the year recorded at RM37.2 million, a whopping increase of 1,194% over profit before tax of RM2.9 million in the previous year. This was mainly due to the one-off gain on disposal of land by our subsidiary. Excluding the extraordinary gain, the Group still registered a growth of 623% in profit before tax, mainly driven by the increase of 66.4% in local sales and partly contributed by the government wage subsidy. The higher demand in electrical home appliances have brought in better sales for KHIND as our product is of good quality with reasonable pricing.

TRADING SEGMENT

The strong growth in local subsidiaries had a significant influence on the composition of the Group's sales in the year, where local sales has once again leading ahead of overseas sales. The contribution of local subsidiaries has improved to 58% of the Group's sales whilst the contribution of overseas subsidiaries has dropped to 42%. This is not surprising given the strong growth from the local market. Hence, total revenue for the trading segment increased by 31.6% to RM462.7 million while the profit before interest and tax increased tremendously by 200% to RM26.0 million.

KHIND

As a leading brand contributor to the Group, the sales of 'Khind' products increased tremendously by almost 50% as compared to last year. The brand had increasingly gained acceptance among Malaysian consumers, due to its value for money products and high quality of customer service. During the year, aggressive approach was taken to capture market share during unprecedent times of high demand for home appliances. Sales in Middle East countries also experienced steady growth, supported by continuous supply from our manufacturing operation.



Management Discussion and Analysis

OPERATION REVIEW > (CONT'D)

TRADING SEGMENT (CONT'D)

MAYER

With more than 20 years of retail presence in Singapore, it has proven that the brand "Mayer" is widely accepted by the Singapore consumers and became one of the top brands in electrical home appliances. The unifying philosophy behind the brands and products is that they are stylish, reliable, durable, and reasonably priced for the discerning customer.

In FY2020, the sales of 'Mayer' products experienced growth by over 30% as compared to last year. The product availability at most departmental stores in Singapore, as well as our showrooms and online store has proven successful to increase user engagement and fuel growth. The bringing of Mayer brand into Malaysia also benefits Malaysian consumers with more choices on variety of stylish and innovative home appliances.

MISTRAL

The distinctive "Mistral" logo with its curvy flow of the wind is synonymous with innovative air moving products since the 1960's.

The Group recognised that the 'Mistral' brand as a well-received and credible brand in the market due to its long-standing Australian heritage. The brand has proven itself by showing promising growth during the year, with our domestic sales increased by almost double the sales of last year. In addition, overseas sales especially in the Singapore market also recorded a significant improvement.

Management Discussion and Analysis

FINANCIAL REVIEW (CONT'D)

MANUFACTURING SEGMENT

Total revenue for the manufacturing segment increased by 39.9% to RM102.9 million as compared with the previous financial year, mainly due to the increase in sales from inter-companies. The segment also recorded substantially higher profit before interest and tax representing an increase of 166% as compared with the previous financial year. It was mainly attributed to the higher sales coupled with better cost management.

SPIN WITH FULL SPEED

In 2020, our factory broke the historical record by crossing the RM100 million mark in sales. The great performance was mostly contributed by the strong demand for various type of fans and the new revenue stream from re-export business ("REBO"). The picking up of REBO business has enabled Khind-Mistral Industries Sdn Bhd in diversifying the product range to include steam iron, vacuum cleaner and hand blender.

In terms of quantity, we also set a new record in yearly fan output of above one million for the first time ever. Due to the higher demand in production output, our capacity has been increased from seven (7) to ten (10) production lines. We also reached full capacity of in-house production in specific months of high demand, thus forcing us to outsource the production without compromising on the quality.

Besides the efforts to achieve our performance, KHIND remains vigilant in the fight against COVID-19. All employees and outsiders are required to practice safety and hygiene precaution procedure for COVID-19 within the compound of factory. This is essential to prevent the transmission of COVID-19 and the safety of our employees, customers and partners remain as our utmost priority.

Hand sanitizing once enter factory compound

Social distancing in production area and compulsory wearing mask in factory

RISKS AND PLAN TO MITIGATE THE RISKS WITHIN THE GROUP

COVID-19 PANDEMIC RISK

The on-going COVID-19 pandemic has heightened the risk of sustainability on the supply chain system and created many operational challenges for many businesses. To minimise the risk of disruption to our operations, the Group has put in place stringent SOPs in compliance to the safety and health requirements issued by the Government. The safety and health of our employees, customers, and business partners remain as our top priority and we are working hard to make sure that we minimize risks related to the spread of COVID-19. In addition, the Group is also embarking on the diversification of our supply chain in order to reduce the risk impact.

Management Discussion and Analysis

RISKS AND PLAN TO MITIGATE THE RISKS WITHIN THE GROUP (CONT'D)

FOREIGN CURRENCY EXCHANGE RISK

The Group is directly exposed to foreign exchange fluctuations as the cost of raw materials and imported goods are denominated in foreign currencies. As such, foreign exchange may have an impact on the costing of our products. In mitigating such fluctuations, a higher volume of raw materials is kept in our warehouse to mitigate such risks. For imported goods, foreign currency exchange risk is partially managed through a natural hedge between revenue and purchases in the same currencies. Management will consider hedging the remaining unhedged portion to mitigate currency risk on cash flow earnings.

The Management will manage the timing of foreign currency revenue receipts vis-à-vis payment to raw material suppliers and the conversion of export proceeds into Malaysian Ringgit in compliance with Bank Negara Malaysia's foreign exchange policy for Malaysian exporters.

CREDIT RISK

Our financial performance is dependent on the creditworthiness of our customers to whom we normally grant credit periods ranging from 30 to 90 days. A significant delay or default in payment by our major customers may have an adverse effect on the Group's financial position and results when provisions need to be made for bad and doubtful debts. In mitigating such risks, we will assess our previous dealings with and/or the credit standing of the existing and prospective customers prior to accepting their orders. In addition, our credit control team review the trade receivable ageing quarterly and follows up closely on the subsequent collection of debts including sending out reminder letters, making follow-up calls as well as taking legal action on a case by case basis to recover outstanding debts.

DOWNTIME RISK

From an operational perspective, our manufacturing division is exposed to downtime risk. The risk could occur in the unlikely event of a fire, flood, power outage, workers on strike or machinery breakdown, thus resulting in production and delivery delays as well as reputational damage to the Group. The manufacturing operation is adequately insured for fire and fire consequential loss in order to mitigate financial risk to the Group.

POLITICAL RISK

Our subsidiary, Khind Middle East FZE ("KME") exposed to political risk in the Middle East and North Africa ("MENA") region. In FY2020, KME contributed 11.5% of the Group's total sales, down from 15.3% in the previous year. The MENA region continues to face an increasing threat of violence and unrest from civil wars and political instability in a few Middle East countries. However, the rewards of doing business in the MENA region are outweigh its risks. Hence, Management has continued to support our clients in that region and mitigated the risk by establishing long-term trust and relationship with the clients coupled with close monitoring of the political situation in the region to avoid taking undue risks.

PROSPECT AND OUTLOOK

The Group is expected to continue to perform well for the next financial year, primarily driven by the strong demand for electrical home appliances. This is because the COVID-19 pandemic has created a new normal for the world where people tends to stay at home more. Cooking at home and online shopping will be the trend to stay until the pandemic is over.

The Group will employ focus strategy in marketing our brands and increase our e-commerce presence to reach the target consumers. KHIND will also continue to embark on cost reduction and rationalisation exercises as well as improving operational efficiency and growing its regional business.

DIVIDEND POLICY

During FY2020, the Group paid an interim tax-exempt dividend of 10 sen per ordinary share totalling approximately RM4.0 million in respect of the financial year ended 31 December 2020 on 10 December 2020.

The Group does not have any formal dividend policy. However, the Board will strive to deliver favourable results and reward its shareholder for the continuing support. Our practice of dividend pay-out is consistent with our capital management strategies and KHIND remains committed to our shareholders in this regard despite the presence of more stringent capital requirements.

Sustainability Statement

Khind Holdings Berhad ("KHIND") has a vision of Delivering Happiness to Stakeholders, through serving and delivering to the needs and expectations of our Shareholders, Employees, Customers, Suppliers, and the Community. To create and deliver long-term value to our stakeholders, apart from pursuing profit growth and expansion in our operations, KHIND also focuses on ensuring that business operations of the Group (KHIND and its subsidiaries) are carried out sustainably and responsibly.

This Sustainability Statement ("Statement") illustrates sustainability matters (covering economic, environmental and social, or "EES") that are considered material to the Group, also known as Material Sustainability Matters ("MSMs"), the strategies, commitments, performances and management efforts of each of these matters for the financial year ended 31 December 2020 ("FY2020").

This Statement is prepared in accordance with Paragraph 29, Part A of Appendix 9C and Practice Note 9 of Bursa Malaysia Securities Berhad's ("Bursa") Main Market Listing Requirements ("Listing Requirements"), taking into consideration the Sustainability Reporting Guide – 2nd Edition and its accompanying Toolkits issued by Bursa.

SCOPE

The scope of this Statement considers the Group's key revenue contributors, which includes the following Strategic Business Units ("SBUs") with a combined revenue contribution of 73% to the Group's revenue in FY2020:

- Khind Marketing (M) Sdn Bhd (formerly known as Khind-Mistral (M) Sdn Bhd);
- Mayer Marketing Pte Ltd; and
- Khind-Mistral Industries Sdn Bhd.

The scope of this Statement currently focuses on operations in Peninsular Malaysia and Singapore, which include manufacturing, trading, marketing and customer service activities. As KHIND develops maturity in its sustainability management and reporting process, it will seek to expand the coverage of the Group's sustainability reporting scope.

This Statement is to be read in conjunction with the rest of KHIND's 2020 Annual Report.

Sustainability Statement

GOVERNANCE IN SUSTAINABILITY PROCESSES

Board of Directors ("Board")

- Ultimately responsible for sustainability practices and performances;
- Review adequacy of sustainability initiatives and processes; and
- Review the Group's sustainability matters and provide advice and direction on sustainability issues for the Group as and when necessary.

Group Chief Executive Officer ("Group CEO")

- Lead and drive the overall sustainability strategy and implementation across the Group; and
- Discuss, review and monitor progress of sustainability matters regularly.

Sustainability Management Working Team ("SMWT")

- Led by the Group CEO and Group Financial Controller ("Group FC");
- Comprises senior representatives of Strategic Business Units ("SBUs"), Human Resources and Khind Starfish Foundation;
- Performs materiality assessment on the Group's sustainability matters, focuses on MSMs; and
- Drives, tracks and monitors progress and improvements towards achieving the Group's key sustainability objectives.

Heads of SBUs and Departments

- Responsible for the management and performance of sustainability matters, focuses on MSMs; and
- Report to the SMWT on the status of action plans and performances in relation to sustainability matters.

The Board provides stewardship to ensure the strategic plan of KHIND supports long-term value creation and includes strategies on EES considerations underpinning sustainability. The Board is responsible for reviewing and adopting the corporate strategy, plans, and directions for the Group, including those related to sustainability.

The Board is supported by the Group CEO, tasked to oversee the implementation of sustainability strategies approved by the Board as well as the effective management of sustainability matters material to the Group.

KHIND has an established SMWT which is led by the Group CEO and Group FC to develop and implement necessary processes to embed sustainability consideration in the Group's business, including overseeing engagement with key stakeholders, identifying material sustainability matters and monitor the effective management of these material sustainability matters on an annual basis. Currently, the SMWT comprises the Group COO, Group FC, senior representatives of the in-scope SBUs, Human Resources function and Khind Starfish Foundation.

The Heads of respective SBUs and departments are responsible for performing sustainability related tasks and initiatives on a day-to-day basis. This includes implementing the management action plans agreed to reduce the risk level of the MSMs or impacts arising from these MSMs.

Sustainability Statement

MATERIALITY ASSESSMENT

A materiality assessment was conducted with the SMWT to identify and assess updates to sustainability matters (i.e. on EES) of the Group's business. The approach towards the materiality assessment update is adopted from the Sustainability Reporting Guide and is in line with the Listing Requirements of Bursa. A sustainability matter is considered material if it:

- reflects KHIND Group's significant EES matters; and
- substantively influences the decisions and assessments of the Group's stakeholders.

The materiality assessment process entails members of the SMWT identifying sustainability matters relevant to KHIND Group's business and subsequently perform a rating-based assessment on individual sustainability matters. When performing the assessment, we consider how the sustainability matter affects the long-term value of KHIND's business, the impact on KHIND's business and how concerned stakeholders are pertaining to the sustainability matters in question.

Our stakeholders include, amongst others, our customers and dealers, our employees, our suppliers, our local communities as well as the government agencies, authorities and regulators.

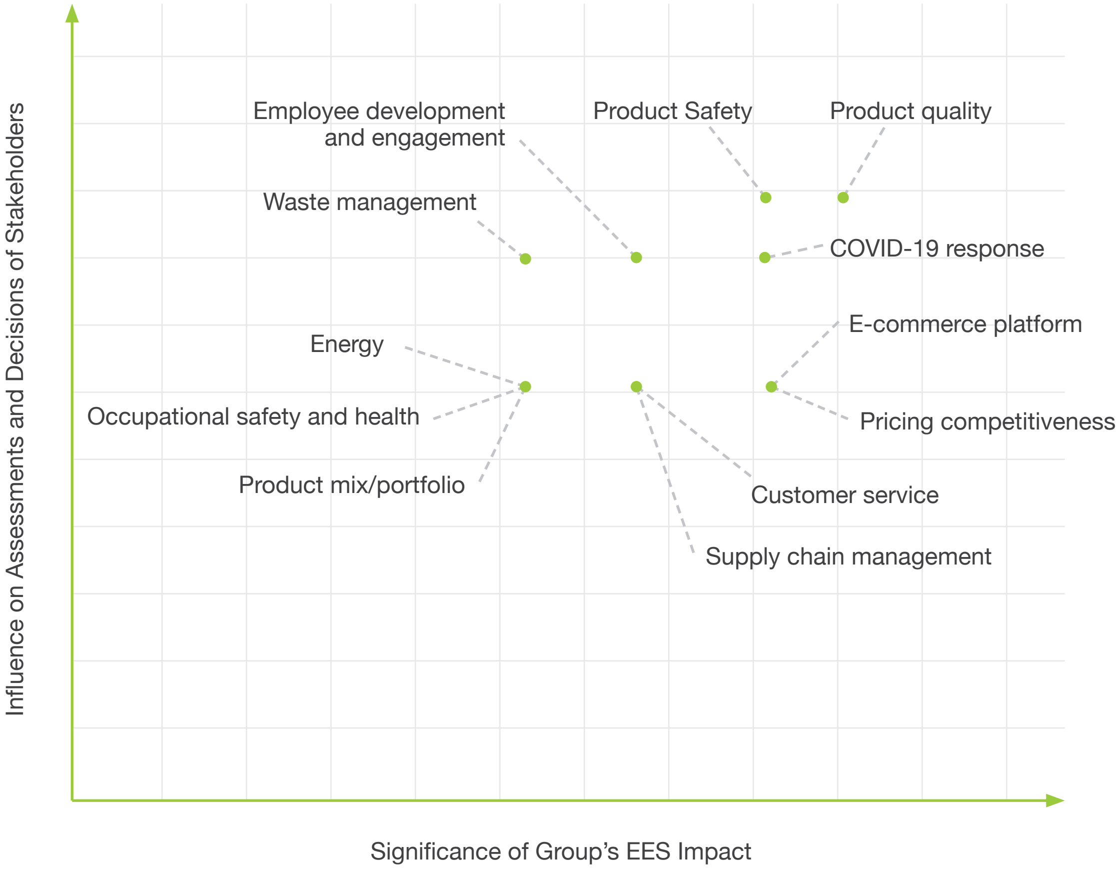
A summary of our key stakeholders, including how we engage with them, frequency of engagement and the key focus areas of the engagement, is as follows:

Key Stakeholders	Engagement Method	Frequency of Engagement	Key Focus Areas
Customers (including dealers)	• Customer survey • Customer service • Events/ Roadshow	• Yearly • Daily • Ad hoc	• Pricing competitiveness • Product quality • Variety of products • Product availability • Availability of customer service in rural areas
Employees	• Employee survey • Employee engagement activities • Townhall meetings/Virtual meetings • Employee development trainings & workshops • Performance appraisals	• Annually • Regularly • Regularly • Regularly • Half-yearly	• Work-life balance • Safe and healthy working environment • Professional development • Competitive remuneration package
Suppliers	• Formal meetings / Virtual meetings • Written communications • Product exhibitions • Anti-bribery and anti-corruption pledge	• Regularly • Regularly • Ad hoc • Annually	• Continuous supply of key products • Product quality • Ethics and integrity
Community	• Corporate social responsibility activities	• Ad hoc	• Contribution to community
Authorities/ Regulators	• Meetings • Timely reporting • Formal meetings/ Virtual meetings	• Regular • Regular • Ad hoc	• Health and Safety • Product certification

Sustainability Statement

MATERIAL SUSTAINABILITY MATTERS

Through the various stakeholder engagements, we were able to understand the priorities and importance of such key focus areas to each categories of stakeholders, and in consolidating with the assessment in relation to its significances to the Group, we identified the MSMs of the Group as follows:



In this Statement, the MSMs will be discussed in the following sustainability categories:

Sustainability Categories	Material Sustainability Matters
Products and Markets	• Product Mix/Portfolio • E-commerce Platform
Supply Chain Management	• Supply Chain Management • Pricing Competitiveness
Product Quality and Safety	• Product Quality • Product Safety
Customer Service	• Customer Service
Occupational Safety and Health	• Occupational Safety and Health • COVID-19 Response
Waste and Energy Management	• Waste Management • Energy
Employee Development and Engagement	• Employee Development and Engagement

Sustainability Statement

MATERIAL SUSTAINABILITY MATTERS > (CONT'D)

PRODUCTS AND MARKETS

In our era of fast-paced business environment, it is important for KHIND to ensure it maintains relevance and strategically positions itself in the market with its products and services. This is especially vital in ensuring business sustainability, with the increasing availability of options and brands in the market, including the use of technology in the sales and marketing space.

KHIND sets itself apart from its competitors with its quality range of products, offering its customers value-for-money products and services. KHIND's brand portfolio comprises a combination of in-house brands, i.e. Khind, Mistral and Mayer, and agency brands such as Honeywell and MacroAir.

KHIND selects its agency brands based on an assessment on, amongst others, product quality, brand reputation and KHIND Group's product offering strategy. When considering inclusion of new agency brands into its portfolio, we carry out due diligence checks, stringent assessments, market surveys and factory site visits.

The Group continues to invest in expanding its e-commerce market by having dedicated resources to focus on developing KHIND's e-commerce segment. The Group forms business partnerships with e-commerce platforms such as Lazada and Shopee to expand its outreach to consumers on the internet. The Group has also partaken into interactive livestream sessions through Shopee Live to increase real-time interactions with customers to strengthen awareness on KHIND's products and encourage sales.

The Group has also created its own online marketplace in Malaysia at khindonline.com since 2014, portfolio of which currently includes brands such as Khind, Mistral, Mayer and Honeywell. The Group also has an online marketing platform at www.mayer.sg which focuses on the Singaporean market with the Group's brands of Mayer, Mistral, etc. Moving forward, the Group will continue to rigorously develop and expand its e-commerce market in enhancing the competitiveness of its brands in the market.

Further to the above, we have also placed extra focus on home shopping distribution channels and TV shopping channel, to cater for the stronger demand for consumer electrical home appliances as most Malaysians were working from home, due to the various movement control orders ("MCO") and restrictions imposed by the Government. With operations during the Conditional MCO through TV-shopping and e-commerce channel, and where restrictions eased during Recovery MCO, demands on home appliances picked up steadily and has resulted in improved sales performances despite the devastating effects of COVID-19 pandemic globally. Refer to page 13 of the annual report for revenue of the Group.

SUPPLY CHAIN MANAGEMENT

In order to maintain competitiveness in the market, the Group has to ensure orders are fulfilled within the stipulated timeframe, or earlier if possible. The quick turnaround time arises from expectations by customers and consumers who are accustomed with increasingly efficient supply chains made possible by technology advancement.

In this regard, KHIND Group maintains a range of sourcing options for its products, with a balanced mix of sourcing externally from original equipment manufacturers ("OEMs") and manufacturing in-house, while maintaining stringent control over the quality of products. Moving forward, KHIND will also embark on restructuring its supply chain, where it expands its sourcing from other countries such as Vietnam, India, etc, apart from relying mainly on suppliers from China, to better manage risks associated to a single country. By having sources from both in-house and external suppliers, the Group is able to strengthen its supply chain management with added capacity and manages profit margins better.

As suppliers are a key contributor to a successful supply chain management, the Group performs stringent assessment on its suppliers with considerations given to, but not limited to, the supplier's profile and track record, market reputation, timeliness and quality of fulfilment, pricing, and product quality. For the assessment of products procured from external suppliers, sample testing is conducted by the Group Quality Control Department.

Returns from customers in relation to quality issues over total sales are as follows:

A. Malaysia

Brand	FY2018	FY2019	FY2020
KHIND	1.47%	1.63%	1.23%
MISTRAL	1.26%	1.53%	1.03%

B. Singapore

The total returns from customers in relation to quality issues over total sales for Singapore is below 5% in all three (3) financial years 2018, 2019 and 2020.

KHIND, being a leading world manufacturer and distributor brand, is synonymous with value-for-money, high quality electrical home appliances throughout the world since its inception. To enable our product pricing to be competitive without affecting product quality, we continuously streamline our business operations, through various methods such as organisational and personnel restructuring, process enhancement to increase efficiency and reduce waste,

Sustainability Statement

MATERIAL SUSTAINABILITY MATTERS > (CONT'D)

SUPPLY CHAIN MANAGEMENT (CONT'D)

sourcing and using materials that are more cost effective but with similar or better quality, and appointing suppliers and vendors that are price competitive and with good track records.

During the financial year under review, the Group has engaged an external consultant to enhance our business operations through various initiatives, and KHIND has also replaced some of the older plant and machinery as well as moulding equipment to further improve the efficiency of the manufacturing process.

PRODUCT QUALITY AND SAFETY

In KHIND, our objective to customers and consumers is to deliver value-for-money and safe products. Commonly, safety risks arising from home appliances include electrical hazards, mechanical hazards and fire hazards. These risks bring potential harm to consumers and may cause injury or even loss of life, apart from loss of assets. Therefore, KHIND Group is uncompromising in its quality assurance and control processes.

KHIND Group has dedicated functions to assess and manage the quality of the Group's products, i.e. Group Quality Assurance Division ("Group QA") and Group Quality Control Department ("Group QC"). Group QA's role is to evaluate new products of the Group and ensure their safety and reliability. This includes testing product safety for electrical hazards, mechanical hazards and fire hazards. Group QA also perform troubleshooting on new products to ensure products are working as intended and reliably.

On the other hand, Group QC is responsible for ensuring quality in the products procured from OEM suppliers. KHIND's Group QC has established a representative office in Foshan City, China, to perform testing on the Group's OEM supplies before the goods are shipped out of China. Similarly, KHIND's Group QC also has dedicated team responsible for the testing of OEM products sourced locally in Malaysia.

Most of KHIND's products are regulated by the Malaysian Energy Commission and these products have obtained the relevant certification from SIRIM before entering the market. As for non-regulated products, product quality and safety are controlled and managed through the Group's quality control process. Similarly, for the Group's products in Singapore, Certificate of Conformity must be obtained for controlled goods before they can be sold in Singapore. The Group has ensured such certifications, where relevant, have been obtained before selling its products in Malaysia and Singapore.

The Group's manufacturing operation is certified with ISO 9001 – Quality Management Systems, and is audited annually by the certification body, SIRIM QAS International. We are pleased to report that KHIND has managed to renew the certification for the financial year under review.

Committed to provide our customers and consumers with quality products, we provide warranty for our products and have put in resources in warranty program that benefits our customers and consumers. During FY2018, we rolled out our e-warranty platform which allows consumers to register and view the details of the warranty of their product purchases online. The e-warranty program aims to expedite the warranty claim process and provide better support to our customers and consumers. The e-warranty platform is accessible at https://khindonline.com/e-warranty/.

The number of e-warranty registration during the past three (3) financial years are as follows:

Financial Year	2018	2019	2020
No. of e-warranty registration	4,448	7,965	30,065

The number of e-warranty registration was 30,065 products, i.e. approximately 1.14% of total products in FY2020. We are targeting for 100,000 e-warranty registration or 3.5% of total products in FY2021, by removing manual warranty cards, revamping the e-warranty registration process to ease online registration and place eye-catching e-warranty design on carton boxes of our products.

We monitor the warranty claims of our products as a measure of our product quality, focusing specifically on our in-house brands. At the same time, the Group has various communication channels in place through which customers and consumers are able to submit their enquiry, concerns or complaints. These channels include our website and our customer service centres. Customer/ consumer concerns are documented and reviewed for the Group to identify the commonly reported issues for its consideration in quality improvement.

During the financial year under review, there were various stages of MCO being implemented by the Government. We understand that our customers could face challenges in claiming product warranty, hence, in order to better serve our customers, we have extended warranty of products expiring during the MCO periods by an additional three (3) months.

Sustainability Statement

MATERIAL SUSTAINABILITY MATTERS > (CONT'D)

CUSTOMER SERVICE

KHIND Group's customer service plays an important role in our product value chain. The Group's products are designed to provide value to our customers and consumers and our products are intended to last the lifespan they are designed for. As such, the Group views itself responsible to provide support to its customers and consumers in maintaining the usefulness and lifespan of the Group's products where possible.

The Group has a total of ten (10) service centres in Malaysia, including Shah Alam, Malacca, Johor Bahru, Ipoh, Kuantan, Kota Bahru, Bukit Mertajam, Kuching, Miri and Kota Kinabalu, and one (1) centre in Singapore. These service centres provide customer support on matters pertaining to products enquiries, complaints and warranty claims. The Group's service centres provide quality services guided by the Group's standard operating procedures and generally customers' concerns or issues are resolved within a timeframe from one (1) day to one (1) week, depending on complexity and severity of the concerns or issues. The Group has a target to address 70% of the concerns or issues received within 48 hours. The percentage of concerns or issues resolved within 48 hours for the financial years 2018, 2019 and 2020 are as follows:

Resolved concerns/ issues	FY2018	FY2019	FY2020
Within 48 hours	65.9%	66.4%	59.8%

The decrease in concerns or issues resolved within 48 hours for the financial year 2020 was mainly due to the increase in sales volume (resulting in the increase in concerns or issues). Nevertheless, we strive to achieve the 70% target by monitoring daily and weekly productivity through our Business Intelligence system and the usage of Purchase Sales Inventory planning to stock sufficient spare parts.

In our effort to continuously improve customer service, all our technical customer service staff are provided with training two (2) times per annum, to hone their technical knowledge and skills.

OCCUPATIONAL SAFETY AND HEALTH

Occupational safety and health is a material sustainability concern for the Group's manufacturing operation as the Group's employees work with machinery and equipment. The manufacturing process exposes employees to hazards such as sharp edges, moving parts, hot surfaces, chemical sprays, etc., which may cause employees to suffer from cuts, burns, crushed fingers, or inhalation of chemicals, to name a few. The impact of occupational safety and health risk may include production down-time, or worse, permanent adverse impact on the livelihood of our employee or even loss of life.

Therefore, the Group is taking serious measures in managing occupational safety and health of its employees. The Group's manufacturing operation is governed by a set of established standard operating procedures ("SOP") which includes safety controls. Employees are also required to wear appropriate personal protection equipment such as safety gloves, safety boots, or face masks, depending on the activities they are working on. Before commencing work, all new employees are provided with induction training on proper use of machinery, equipment and personal protective equipment.

The Group has also established a Safety and Health Committee, comprising supervisors of manufacturing operation, to monitor and manage workplace safety and employees' health at the manufacturing operation.

The Group maintains a process for the recording of accidents and incidents, which also serves as an indicator for how well it has managed its occupational safety and health risk.

The number of accidents recorded in the past three (3) financial years are as follows:

	FY2018	FY2019	FY2020
Minor injury	2	2	-
Serious injury	-	-	-
Fatality	-	-	-

The Group will continuously manage, monitor and review the internal control system addressing occupational safety and health risk to provide a safe work environment to its employees.

In view of the COVID-19 pandemic outbreak which has affected the health and wellbeing of society and people around the world, the Group has undertaken some social distancing and prevention measures in compliance with local guidelines, including but not limited to the following:

- A COVID-19 Centralized Communication Committee ("CCC") was established during the start of MCO imposed by the Government. The function of CCC is to standardise the source of communication from only one (1) party and consistently deliver pertinent messages and updates to all employees;
- The Safety & Health Committee in Shah Alam Office ("SAO"), Sekinchan Office ("SKC") and Singapore are responsible to ensure all employees strictly adhered to the COVID-19 SOPs and advise actions to be taken for COVID-19 suspect and confirmed cases;
- Daily audit is performed to ensure all the staff are following SOPs strictly in SAO and SKC and free masks are distributed to the employees;

Sustainability Statement

MATERIAL SUSTAINABILITY MATTERS > (CONT'D)

OCCUPATIONAL SAFETY AND HEALTH (CONT'D)

- Requiring all employees and workers to wear facemask, practice social distancing at all times, frequently wash and sanitise hands, and increase personal hygiene;
- Employees and workers (including contractors) are required to check body temperature, sanitise hands and register presence upon entry to office and service centres;
- The Group performs daily disinfection at office and service centres compound;
- Employees are encouraged to work from home with the introduction of the new "Work from Home Policy" effective from 24 August 2020 and conduct business activities, including meetings and discussions online, using web-based video conferencing tool; and
- Implementation of flexible working hours to help the employees reduce commute time, managing health risks and meeting family or other commitments.

WASTE AND ENERGY MANAGEMENT

The Group's manufacturing operation is a major source of the Group's scheduled wastes, including wastes such as spent hydraulic oil, contaminated containers and paint sludge. All scheduled waste generated by the Group's operations are disposed of by a vendor who is licensed by the Department of Environment, Malaysia. For the financial year under review, the summary of scheduled waste generated by the Group is as follows:

Description of waste	Amount (Kg) generated & disposed by licensed contractor		
	FY2018	FY2019	FY2020
Fluorescent tube	1,627	11	1,420.5
Spent hydraulic oil	418	627	1,797
Spent lubricating oil	108	418	258
Disposed container	66	46.7	168.4
Contaminated rags	28.2	8.5	115
Paint sludge	32.4	9.1	231.4
Non-halogenated organic solvent	-	-	118

Apart from scheduled waste, the Group's operations generate wastes including packaging wastes and scrap metals. Packaging wastes are generated from the purchase of OEM products, which are repackaged and sold under the Group's brands, as well as from the replacement of products or product parts from service centre activities. Packaging wastes include plastics, carton papers and polyfoam. On the other hand, the Group's service centres generate scrap metals, such as scrap aluminium and steel, from maintenance and repair activities.

Packaging waste and scrap metals generated by the Group's operations are sold instead of disposed, providing opportunities for these materials to be reused or recycled. In 2017, the Group invested in a machine which processes polyfoam into polyfoam soap which is a more re-sellable form as compared to the polyfoam generated from operations. Such investment has helped the Group save on disposal cost for polyfoam which is generally more difficult to sell in its original form of different sizes and shapes.

The following table summarises the Group's key wastes generated from its manufacturing operation and the income generated by selling the wastes:

Types of waste	Revenue Generated (RM)		
	FY2018	FY2019	FY2020
Metal	10,504	15,561	22,020
Paper/ Carton	51,540	46,376	67,693
Plastic	35,916	22,832	22,652
Polyfoam	8,407	4,733	9,021
Wooden Pallet	5,411	1,560	197
Electronic Components (e.g. motor, battery, etc.)	-	101	10,360
Others (e.g. toner, etc.)	6,771	14,704	60,778
Total	**118,549**	**105,867**	**192,721**

Wastes generated from the Group's other operations included in the scope of this Statement were also sold for an income amounting to RM8,883 in FY2018, RM6,477 in FY2019 and RM10,548 in FY2020. During FY2020, combined with income from its manufacturing operation, the Group has generated RM203,269 from the sales of wastes generated.

The Group is committed in the use of green technology in order to achieve its goal to conserve the use of energy and natural resources and also promote the use of renewable energy which minimises the degradation of environment and reduces the negative impact of human activities. The commitment is in line with the Government's plan to promote green technology through various tax incentives given for the use of approved green technology-based assets.

Sustainability Statement

MATERIAL SUSTAINABILITY MATTERS > (CONT'D)

WASTE AND ENERGY MANAGEMENT (CONT'D)

During the year under review, the Group had commenced the installation of solar panels on Sekinchan factory building rooftops; thus generating renewable energy for the factory's own consumption. The Group has received approval for Green Investment Tax Allowance for the period of three (3) years from Malaysian Investment Development Authority ("MIDA"). The solar system will generate approximately 236 kVA of solar energy per year, with a capacity of 450 KWp.

Plans are underway to further expanding the installation of solar panels with a combined capacity of 102 KWp in Shah Alam office. This expansion is expected to complete by Quarter 2 of 2021.

EMPLOYEE DEVELOPMENT & ENGAGEMENT

The Group acknowledges that dedicated staff is the bedrock to its success. It is the staff's collective commitment, knowledge, experiences and diversified skill sets that will continue to propel KHIND to attain sustainable growth. The Group is responsible for ensuring employees are being cared for and taken care of. To achieve this, we provide competitive compensation, employee benefits, and a conducive working environment that promotes employee morale and productivity.

During the year under review, we have significantly revamped our Performance Management System ("PMS"), which clearly defines the key measurement for performance, establishing new Vision, Mission & Core Values ("VMCV"), and improve the development and engagement of employees. Enhancements to the PMS are summarised as follows:

- Linking new Core Values to the Key Performance Indicator ("KPI") and introduction of new Promotion & Upgrading Policy in June 2020;
- Setting up Competency Framework which defines the knowledges, skills and attributes required for people within the organisation; and
- Employee engagement survey conducted by a third-party consultant which serves as a safe and confidential engagement tool to solicit feedback on the individual factors and overall satisfaction rate of employees. This survey is conducted annually and the topics covered in the survey for the FY2020 were "Growth – How can I grow", "Teamwork – Do I belong here", "Individual – What do I give" and "Basic needs – What do I get". During FY2020, the overall participation rate of the survey conducted was recorded at 98%.

Training programs for employees are devised based on the training needs analysis, which are conducted during employees' annual performance appraisals. Heads of Department will recommend training required for each employee, and they are required to attend the training programs as identified. All employees have attended the training required for the past three (3) financial years, i.e. FY2018, FY2019 and FY2020.

Sustainability Statement

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

As part of our Corporate Social Responsibility, Khind Starfish Foundation ("KSF") was established to carry out projects to help improve living conditions, provide relief to and maintain the well-being of the poor, needy, distressed, disadvantaged or deprived individuals and/or communities; as well as to support Malaysian arts and culture.

During pandemic period in FY2020, KSF has donated more than RM180,000 in medical supplies to hospitals and quarantine centres, including but not limited to sponsor bedside monitor to Jabatan Kesihatan Negeri Sabah and sponsorship for the bed sheet production fees used for quarantine centres.

Sponsor bedside monitor to Sabah hospital

Besides contribution in helping to fight COVID-19, KSF spared no efforts supporting others in need including Cancer Research Malaysia, Perak Parkinson's Association, Persatuan Kelab Kiwanis Malaysia, and other cultural art or non-profitable organisations.

Moreover, KSF had been contributing to the education sector at all times, including providing non-monetary assistance on equipment required for online study during pandemic times. We collect old laptops from the public, and send to the schools in need after repair.

One of the initiatives that KSF has been carrying out every year since 2014 is the "Projects for Happiness", which is a platform for all undergraduates in Malaysia to design grassroots programs, anywhere in Malaysia, to promotes happiness and addresses the root causes of poverty and poor education. We encourage applicants to employ innovative techniques and creativity to engage participants in ways that focus on education, helping the underprivileged, arts & culture, environmental protection, animal welfare, and racial harmony.

Monetary contribution to Perak Parkinson's Association

Monetary contribution to SMJK Yoke Kuan, Sekinchan for building multipurpose hall

Donation to Persatuan Kelab Kiwanis Malaysia for flood victims in Seremban

Projects for Happiness - Public Plays, A Sustainable Playscapes

DELIVERING SUSTAINABLE PERFORMANCE

Pursuant to its aim of delivering sustainable performance, KHIND will on an ongoing basis review, assess and manage other aspects of sustainability risk and opportunities material to the Group, with a view to create and optimise long-term value for KHIND's stakeholders.

ENTREPRENEURIAL **CULTURE**

KHIND emphasises on an entrepreneurial culture that touches on work-life balance orientation, growth potential, meaningful work, conducive work environment and job security. We make the best use of the resources entrusted to our organisation and we adhere to a business culture oriented towards sustainability that embraces innovative thinking and continuous improvement through our passion to achieve optimal results.

Board of Directors' Profile

CHENG PING KEAT
Malaysian, Male

- Executive Chairman

Mr Cheng Ping Keat ("Mr Cheng PK"), aged 60, was appointed as an Executive Director of KHIND on 20 April 1998. He graduated with a Bachelor of Commerce degree from the University of Melbourne, Australia in 1984. Post- graduation, he had a short stint in audit, accountancy and receivership, both locally and abroad. He joined KHIND in September 1987. In 1996, he obtained his Master of Business Administration from Bath University, U.K.

He was the Group Chief Executive Officer from 2003 to 2021 and was re-designated as Executive Chairman on 1 March 2021. In his role as Chairman, he is responsible for leading and focusing on strategic matters, overseeing the group's business and setting high standard of governance. He is a Trustee of the Khind Starfish Foundation, established by the Company to carry out corporate responsibility projects and activities of Khind in Malaysia.

KAMIL BIN DATUK HAJI ABDUL RAHMAN
Malaysian, Male

- Senior Independent Non-Executive Director
- Chairman of the Audit Committee
- Member of the Nomination and Remuneration Committee
- Member of the Risk Management Committee

En Kamil Bin Datuk Haji Abdul Rahman ("En Kamil"), aged 72, was appointed as an Independent Non-Executive Director of KHIND on 30 July 2001. At the same time, he became an independent member of the KHIND Audit Committee. He was subsequently appointed as the Senior Independent Director on 31 March 2009. His area of specialisation is corporate governance, corporate finance and risk management.

He has previously served as the Independent Non-Executive Chairman of KHIND. On 1 March 2021, he was re-designated as member of the Board, the Chairman of Audit Committee, member of Nomination and Remuneration Committee. When Risk Management Committee was established on 25 November 2020, he was appointed as member of Risk Management Committee.

He graduated with a Bachelor of Commerce degree from the University of Otago, New Zealand and subsequently qualified as a Chartered Accountant of the Institute of Chartered Accountants of New Zealand. He is also a Fellow Chartered Secretary and Corporate Governance Professional of the Institute of Chartered Secretaries and Administrators, United Kingdom, and a Chartered Accountant of the Malaysian Institute of Accountants. He attended a Building Contractor Certificate Programme conducted by Universiti Putra Malaysia and Director Accreditation Programme by Research Institute of Investment Analysts.

His previous senior positions were Senior Vice President of the Bank of Commerce (M) Berhad and Executive Director of Commerce International Merchant Bankers Berhad. Currently, En Kamil is a Board member of Jiankun International Berhad and Brahim's Holdings Berhad.

Board of Directors' Profile

WONG CHIN MUN
Malaysian, Male

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

Mr Wong Chin Mun, aged 76, was appointed as an Independent Non-Executive Director of KHIND on 19 July 2010. He holds a Bachelor of Business (Accounting) Degree and Bachelor of Business (Secretarial Administration) Degree from Curtin University, Western Australia and has a Teacher's Certificate from the Ministry of Education, Malaysia. He is a Fellow of the Certified Practising Accountants of Australia (FCPA) and Associate of Malaysian Institute of Accountants.

He has previously served as Chairman of Audit Committee and member of the Nomination and Remuneration Committee. On 1 March 2021, he was re-designated as the Chairman of the Nomination and Remuneration Committee, member of the Audit Committee. When Risk Management Committee was established on 25 November 2020, he was appointed as member of Risk Management Committee.

He is currently the Chairman of Vistage Malaysia Sdn. Bhd., which has the rights for the Vistage System from Vistage International Inc., USA, for assisting chief executive officers and entrepreneurs to proactively manage change and grow their businesses.

Mr Wong joined Nylex Malaysia Berhad ("Nylex") as Financial Controller/Company Secretary in January 1976 and became the first local General Manager/Director of Nylex in 1980. He was promoted to the position of Managing Director in 1985 and when he left at the end of June 1994 to found Vistage Malaysia, he was appointed and served as Non-Executive Deputy Chairman of the Nylex Malaysia Group of Companies up to October 1999.

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

WONG LUP HANG
Malaysian, Male

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

Mr Wong Lup Hang, aged 65, was appointed as an Independent Non-Executive Director of KHIND on 1 October 2020. At the same time, he became an independent member of the KHIND Audit Committee and Nomination and Remuneration Committee. On 25 November 2020, he was appointed as the Chairman of the Risk Management Committee.

He is an Associate Member of Chartered Institute of Management Accountants, a member of the Chartered Global Management Accountant and the Malaysian Institute of Certified Public Accountants. After many years of professional experience in accounting, finance and treasury, he moved into general management and gathered invaluable business experience in UK early in his career, in local and foreign companies based in Malaysia before retiring after spending six years in Saudi Arabia.

Mr Wong has vast experience of about 25 years in the automotive industry mainly with the Toyota family of brands. His experience traversed across most of the major functional areas of the automotive business. He takes great pride especially in the pragmatic wisdom of The Toyota Way and its formidable implication in running sustainable and successful businesses. Mr Wong is grateful for having worked and collaborated with diverse nationalities and cultures throughout his career. These experiences have spanned truly global multinationals, mid-sized companies to small, but nimble and entrepreneurial family owned operations.

Mr Wong is currently dedicating most of his time serving on the Board of Trustees as well as on the Scientific Advisory Committee of Cancer Research Malaysia. He has also been serving on the Board of Trustees of the Khind Starfish Foundation.

Additional Information

- **Directorship in Public Companies and Listed Issuers**
  Save as disclosed, the Directors do not have any other directorship in public companies and other listed issuers.
- **Family Relationship with Director and Major Shareholder**
  Mr Cheng King Fa, a substantial shareholder of the Company is the father of Mr Cheng Ping Keat. The other Directors do not have any family relationship with any Directors or major shareholders of the Company.
- **Conflict of Interest**
  None of the Directors has any conflict of interest with KHIND.
- **Conviction for Offences Other than Traffic Offences**
  All the Directors had no convictions for any offences other than traffic offences within the past five (5) years and has not been imposed any public sanction or penalty by relevant regulatory bodies during FYE 2020.
- **Directors' Attendance at Board Meetings**
  All the Directors attended six (6) meetings convened during FYE 2020, except for Mr Lee Ah Lan who had attended four (4) out of six (6) meetings and Mr Wong Lup Hang who attended two (2) meetings held after his appointment on 1 October 2020.

Key Senior Management Profile

ADIL JIMMY MISTRY
Indian, Male

• Group Chief Executive Officer

Mr Adil Jimmy Mistry ("Mr Adil"), aged 47, was appointed as the Group Chief Operation Officer on 1 March 2019 and subsequently promoted to the current position as Group Chief Executive Officer on 1 March 2021. He is responsible for the overall strategic planning and operations relating to manufacturing, marketing, financial, export management and brand building for KHIND.

He is an internally grown talent who started his career with the Group in 2000 as an Export Sales Executive and was later posted to Dubai in 2001 to develop the new market in the Middle East and Africa regions. He was the pioneer in Khind Middle East FZE ("KME"). Subsequently in 2016, he was given additional portfolio to set up International Sales and Marketing (ISM) Division of the Group, focusing on export business and linking up various business units to develop exports. He was also given mandate to set up PT Khind Environmental Solutions ("KES") to focus on environmentally friendly solutions for cooling and energy saving in Indonesia.

Prior to joining KME, he worked in MEC in Dubai as a Service Manager and subsequently joined CAC Inc. Dubai as a Technical Writer. He has over 22 years of experience in electrical engineering and E&E industry.

He holds an Engineering Higher Diploma in Electronics and Communications from Liverpool College, United Kingdom and obtained his MBA from Manchester Business School, Dubai campus in 2012.

Mr Adil does not hold any directorships in other public companies and listed issuers. He has no conviction for any offence other than traffic offences within the past five years and has not been imposed any public sanction or penalty by relevant regulatory bodies during FYE 2020. He has no conflict of interest with KHIND and does not have any family relationship with any director and/or major shareholder of KHIND.

Mr Adil does not hold any shares in the Company and its subsidiaries.

WONG LAI PENG
Malaysian, Female

• Group Financial Controller

Ms Wong Lai Peng ("Ms Wong"), aged 51, joined KHIND as a Group Finance Manager in November 2007. She was promoted to her present position as the Group Financial Controller of KHIND on 1 April 2017. She is responsible in overseeing and managing all financial affairs of the Group which include corporate finance, treasury, accounting and taxation.

Ms Wong graduated with a Bachelor of Accounting (Hons) from Universiti Utara Malaysia in 1994 and is a member of the MIA. She has more than 25 years of experience in area of auditing, taxation, management accounting and reporting, corporate finance and treasury affair.

She started her career in 1994 with Price Waterhouse (now known as PricewaterhouseCoopers PLT). Between 1996 and 2004, she joined Hong Leong Credit Berhad as an Investment Planning Officer for a brief period before moving on to join Muda Holdings Berhad as a Financial Analyst. Prior to joining KHIND, she has held a senior financial position in a private company. Throughout her career, she has served in various listed companies and industries including finance services, manufacturing and retail.

Ms Wong does not hold any directorships in other public companies and listed issuers.

She has no conviction for any offence other than traffic offences within the past five years and has not been imposed any public sanction or penalty by relevant regulatory bodies during FYE 2020. She has no conflict of interest with KHIND and does not have any family relationship with any director and/or major shareholder of KHIND.

Key Senior Management Profile

TAN CHA BOO
Malaysian, Female

- Executive Director of Khind Marketing (M) Sdn Bhd ("KMM") (formerly known as Khind-Mistral (M) Sdn Bhd)

Ms Tan Cha Boo ("Ms Tan"), aged 62, was appointed as an Executive Director of KMM with effect from 1 April 2017. Prior to her appointment, she was the General Merchandise Manager responsible for overseeing the Group's merchandising operations since 2010.

She started her career with KHIND in 1976 and was one of the pioneers who played an instrumental role in the formation years of KHIND.

She has over 41 years of experience in the Electrical & Electronic ("E&E") industry, covering administration management, manufacturing, purchasing, sales and distribution. Throughout her tenure with the Group, she has held various senior positions.

Ms Tan does not hold any directorships in other public companies and listed issuers.

She has no conviction for any offence other than traffic offences within the past five years and has not been imposed any public sanction or penalty by relevant regulatory bodies during FYE 2020. She has no conflict of interest with KHIND and does not have any family relationship with any director and/or major shareholder of KHIND.

TAN WEI CHI
Malaysian, Male

- General Manager of Khind Marketing (M) Sdn Bhd ("KMM") (formerly known as Khind-Mistral (M) Sdn Bhd)

Mr Tan Wei Chi ('Mr Albert Tan"), aged 52, has been the General Manager – Marketing of KMM since 5 August 2013. He is responsible for overseeing key departments, developing business strategy and all aspects of product marketing of KMM. He has over 28 years' hands on experience in product marketing.

He started his career in Lam Soon (M) Bhd ("Lam Soon") as a marketing trainee in 1992 and held several positions including Product Executive and Senior Product Executive, responsible for distribution and marketing. He was subsequently promoted to Product Manager in charge of household cleansing products.

He left Lam Soon in 1997 and joined the Marketing Division of Boots Healthcare Pte Ltd as Product Manager responsible for Strepsils and OTC oral care products for Malaysia and Singapore. He was then promoted to Group Products Manager in 2003, covering Malaysia, Singapore and Indonesia.

Prior to joining the Group, he worked with Hasbro Toys (M) Sdn Bhd, a subsidiary of Hasbro Ltd of United States of America ("USA") as a Marketing Manager from 2005 to 2013. He was responsible for leading a team to grow the toys and games market in Malaysia.

He graduated with a Bachelor of Science Degree in Biochemistry and Applied Organics from Campbell University of North Carolina, USA in 1992.

Mr Albert Tan does not hold any directorships in other public companies and listed issuers.

He has no conviction for any offence other than traffic offences within the past five years and has not been imposed any public sanction or penalty by relevant regulatory bodies during FYE 2020. He has no conflict of interest with KHIND and does not have any family relationship with any director and/or major shareholder of KHIND.

Key Senior Management Profile

MICHAEL LIM OON KOOI
Malaysian, Male

- Operation General Manager of Khind Marketing (M) Sdn Bhd ("KMM") (formerly known as Khind-Mistral (M) Sdn Bhd)

Mr Michael Lim Oon Kooi ("Mr Michael Lim"), aged 54, was appointed as Operation General Manager of KMM on 1 January 2021, responsible for all aspects of operations matters. Prior to his appointment, he was the General Manager of Khind-Mistral (Borneo) Sdn Bhd ("KMB"), a company located in East Malaysia. He is responsible for all aspects of operations.

He joined the Group in 1996 as an Account Executive of Khind Marketing (Sabah) Sdn Bhd. In the following year, he was transferred to Khind Marketing (Sarawak) Sdn Bhd (now known as KMB) and was promoted to Finance Manager. Subsequently, he was appointed as the Regional Financial Controller to head the Accounts and Finance Department of both subsidiaries in East Malaysia.

During the past 24 years, while he has extensive exposure in core area of finance and accounting, he has also had intense hand-on involvement in a broad range of operational activities including management, purchasing, distributing and marketing.

He graduated with Bachelors of Business Administration (Hons) from University of Tasmania (Australia) in 1993 and obtained his MBA from Universiti Malaysia Sabah in 2009.

Mr Michael Lim does not hold any directorships in other public companies and listed issuers.

He has no conviction for any offence other than traffic offences within the past five years and has not been imposed any public sanction or penalty by relevant regulatory bodies during FYE 2020. He has no conflict of interest with KHIND and does not have any family relationship with any director and/or major shareholder of KHIND.

TAN BENG KWEE
Singaporean, Male

- Managing Director of Mayer Marketing Pte Ltd ("MMPL") and Mayer Malaysia Sdn Bhd ("MMSB")

Mr Tan Beng Kwee ("Mr BK Tan"), aged 53, was appointed as an Executive Director of MMPL upon the completion of takeover exercise of the company by KHIND on 5 January 2012. His responsibilities include overseeing the operations and day-to-day management of the companies. He was later appointed as the Managing Director of MMPL and MMSB on 25 October 2019, leading the management team of both companies for all strategic initiative.

Mr BK Tan graduated with a Diploma in Marketing from Marketing Institute of Singapore in 2004. He started his career as a Production Supervisor in Foster Electric Pte Ltd in 1990 and subsequently he joined Cheong Hock Guan Water Heater Center Pte Ltd in 1993 as a Sales Manager, responsible for local sales distribution.

He later moved on to Yeo Teck Seng (S) Pte Ltd, responsible for driving sales and distribution of kitchen and home appliances before being headhunted to join Brandt Group Asia as an Assistant Sales Manager.

Mr BK Tan joined the Group in 2001 as a Country Manager for MSPL. He was the pioneer of MSPL and started as the first and only employee that based in Singapore to develop Mistral brand which was acquired from principal owner in New Zealand in 2001. He managed to grow the business from RM3.0 million annual sales to more than RM90.0 million with current headcount of 90. Mr BK Tan has over 27 years of experience in the wholesale and retail industry.

He does not hold any directorships in other public companies and listed issuers.

He has no conviction for any offence other than traffic offences within the past five years and has not been imposed any public sanction or penalty by relevant regulatory bodies during FYE 2020. He has no conflict of interest with KHIND and does not have any family relationship with any director and/or major shareholder of KHIND.

Key Senior Management Profile

LAI KOK HWA
Malaysian, Male

- Manufacturing Director of Khind-Mistral Industries Sdn Bhd ("KMI")

Mr Lai Kok Hwa ("Mr KH Lai"), aged 56, was appointed as the Manufacturing Director of KMI with effect from 1 November 2019. His responsibilities include overseeing the manufacturing operations, day-to-day management and charting the business direction of the company. Prior to his appointment, he was the Chief Product Development Officer since 2018 in supporting the product development as well as the technical and quality of the products for the Group.

Mr KH Lai obtained a MBA from Honolulu University in 1999 and completed with Honoured Best Motivation and Participant Award 2000. He has over 22 years of multi-disciplinary of technology and corporate management experiences in electrical home appliances, covering research & development ("R&D"), product designs and manufacturing.

He started his career in Matsushita Electric Co. (M) Bhd ("Melcom") in 1985 as an Engineering Design Technician and was promoted as Division Head of Engineering Department in charge of product development, manufacturing and leading the engineering team in 1992.

Mr KH Lai later moved on to Whirlpool Southeast Asia, Singapore in 1994 as a Manager of refrigeration technology and was then posted to Whirlpool Snowflake Beijing to set-up Whirlpool China Regional Refrigeration Technology Centre and Product Development Department.

In fact, Mr KH Lai had joined the Group in 1998 as a General Manager of KMI in charge of R&D activities and he left the Group in 2005. Between 2005 to 2017, he joined Henan Xinfei Electric Co. Ltd in China and Hong Leong Asia Ltd in Singapore as General Manager. He re-joined Whirpool Group in 2008 as a Deputy General Manager of Hisense Whirlpool (Zhejiang) Electric Appliances Co. Ltd, China. He was also appointed as a Chief Operation Officer in ECE A Team International Sdn Bhd in 2011.

Mr KH Lai does not hold any directorships in other public companies and listed issuers.

He has no conviction for any offence other than traffic offences with the past five years and has not been imposed any public sanction or penalty by relevant regulatory bodies during FYE 2020. He has no conflict of interest with KHIND and does not have any family relationship with any director and/or major shareholder of KHIND.

TAN CHEN MIN
Malaysia, Male

- Sales and Marketing General Manager of Khind-Mistral Industries Sdn Bhd ("KMI")

Mr Tan Chen Min ("Mr CM Tan"), aged 49, was appointed as the Sales and Marketing General Manager of KMI with effect from 1 July 2020. He is responsible for all aspects of sales and market of KMI. Prior to his appointment, he held various senior positions in the Group, including, Assistant General Manager and was in charge of sales & marketing and distribution of home appliance in local market.

He started his career as a Retail Management Trainee in the Royal Sporting House in 1995 and subsequently he joined Reebok Malaysia in 1997 as a Sales Executive, responsible for local sales distribution. He later moved on to Pacific Gold Coast, responsible for driving sales and distribution of Quicksilver apparel nationwide.

He joined the Group in 1998 as a Sales Executive in the International Trade Division. He was the pioneer within the group to be seconded to Dubai from 2014 to 2017 to establish KME as a full-fledged distribution hub in the Middle East. He has over 22 years of experience in export sales, domestic wholesale and retail industry.

Mr CM Tan graduated with an Advanced Diploma in Business Administration from The Association of Business Executives of London in 1994. He also obtained The Advanced Certificate in International Trade from The Institute of Export in 2002.

He does not hold any directorships in other public companies and listed issuers.

He has no conviction for any offence other than traffic offences within the past five years and has not been imposed any public sanction or penalty by relevant regulatory bodies during FYE 2020. He has no conflict of interest with KHIND and does not have any family relationship with any director and/or major shareholder of KHIND.

Key Senior Management Profile

JOSPAUL CHOONDAKARAN JOSE
Indian, Male

Senior Operations Manager of Khind Middle East FZE (“KME”)

Mr Jospaul Choondakaran Jose (“Mr Jospaul”), aged 41, was appointed as the Senior Operations Manager of KME (a wholly owned subsidiary of KMI and incorporated in United Arab Emirates) with effect from 1 March 2020. His responsibilities include overseeing the operations, day-to-day management of the company. Prior to his appointment, he was the Operations Manager of KME and was responsible for the overall operations includes sales & finance matters of Middle East and Africa region since 2017.

He started his journey with KHIND in 2006 as a Senior Accounts Executive of KME. Later he was promoted as an Asst. Finance Manager in the year 2010 and in a span of 4 years he was re-designated as Finance Manager. Subsequently he was appointed as the Operations Manager in 2018 and in 2020 later was promoted as Senior Operations Manager.

During the past 14 years he had an extensive exposure of his core areas, finance and accounting. He had an intense involvement in a broad range of operational and management activities including human resource, shipping and logistics, sales and marketing, purchasing and administration.

Mr Jospaul holds a Post Graduate in Master of Commerce in 2002, specialized in Finance from Mahatma Gandhi University India.

He started his career with Cipla Ltd India in the year 2002-2004 as a Regional Sales Executive. Post to which he served as an Accountant at Emirates Industries for a span of 2 years.

Mr Jospaul does not hold any directorships in other public companies and listed issuers.

He has no conviction for any offences within the past five years and has not been imposed any public sanction or penalty by relevant regulatory bodies during FYE 2020. He has no conflict of interest with KHIND and does not have any family relationship with any director and/or major shareholders of KHIND.

Corporate Governance Overview Statement

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

As required under the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), this Corporate Governance Overview Statement reports on how the Company has applied the Principles and Practice to the extent of compliance with the recommendations of good corporate governance as set out in the Malaysian Code on Corporate Governance ("MCCG") throughout the financial year ended 31 December 2020 ("FYE2020") and up to the date of this Annual Report.

This statement is to be read together with the Corporate Governance Report 2020 ("CG Report") of the Company which is available on the Company's website at www.khind.com. The detailed explanation on the application of the corporate governance practices are reported under the CG Report.

The Board considers that the Company has complied with all Practices of MCCG for the FYE2020 except for the following Practices:-

- Practice 4.5 (Board to disclose the Company's policies on gender diversity, its targets and measures to meet those targets);
- Practice 6.1 (Board has in place policies and procedures to determine the remuneration of Senior Management); and
- Practice 7.2 (Board to disclose on a named basis the top five (5) senior management's remuneration component in bands of RM50,000).

The explanation for departure is further disclosed in the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1. Board's Roles and Responsibilities

The Board's principal role is overseeing the overall strategic direction, development and control of the Group in an effective and responsible manner. The Board is responsible for the overall corporate governance, leading and directing the Group towards its strategic goals and monitoring the adequacy and integrity of the Group's internal control system. In discharging its stewardship, the Board is constantly mindful of safeguarding the interests of all stakeholders.

The Board assumes the following principal responsibilities:-

(a) review, adopt and monitor the implementation of strategic plans for the Group;
(b) together with Senior Management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour;
(c) ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
(d) supervise and assess Management's performance to determine whether the business is being properly managed;
(e) oversee the conduct of the Group's businesses to evaluate whether they are properly managed;
(f) identify principal risks, set the risk appetite and ensure there is an appropriate risk management framework and sound framework for internal controls and risk management;
(g) ensure Senior Management has the necessary skills and experience and there are measures for orderly succession of the Board and Senior Management;
(h) oversee the development and implementation of a shareholders' communication policy for the Company to ensure effective communication with its shareholders and other stakeholders; and
(i) ensure the integrity of the Company's financial and non-financial reporting.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. Board's Roles and Responsibilities (cont'd)

To facilitate the discharge of the Board's responsibility and oversight role, the Board is assisted by various Board Committees namely:-

(a) Audit Committee ("AC");
(b) Nomination and Remuneration Committee ("NRC"); and
(c) Risk Management Committee ("RMC").

All Board Committees have been established with terms of reference setting out their duties and responsibilities. The Chairman of the respective Committees report regularly to the Board on the key findings of their review and make recommendations to the Board.

The positions of Chairman and Group Chief Executive Officer ("Group CEO") are held by two different individuals. The Chairman is responsible for leading the Board in setting its values, ethical standards and good corporate governance practices in the Company whilst the Group CEO is given the authority and power of executive management for the day-to-day running of the Group's business, implementation of the Board's policies and making operational decisions. The distinct and separate role of the Chairman and Group CEO, with a clear division of responsibilities, ensures a balance of power and authority, such that no one individual has unfettered powers of decision-making.

The roles of the Group CEO are as below:-

(a) ensure balance of management power and authority;
(b) responsible for the overall business performance of the Group;
(c) develop performance targets, strategic direction, long-term goals and to ensure the smooth operation for the Group;
(d) implementation of Board policies, strategies and decisions;
(e) provide strong leadership to employees of the Group;
(f) assess the principal risks of the Group and to ensure that these risks are being monitored and managed;
(g) ensure effective internal controls and management information systems are in place;
(h) act as liaison between Management and the Board;
(i) communicate effectively with shareholders, employees, Government authorities, other stakeholders and the public;
(j) ensure that the Board is properly informed and that sufficient information is provided to enable the Board to form appropriate judgement;
(k) assess business opportunities which are of potential benefit to the Group; and
(l) keep the Board fully informed of all important aspects of the Group's operations and bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

The Board monitors the decisions and actions of the Group CEO and the performance of the Group to gain assurance that progress is being made towards the corporate objectives, within the limits it has imposed.

2. Board Charter

The Board Charter, which was adopted by the Board on 17 April 2013, ensures that all Board members are fully aware of their roles and responsibilities as Board members and the various regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter shall be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's duties and responsibilities.

The Board Charter last reviewed on 12 March 2018 and is made available at www.khind.com.

3. Formalised Ethical Standards through Code of Conduct and Ethics

The Board observes and adheres to the Directors' Code of Ethics issued by the Company Commission of Malaysia ("CCM"). The Company has put in place the KHIND's Code of Conduct and Ethics and Management implements its policies and procedures, covering code of business practices for all employees of the Group.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. Formalised Ethical Standards through Code of Conduct and Ethics (cont'd)

The Board has also established a Whistle-blowing Policy which allows the whistle-blower to raise concerns for behaviour conflicting with the principles set out in the KHIND's Code of Conduct and Ethics such as noncompliance to laws and regulations, financial malpractices and etc. Whistle-blowing reports are addressed to the Senior Independent Non-Executive Director or the Chairman of the AC following the form and specific conditions as prescribed under the policy. The Policy also affirms that the identity of the whistleblower will be kept confidential and protection will be accorded to the whistle-blower against any form of reprisal or retribution.

On 29 May 2020, the Board adopted the Anti-Bribery and Corruption Policy to prevent corrupt practices and provide greater accountability and transparency to the stakeholders.

The KHIND's Code of Conduct and Ethics, Whistle-blowing Policy and Anti-Bribery and Corruption Policy can be accessed on the Company's website at www.khind.com.

4. Access to Information and Advice

All Directors have full and unrestricted access to information pertaining to the Company. The agenda, the relevant reports, information and documents are furnished to Directors and Board Committee members in advance to allow the Directors sufficient time to peruse for effective discussion and decision making during meetings. The Board and Board Committees papers include, amongst others, quarterly financial reports, year-end financial statements of the Group, annual budget and other major operational financial and legal issues.

Corporate plans and annual budgets, acquisitions and disposals of undertakings and properties with a substantial value, major investments and financial decisions, including key policies and procedures and delegated authority limits are subject to Board approval. All deliberations in relation to matters discussed and the conclusions are recorded. The Directors are provided with non-financial indicators like customer service performance, safety & health compliance and market information when dealing with such matters on the agenda.

The Directors, whether collectively or individually, have full and unrestricted access to any information pertaining to the Company and to the advice and services of the Company Secretaries. The Directors may also seek independent professional advice in the furtherance of their duties and responsibilities at the expense of the Company in accordance with the steps set out in the Board Charter.

5. Qualified and Competent Company Secretaries

The Company Secretaries are qualified to act as secretaries under Section 235(2) of Companies Act 2016 ("CA 2016"). The Company Secretaries play an advisory role to the Board in relation to the Constitution of the Company, compliance with the CA 2016 and MMLR. Their roles and responsibilities can be found in the CG Report.

6. Board Composition

During FYE2020, the Board had five (5) members - four (4) Independent Non-Executive Directors and one (1) Executive Director/Group CEO. There were changes to the composition of the Board and Board Committees. On 1 October 2020, Mr Wong Lup Hang was appointed as an Independent Non-Executive Director of the Company, a member of the Audit Committee and Nomination and Remuneration Committee. Mr Wong Lup Hang was appointed as the Chairman of the Risk Management Committee upon its formation on 25 November 2020. Mr Lee Ah Lan @ Lee Keok Hooi, an Independent Non-Executive Director, stepped down from the Board and Board Committees on 31 December 2020. On 1 March 2021, Mr Cheng Ping Keat and En Kamil Bin Datuk Haji Abdul Rahman were redesignated as Executive Chairman and Senior Independent Non-Executive Director respectively. The current composition meets the requirement of Paragraph 15.02 of the MMLR and the recommendation of Practice 4.1 of the MCCG.

The current board composition can be found at the Corporate Information section of this Annual Report.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

7. Appointments to the Board

The Board shall consist of qualified individuals with diverse professional backgrounds and the skills, extensive experience and knowledge necessary to govern the Group. The appointment of a new director is a matter for consideration and decision by the Board, upon recommendation from the NRC. In making the recommendation, the NRC will consider the candidate's character, integrity, professionalism, competence and time to effectively discharge his/her role as a Director of the Company, the core competencies the candidate can bring to the Board and the required mix of skills needed by the Board, boardroom diversity with due regard for diversity in skills, experience, age, cultural background and gender, amongst others.

8. Re-election of Directors

In accordance with the Constitution of the Company, all Directors who are appointed by the Board may only hold office until the following Annual General Meeting ("AGM") subsequent to their appointment and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM. The Constitution also provides that one-third of the Directors, or if their number is not three or a multiple of three, then the number nearest to one-third, are subject to retirement by rotation at every AGM but are eligible for re-election provided always that all Directors including the Managing Directors and Executive Directors shall retire from office at least once in every three (3) years.

9. Independent Directors

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

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

In accordance with the Board Charter, an Independent Director whose tenure exceeds a cumulative term of nine (9) years may continue to serve on the Board subject to that Director's re-designation as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine (9) years, the Board shall justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12) year, the Board shall seek annual shareholders' approval through a two-tier voting process in accordance with the MCCG.

10. NRC

The NRC, which was established on 15 November 2001, comprised the following members, all of whom are Independent Directors during FYE 2020:

- En. Kamil Bin Datuk Hj. Abdul Rahman - Chairman (Senior Independent Non-Executive Director)
- Mr. Wong Chin Mun - Member (Independent Non-Executive Director)
- Mr. Wong Lup Hang - Member (Independent Non- Executive Director) (appointed on 1 October 2020)
- Mr. Lee Ah Lan @ Lee Keok Hooi - Member (Independent Non- Executive Director) (resigned on 31 December 2020)

On 1 March 2021, En. Kamil Bin Datuk Hj. Abdul Rahman was redesignated from Chairman of the NRC to a member of NRC whereas Mr Wong Chin Mun was redesignated from a member of the NRC to Chairman of the NRC. The Terms of Reference of the NRC can be found on the Company's website at www.khind.com.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

10. NRC (cont'd)

Some of the activities undertaken by the NRC in FYE2020 were as below:

(i) assessed the effectiveness and required mix of skills and experience and other qualities, including core competencies of the Board as a whole, the committees of the Board and the contribution of each existing Director;
(ii) assessed the independence of the Independent Directors based on criteria set out in the MMLR of Bursa Securities;
(iii) assessed the character, experience, integrity and competence of the Group Financial Controller;
(iv) reviewed and recommended the re-election of Directors who were due for retirement by rotation at the Twenty-Fourth Annual General Meeting ("AGM");
(v) deliberated on the retention of En Kamil Bin Datuk Haji Abdul Rahman and Mr Wong Chin Mun, the Independent Directors who had served on the Board for more than nine (9) years, to continue in office as Independent Non-Executive Directors;
(vi) reviewed the budget for Directors' training;
(vii) reviewed the 2020 remuneration package for the Executive Director/Group CEO;
(viii) reviewed Directors' fees and benefits for FYE2020;
(ix) reviewed the 2019 bonus for the Executive Director/Group CEO and Senior Management;
(x) deliberated on the appointment of new Independent Non-Executive Director, Mr Wong Lup Hang; and
(xi) noted the resignation of the Independent Non-Executive Director, Mr Lee Ah Lan@Lee Keok Hooi.

The Chairman of the NRC briefed the Board on the deliberations and recommendations of the NRC.

On 22 February 2021, the NRC conducted the annual evaluation on the Board and Board Committees in accordance with its Terms of Reference, reported its findings and made recommendations to the Board. This annual exercise involved Directors completing questionnaires covering the assessment of the Board and Board Committee's performance, assessment of individual Directors (self and peer evaluation) and assessment on independence amongst others. The Directors' responses were collated by the Company Secretaries and a summary of the findings was presented to the NRC for deliberation.

The NRC was satisfied with the current compositions of the Board and Board Committee and their discharge of their duties. The NRC also assessed independence of Independent Directors and was satisfied with the results of the assessment. The NRC assessed the individual Directors, including the Director who will be retiring by rotation at the forthcoming Twenty-Fifth AGM, and has expressed its satisfaction with the Directors' contribution, character, experience, integrity, competence and time spent by them in discharging their duties.

The Board is satisfied with the results of the annual assessment and is of the view that the current size and composition of the Board is appropriate and well-balanced with the right mix of skills, comprising individuals of high calibre, credibility and having the necessary skills and qualifications, to enable the Board to discharge its duties and responsibilities effectively. In view thereof, the Board will be seeking shareholders' approval to re-elect Mr Cheng Ping Keat, En Kamil Bin Datuk Haji Abdul Rahman and Mr Wong Lup Hang as Directors at the Twenty-Fifth AGM.

With regards to En Kamil Bin Datuk Haji Abdul Rahman and Mr Wong Chin Mun who have served on the Board for more than nine (9) years, the Board proposes to retain their status as Independent Directors after having given consideration to the following:

(a) a director's independence cannot be determined arbitrarily with reference to a set period of time. The Group benefits from long serving Directors;
(b) both Directors have a strong understanding of the Group's corporate history and business operations;

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

10. NRC (cont'd)

(c) both are independent in character and judgment and free from any relationships or circumstances which are likely to affect or could appear to affect their judgment. They do not have any business dealings with the Group;
(d) En Kamil Bin Datuk Haji Abdul Rahman's area of expertise is in corporate governance, corporate finance and risk management, whereas Mr Wong Chin Mun has vast experience in mentoring entrepreneurs and coaching executives;
(e) both participate actively in Board and Committee meetings, giving their views in a constructive manner and bringing an element of objectivity to decision-making;
(f) both attended all Board, AC and NRC meetings held in 2020 and devoted sufficient time to the Company; and
(g) they have exercised due care in carrying out their duties in the best interest of the Company and shareholders.

The resolution on the retention of En Kamil Bin Datuk Haji Abdul Rahman as an Independent Director shall be carried out through a two-tier voting process in accordance with the MCCG.

11. Boardroom and Gender Diversity

The Board presently does not have a written policy on boardroom diversity as it believes in providing equal opportunities to candidates who have the skills, experience, core competencies and other qualities regardless of gender, age or ethnicity. However, the Board acknowledges that diversity is essential to bringing different perspectives to the boardroom and in keeping pace with the evolving business environment. Therefore, as an area of future focus, the Board will take steps towards formalising such policy to reflect the Company's commitment towards diversity.

12. Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. During the year, six (6) Board Meetings were held and the details of attendance of the Board members are as follows:

	Meeting Dates 2020						
Directors	**20 Feb**	**29 May**	**27 Aug**	**29 Sept**	**25 Nov**	**10 Dec**	**Total**
Mr. Cheng Ping Keat	√	√	√	√	√	√	6/6
En. Kamil Bin Datuk Haji Abdul Rahman	√	√	√	√	√	√	6/6
Mr. Lee Ah Lan @ Lee Keok Hooi (Resigned on 31 Dec 2020)	√	√	√	√			4/6
Mr. Wong Chin Mun	√	√	√	√	√	√	6/6
Mr. Wong Lup Hang (Appointed on 1 Oct 2020)					√	√	2/2

The Board meetings for each financial year are scheduled before the end of the preceding financial year so that the Directors may plan ahead and fit the year's meetings into their own schedules. The Director shall notify the Chairman when accepting any new directorships notwithstanding that the MMLR allows a Director to sit on the Board of five (5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

The Board was satisfied with the level of time commitment given by the Directors in FYE2020 towards fulfilling the roles and responsibilities, which is evidenced by the satisfactory attendance record of the Directors at Board meetings.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

13. Professional development of Directors

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

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

Among the training/courses attended by the Directors during the financial year 2020 are as follows:

Name of Director	Course Title/Training Attended	Date
Cheng Ping Keat	• Opportunities & threat of COVID-19 by Mr Kerk Loong Sing • Online Selling and Promotion by Shangdao Academy • Corporate Liability: Section 17A MACC Act 2009 by Galton Advisory Sdn Bhd • 7 Habits of Highly Effective People by Leadership Resources (M) Sdn Bhd • Practical Accounting & Finance by Patrick Luah	11 April 2020 16-21 May 2020 9 June 2020 11-13 August 2020 15 December 2020
Kamil Bin Datuk Haji Abdul Rahman	• Governance in the New Norm by Malaysian Institute of Accountants • Integrated Reporting and Impact of Covid-19 on Value Creation by Malaysian Institute of Accountants • Corporate Liability: Section 17A MACC Act 2009 by Galton Advisory Sdn Bhd • UK Q2 Manufacturing Outlook by BDO UK • Digital Transformation for SMEs in a Time of Crisis by Institute of Corporate Directors Malaysia • Awareness of Section 17A MACC Act 2009 by Talent League Sdn Bhd • Covid-10: Audit Implications by Malaysian Institute of Accountants • How to pivot your business your business during Covid-19 with Joseph Barratt by the New Zealand Chamber of Commerce Singapore • Government Grants: Reap the Benefits by SME Corp Malaysia • Violations of the Companies Act 2016: Oversight by Directors & Secretaries by Malaysian Institute of Chartered Secretaries & Administrators • Managing Risks through a Global Pandemic by Malaysian Institute of Accountants • Business Excellence CEO Forum 2020 by Malaysia Productivity Corporation • MAICSA Annual Governance Conference by Malaysian Institute of Chartered Secretaries & Administrators	12 May 2020 22 May 2020 9 June 2020 16 June 2020 18 June 2020 18 June 2020 19 June 2020 7 July 2020 28 October 2020 4 November 2020 17 & 18 November 2020 29 September 2020 2 & 3 December 2020

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

13. Professional development of Directors (cont'd)

Name of Director	Course Title/Training Attended	Date
Wong Chin Mun	• US-China Trade War and Its Impact on the Global Trade, particularly Malaysia's trade and Investment by Professor Dr. Yeah Kim Leng from Sunway University	17 January 2020
	• SME Business Sustainability and Application to Operate During MCO by Yap Keng Teck from SME Associate of Malaysia	16 April 2020
	• Managing Business In Crisis by YBhg Dato' Sri Idris Jala from PEMANDU Associates	20 April 2020
	• Report of the MIER National Economic Outlook 2020/2021 by Malaysian Institute of Economic Research	23 April 2020
	• Remote Working: What You Don't Know – How AI Can Accelerate Your Success 100x by Craig Rispin from The Future Trends Group	28 May 2020
	• Your Future Strategy in the Corona Crisis - from Scenarios to Opportunities to Action by Prof. Dr. Pero Micic from The Future Management Group AG	9 June 2020
	• Understanding Section 17A and Corporate Liability by Chew Phye Keat from the law firm of Raja, Darryl & Loh in Kuala Lumpur	17 July 2020
	• The Economics of Remote Work by Gary Tok from Tricor Group (Hong Kong)	20 October 2020
	• 2020 Vistage Culture Tightness & Looseness Survey Findings by Dr. Roy Chua and Ms. Han Meng from Singapore Management University	5 November 2020
Wong Lup Hang	Mandatory Accreditation Program (MAP)	18 - 20 January 2021

Mr Lee Ah Lan @ Lee Keok Hooi who had resigned on 31 December 2020, did not attend training in FYE 2020 due to health reasons.

14. Remuneration Policy

The NRC examines and recommends to the Board the remuneration package of the Executive Directors, taking into consideration all relevant factors including skills, experience and responsibilities involved as well as linking rewards to the Group and individual performance. The performance of Executive Directors is measured by their contribution to both the Board and the Company. The remuneration of Executive Directors includes salary and emoluments, bonus and benefits-in-kind.

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

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

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

14. Remuneration Policy (cont'd)

Details of remuneration of Directors of the Company for the FYE2020 are as follows:-

	Directors' Remuneration & Benefit-in-Kind					
	Fees	Salaries and Allowances	Bonus	EPF-Employer	Benefit-in-kind	Grand Total
Company	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Directors						
Executive Director						
Mr. Cheng Ping Keat	-	876,000	99,000	179,636	137,714	1,292,350
Non-Executive Directors						
En. Kamil Bin Datuk Hj. Abdul Rahman	96,000	9,000	-	-	3,000	108,000
Mr. Lee Ah Lan @ Lee Keok Hooi (Resigned on 31 Dec 2020)	84,000	3,000	-	-	3,000	90,000
Mr. Wong Chin Mun	84,000	5,000	-	-	3,000	92,000
Mr. Wong Lup Hang (Appointed on 1 Oct 2020)	21,000	2,000	-	-	-	23,000
Total	**285,000**	**895,000**	**99,000**	**179,636**	**146,714**	**1,605,350**
Group						
Directors						
Executive Director						
Mr. Cheng Ping Keat	-	876,000	99,000	179,636	137,714	1,292,350
Non-Executive Directors						
En. Kamil Bin Datuk Hj. Abdul Rahman	96,000	9,000	-	-	3,000	108,000
Mr. Lee Ah Lan @ Lee Keok Hooi (Resigned on 31 Dec 2020)	84,000	3,000	-	-	3,000	90,000
Mr. Wong Chin Mun	84,000	5,000	-	-	3,000	92,000
Mr. Wong Lup Hang (Appointed on 1 Oct 2020)	21,000	2,000	-	-	-	23,000
Total	**285,000**	**895,000**	**99,000**	**179,636**	**146,714**	**1,605,350**

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

14. Remuneration Policy (cont'd)

The aggregate remuneration (including salaries, bonus, allowances, benefits-in-kind or other emoluments) paid to the top 5 Senior Key Management members for FYE2020 was RM3,859,000.00. The Board is of the view that disclosure in accordance with the recommendation of Practice 7.2 of the MCCG is not in the best interest of the Group due to confidentiality and privacy issues.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AC

The AC has three (3) members who are all Independent Non-Executive Directors and is chaired by En Kamil Bin Datuk Haji Abdul Rahman. The AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situation. The AC also undertakes to provide oversight on the risk management framework of the Group.

2. Independence of External Auditors

The Board has maintained an appropriate and transparent relationship with Messrs RSM Malaysia, the External Auditors through the AC. In the annual assessment on the suitability, objectivity and independence of the external auditors, the AC is guided by the factors as prescribed under Paragraph 15.21 of the MMLR.

The AC 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 AC Meetings to facilitate the exchange of views on issues requiring the AC's attention.

The AC assesses the performance of the External Auditors, considers the re-appointment of the External Auditors and their remuneration and makes recommendations to the Board on an annual basis. The re-appointment of External Auditors is tabled for the shareholders approval at each AGM.

The AC had on 22 February 2021, conducted an assessment on the suitability and independence of the External Auditors and took into consideration the following:-

- quality and scope of the planning of the audit in assessing risks and how the External Auditors maintain or update the audit plan to respond to changing risks and circumstances;
- quality of reports provided to the AC;
- level of non-audit fee;
- competency;
- level of understanding demonstrated of the Group's business; and
- communication to the AC about new and applicable accounting practices and auditing standards and the impact on the Company's financial statements.

Based on the assessment conducted, the AC was satisfied that Messrs RSM Malaysia continued to possess the competency, independence, experience and resources required to fulfil their duties effectively. The Board, based on the recommendation of the AC, would be tabling their re-appointment at the Twenty-Fourth AGM for shareholders' approval.

Messrs RSM Malaysia has reported to the AC that, in their professional judgement, they are independent within the meaning of regulatory and professional requirements, and the objectivity of the audit engagement partner and audit staff is not impaired.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

3. Internal Audit Function

The Board acknowledges the importance of the internal audit function and has outsourced the function to BDO Governance Advisory Sdn Bhd as part of its efforts in ensuring that the Group's systems of internal control are adequate and effective. The internal audit activities of the Group are carried out according to an annual internal audit plan approved by the AC.

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

4. Risk Management and Internal Control Framework

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

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

Identifying risk - This process involves the identification of key risks that could have a material negative impact on Khind's ability to achieve its objectives. The Committee has implemented a quarterly risk template for identifying and evaluating all major risks of the respective Strategic Business Units ("SBU") under the Group.

Assessing risk - Risks identified are assessed by the respective Heads of SBU (or "Risk Owners") through the probability of a risk occurring and the impact that the risk will have on the business process if it arises, guided by the probability and impact parameters. This allows risks to be prioritised and resources to be effectively used in managing these risks.

Risk treatment - Risk treatment process includes actions, measures and strategies undertaken by respective Heads of SBU to bring the risks to an acceptable rating level within the Board's Risk Appetite. The four (4) types of risk treatment are "Terminate", "Reduce", "Accept" and "Pass-on".

Monitoring and reviewing risk - Risks identified are monitored by Heads of SBU and their delegates to ensure the risk ratings remain relevant and that controls in place remain effective and adequate amidst changing circumstances.

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

The Board has set a weightage of 25% to 30% for risk management initiatives when assessing the performance of SBUs for bonus payment.

The Group's Statement on Risk Management and Internal Control is set out on pages 49 to 52 of this Annual Report.

Corporate Governance Overview Statement

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. **Communication with Stakeholders**
   The Board ensures that shareholders are presented with a clear, balanced and meaningful assessment of the Company's financial performance and prospects through the audited financial statements, annual report and quarterly announcement of results.

   The Board is assisted by the AC in overseeing the Group's financial reporting process to ensure accuracy, adequacy of all relevant information of disclosure and quality of the financial reporting.

   The quarterly results and year-end financial statements are reviewed by the AC and approved by the Board before release to Bursa Securities. The AC also assists the Board in reviewing the changes in accounting policies and standards applied by the Group.

   The Directors are responsible for ensuring that the financial statements are prepared in accordance with the provision of the CA 2016 and approved accounting standards, subject to any explanations and material departures disclosed in the notes to the financial statements.

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

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

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

4. **Effective Communication and Proactive Engagement**
   In maintaining the commitment to effective communication with shareholders, the Group adopts the practice of comprehensive, timely, and continuing disclosures of information to its shareholders as well as to the general investing public.

5. **Conduct of General Meetings**
   The Board recognises that the AGM is an important platform for its engagement with the shareholders of the Company. The Notice of the Twenty-Fifth AGM ("the Notice") and the Annual Report are sent to shareholders at least twenty eight (28) days before the meeting.

   The Notice contains information such as the date, time and venue of the AGM, the shareholders' right to appoint a proxy and details of the resolutions that will be tabled at the AGM, amongst others. The resolutions set out in Notice will be voted by poll and an independent scrutineer will be appointed to validate the votes.

   The Annual Report provides shareholders with comprehensive information of the financial results and activities undertaken by the Group. As a listed issuer, the contents and disclosure requirements of the annual report are also governed by the MMLR.

   This CG Overview Statement was approved by the Board of the Company on 18 May 2021.

Corporate Governance Overview Statement

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with the MMLR of Bursa Securities:

1. **Utilisation of Proceeds**
   The Company did not raise funds through any corporate proposals during the financial year.

2. **Material Contract**
   There were no material contracts entered into by the Company or its subsidiaries involving Directors or major shareholders' interests during the financial year.

3. **Employee Share Scheme**
   The Company does not have an Employee Share Scheme.

4. **Recurrent Related Party Transactions ("RRPTs")**
   The Company did not seek any shareholders' mandate in respect of RRPTs of a revenue of trading nature at the Twenty-Fourth AGM.

5. **Audit and Non-Audit Fees**
   The amount of audit and non-audit fees paid or payable by the Company and the Group to the External Auditors for the financial year ended 31 December 2020 are as follows:-

	Company (RM)	Group (RM)
Audit fees	38,000	360,385
Non-Audit fees	6,000	16,662
Total	**44,000**	**377,047**

STATEMENT ON DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Company and the Group for that period. The financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016 ("the Act"). In preparing the financial statements for the year ended 31 December 2020, the Directors have:-

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured applicable accounting standards have been followed; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at all times the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Act. The Directors are also responsible for safeguarding the assets of the Group and the Company and, hence, for taking reasonable steps in the prevention and detection of fraud and other irregularities.

Statement on Risk Management and Internal Control

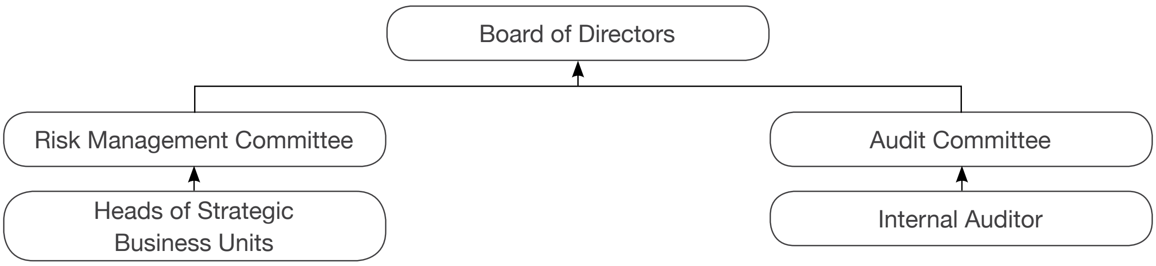
The Board of Directors ("Board") is pleased to provide the following statement that was prepared in accordance with Paragraph 15.26(b) and Practice Note 9 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa") and guided by the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" made mentioned in the Listing Requirements, which outlines the nature and scope of risk management and internal control activities of the Group during the year under review.

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

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

GOVERNANCE STRUCTURE

The governance structure in relation to risk management and internal controls are as follows:



Board of Directors
The Board comprising of an Executive Director and three (3) Independent Directors, is responsible for maintaining a sound and effective risk management and internal control system for the Group, and for reviewing the adequacy and integrity of these systems to safeguard shareholders' investment and the Group's assets.

The Board, with the assistance of both the Audit and Risk Management Committees, is primarily responsible for:

- reviewing the adequacy and the integrity of the Group's internal control systems and information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- ensuring an effective Enterprise Risk Management ("ERM") Framework is in place to identify, analyse, evaluate, manage and monitor key risks of the Group;
- setting the risk appetite within which the Board expects the Management to operate; and
- performing risk oversight and reviewing significant financial and non-financial risks.

Audit Committee
The Audit Committee ("AC"), a Board Committee consisting exclusively of Independent Directors, is tasked to assist the Board in overseeing and monitoring the effectiveness of the Group's internal control system by performing the following:

- reviewing the adequacy of scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work; and
- reviewing the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate action is taken.

Refer to AC's Terms of Reference for its roles and responsibilities and the Audit Committee Report for a summary of works during the financial year.

Statement on Risk Management and Internal Control

GOVERNANCE STRUCTURE (CONT'D)

Risk Management Committee
The Risk Management Committee ("RMC") was established during the financial year under review with the view of assisting the Board in overseeing and monitoring effectiveness of the Group's risk management system. This Committee consists exclusively of Independent Directors.

Internal Auditor
The Internal Auditor is primarily responsible for reviewing and assessing the adequacy and effectiveness of the Group's internal control system. The Internal Auditor reports directly to the Audit Committee, any findings and recommendations, and follow-ups on action plans devised to address any weaknesses in the internal control system.

Further details of the Internal Audit function are set out in the following section (Internal Audit Function).

Heads of Strategic Business Units
The Heads of Strategic Business Units ("SBU") are the Risk Owners, duties of which includes the continuous identification, analysation, evaluation and management of key business risks.

INTERNAL CONTROL SYSTEM

Internal controls are regarded as an integral part of the Group's business management processes. Some of the key elements of the Group's internal control system are as follows:

- Organisation Structure

  The Group has established an organisation structure that defines clear lines of responsibility and delegation of authority, established through relevant terms of references and authority limits. The organisation structure enables departments within each SBU to focus on the respective roles and responsibilities assigned to them and enhances operational efficiency and effectiveness;

- Code of Conduct

  The Group has formalised a Code of Conduct to provide a behavioural framework that sets out the Group's standards of integrity, acceptable conduct and behaviour. The Code of Conduct is communicated to all Directors and employees of the Group and is made available in the Group's website;

- Policies and Procedures

  The Group has established policies and procedures for the Group's core business units, which are clearly communicated to all relevant parties. These policies and procedures are reviewed and updated periodically to adapt to the changing business environment;

- Business Performance Monitoring

  Business performance is monitored at least quarterly, focusing on both financial and operational results. The Board receives Management Reports on business performance, which include action plans to address areas of concerns, if any. The Audit Committee also assists the Board in reviewing quarterly financial performance, which are approved by the Board before the same is announced to the regulators and the public. Full-year financial statements are audited by External Auditors before announcement to the regulators and the public;

Statement on Risk Management and Internal Control

INTERNAL CONTROL SYSTEM (CONT'D)

- Whistle-Blowing Procedures

  The Group has formalised a Whistle-Blowing Procedures to provides an avenue for Directors, employees and external parties to report actual or suspected malpractice, misconduct or violations of the Company's policies and regulations in a safe and confidential manner. The whistle-blowing procedures, including the contact details of the whistle-blowing channel, is made available in the Group's website; and

- Anti-Bribery and Corruption Policy

  The Group has established an Anti-Bribery and Anti-Corruption Policy which prohibits all forms of bribery and corruption practices, and is committed to the highest standards of ethics and integrity in the conduct of its businesses and operations. The Group adopts a zero-tolerance approach towards bribery and corruption of all forms.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is outsourced to an independent consulting firm, which is responsible for reviewing and assessing the adequacy of the Group's internal control system. The internal audit function reports directly to the AC and provides reasonable assurance through its internal audit works, which include the audit activities, presenting findings and recommendations, and follow-ups on action plans devised to address any weaknesses in the internal control system, as agreed by Management. In carrying out its audit activities, the internal audit function has unrestricted access to relevant records, personnel and physical properties.

Refer to Audit Committee Report on pages 53 to 54 of this Annual Report for further details of the Internal Audit Function.

RISK MANAGEMENT

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

The risk management policy and procedures form part of the various management systems and are reviewed regularly and updated when necessary.

The objectives of the written policy are to ensure that:
- appropriate systems are in place to identify the significant risks faced by the Group;
- the potential financial impact of identified risks is ascertained;
- appropriate controls and strategies are adopted to manage exposure to those risks;
- appropriate responsibilities are delegated to control the identified risks effectively; and
- any material changes to the Group's risk profile are reported to the Board.

To provide assurance to the Board on the adequacy and effectiveness of the Group's risk management process, the RMC has implemented a quarterly risk template for identifying and evaluating all major risks of the respective SBU under the Group. The risks are evaluated on the probability of occurring and the impact that the risk will have on the business process if it arises. The risk templates are acknowledged by the respective Heads of SBU (or "Risk Owners").

The quarterly risk assessments from all SBU are consolidated and updated into the Group Risk Register, highlighting all major risks, action plans and the progress of risk monitoring plans. These are then plotted into the Group Risk Matrix based on likelihood and impact, to determine the priorities of these risks at the Group level and thereafter the corresponding actions required to treat risks and the level of Management and Board attention in managing and monitoring these risks.

Statement on Risk Management and Internal Control

RISK MANAGEMENT (CONT'D)

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

However, there are limitations inherent in any system of risk management and internal control, in that such systems are designed to manage, rather than eliminate, the risk of failure to achieve the policies and business objectives of the Group. Accordingly, these systems can only provide reasonable, and not absolute, assurance against material misstatement, losses, fraud or breaches of laws or regulations. It should be further noted that the cost of the system should not outweigh the benefits.

WEAKNESSES IN INTERNAL CONTROLS THAT RESULTED IN MATERIAL LOSSES

The Board is of the view that, during the financial year ended 31 December 2020, there were no material losses incurred by the Group as a result of weaknesses in internal controls that would require disclosure in the annual report. Nonetheless, the Group continues to take measures to strengthen the risk management processes and internal control environment.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Listing Requirements of Bursa, the external auditors have reviewed this Statement for inclusion in the Annual Report for the financial year ended 31 December 2020. The review was performed pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. The external auditors reported that nothing has come to their attention that caused them to believe that the Statement on Risk Management and Internal Control, in all material respects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and views by the Board and Management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will in fact, remedy the problems.

CONCLUSION

The Group's system of risk management and internal controls does not apply to material Joint Ventures and Associates. Based on the findings and procedures performed by the relevant parties, and assurance from the Group Chief Executive Officer ("Group CEO") and Group Financial Controller ("Group FC"), the Board is of the view that the risk management and internal control system in place for the financial period under review has operated satisfactorily and is sufficient to safeguard shareholders' investment and the Group's assets.

This Statement on Risk Management and Internal Control is approved by the Board of Directors on 18 May 2021.

Audit Committee Report

1. MEMBERSHIP AND MEETINGS

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

During the financial year ended 31 December 2020 ("FYE 2020"), the AC comprised:
- Kamil bin Datuk Haji Abdul Rahman (redesignated from member to Chairman of the AC on 1 March 2021)
- Wong Chin Mun (redesignated from Chairman of the AC to member on 1 March 2021)
- Wong Lup Hang (appointed on 1 October 2020)
- Lee Ah Lan @ Lee Keok Hooi (resigned on 31 December 2020)

Every member of the AC has accounting and financial qualifications.

The AC meets on a scheduled basis, at least once every quarter. The Group Chief Executive Officer, Management Team, External Auditors and Internal Auditors also attend the meetings by invitation to brief the AC on specific issues.

The Chairman of the AC briefs the Board on matters discussed at every AC meeting. The Chairman is also responsible for updating the Board about the AC's activities and recommendations. This is to ensure that the Board is aware of matters that may significantly impact the financial condition or affairs of the Group.

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

AC MEETINGS IN FYE2020

Members	Total number of meetings attended by AC Members
Wong Chin Mun (Chairman)	4/4
Kamil bin Datuk Haji Abdul Rahman	4/4
Wong Lup Hang (appointed on 1 October 2020)	1/1
Lee Ah Lan @ Lee Keok Hooi (resigned on 31 December 2020)	3/4

2. TERMS OF REFERENCE OF THE AC

The Terms of Reference of the AC is available on the Company's website, www.khind.com. The Terms of Reference was last reviewed on 12 March 2018.

3. WORK OF THE AC

Some of the work carried out by the AC in discharging its duties and responsibilities during the financial year are as below:-

Financial Results
- Reviewed the unaudited quarterly results, prior to approval by the Board and release of the results to Bursa Malaysia Securities Berhad;
- Reviewed the Audited Financial Statements prior to approval by the Board.

External Audit
- Reviewed and discussed with the External Auditors, Messrs RSM Malaysia, the final audit findings of their audit on the financial statements for FYE2020;
- Evaluated Messrs RSM Malaysia's performance, suitability and independence before recommending the Board to table their re-appointment to the shareholders for approval at the Annual General Meeting. The AC was satisfied that there were no issues on independence;
- Held private discussions with Messrs RSM Malaysia without the presence of the Executive Directors and Management team;
- Reviewed the Audit Planning Memorandum presented by Messrs RSM Malaysia, covering the audit scope of work, applicable financial reporting framework and auditing standards, areas of work and audit focus amongst others, in respect of the audit of the financial statements for FYE2020;
- Reviewed the audit fees.

Audit Committee Report

3. WORK OF THE AC (CONT'D)

Internal Audit

- Reviewed and deliberated on the internal audit reports presented by the Internal Auditors, assessed the findings highlighted by the Internal Auditors;
- Noted the recommendations made by the Internal Auditors, reviewed and appraised the adequacy and effectiveness of Management's response in resolving the issues reported;
- Reviewed and deliberated on the follow-up reports issued by the Internal Auditors and assessed the status of corrective actions taken by Management in implementing the agreed action plan within the agreed timeline;
- Evaluated the Internal Auditors' performance and independence;
- Held private discussions with the Internal Auditors without the presence of the Executive Directors and Management team;
- Reviewed and approved the internal audit plans for 2021 presented by Internal Auditors.

Others

- Reviewed fraud risk management;
- Reviewed the Corporate Governance Overview Statement, Corporate Governance Report, AC Report, Chairman and Group Chief Executive Officer's Joint Statement, Management Discussion and Analysis, Statement of Risk Management and Internal Control and Sustainability Statement prior to their inclusion in the Annual Report to ensure the contents therein are accurate and in compliance with the Main Market Listing Requirements;
- Reviewed and approved the minutes of the AC meetings;
- Reviewed the recurrent related party transactions of the Group and any potential conflict of interest that may arise within the Group;
- Reviewed the Group's bank accounts and reconciliations.

4. INTERNAL AUDIT FUNCTION

The internal audit function, which reports directly to the AC, is outsourced to BDO Governance Advisory Sdn. Bhd. The Internal Auditors have developed an annual audit plan to support and execute internal control reviews.

The scope of internal audit includes the conduct of follow-up reviews on the status of implementation of recommendations agreed by Management in the earlier audits and the conduct of two (2) internal control reviews for 2020.

During FYE2020, the Internal Auditors have carried out reviews on the following business processes:-

- Procure to Pay Cycle and Follow-up Review on Inventory Management of Khind Marketing (M) Sdn Bhd (f.k.a. Khind-Mistral (M) Sdn Bhd);
- Sales to Collection Cycle and Follow-up Review on Procurement and Inventory Costing of Khind-Mistral Industries Sdn Bhd.

The Internal Auditors would present an internal audit report to the AC on a quarterly basis or when required. In their internal audit reports, the Internal Auditors would highlight their findings, weaknesses identified, recommendations for corrective actions to be taken and Management's response. The Internal Auditors would conduct subsequent follow-up reviews to ensure that corrective actions are implemented by Management and report the status of implementation and/or closure of the audit findings to the AC.

The AC carries out an evaluation on the Internal Auditors on an annual basis. On 22 February 2021, the AC had carried out an evaluation and expressed their satisfaction with the adequacy of the scope, methodology, competency, experience, resources and authority of the Internal Auditors.

The total cost incurred for outsourcing of the internal audit function of the Group during the financial year ended 31 December 2020 amounted to RM40,000.

Financial Statements

Directors' Report

The directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

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 10 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	28,509	816
Non-controlling interest	(57)	-
	28,452	816

In the opinion of the directors, the financial results of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

Since the end of the previous financial year, the Company paid an interim tax exempt dividend of 10 sen per ordinary share amounting to RM4,005,900 in respect of the financial year ended 31 December 2020 on 10 December 2020.

The directors do not recommend any final dividend in respect of the financial year ended 31 December 2020.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS OF THE COMPANY

The directors of the Company who held office during the financial year until the date of this report are:-

Cheng Ping Keat	
Kamil Bin Datuk Haji Abdul Rahman	
Wong Chin Mun	
Wong Lup Hang	(Appointed on 1 October 2020)
Lee Ah Lan @ Lee Keok Hooi	(Resigned on 31 December 2020)

Directors' Report

DIRECTORS OF THE SUBSIDIARIES

The directors of the Company's subsidiaries who held office during the financial year until the date of this report, excluding those who are already listed above are:-

Adil Jimmy Mistry
Cheng King Fa
Cheng Yoke Kan
Mok Lai Fun Aida
Kriswanto Sanjaya Santoso
Wong Lai Peng
Boh Boon Chiang
Tan Beng Kwee
Tan Perng Cheng (Resigned on 7 August 2020)

DIRECTORS' INTERESTS IN SHARES

The directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 were as follows:

	Number of shares			
	At 1.1.2020	**Acquired**	**(Disposed)**	**At 31.12.2020**
THE COMPANY				
Direct interest				
Cheng Ping Keat	4,195,655	9,500	-	4,205,155
Lee Ah Lan @ Lee Keok Hooi	460,000	-	(300,000)	160,000
Indirect interest				
Cheng Ping Keat*	2,165,199	-	(1,090,633)	1,074,566
Deemed interest in the Company				
Cheng Ping Keat	15,708,837	-	-	15,708,837

* Koh Guat Kuan is the spouse of Cheng Ping Keat. In accordance with Section 59(11)(c) of the Companies Act 2016, the interests of Koh Guat Kuan in the ordinary shares of the Company shall be treated as the interests of Cheng Ping Keat.

By virtue of their interests in the shares of the Company, the directors are also deemed to be interested in the shares of all the subsidiaries to the extent the Company has an interest.

None of the other directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations.

Directors' Report

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the notes to the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which a director is a member or with a company in which the director has a substantial financial interest.

During and at the end of the financial year, the Company was not a party to any arrangement whose object is to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REMUNERATION

The directors' remuneration is disclosed in Note 36 to the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

The total amount of insurance premium paid for the directors and officers of the Group and the Company is as follows:

	Group RM	Company RM
Directors and officers	36,000	36,000

No indemnities have been given or insurance premiums paid for the auditors of the Group and the Company.

SUBSIDIARY COMPANIES

The details of the Company's subsidiaries are disclosed in Note 10 to the financial statements.

AUDITORS' REMUNERATION

The auditors' remuneration is disclosed in Note 26 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

- (ii) to ensure that the current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Directors' Report

OTHER STATUTORY INFORMATION (CONT'D)

(b) At the date of this report, the directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts and the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the Group's and the Company's financial statements misleading.

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

(d) In the opinion of the directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the results of the operations of the Group and of the Company for the current financial year.

AUDITORS

The auditors, Messrs RSM Malaysia, have expressed their willingness to continue in office.

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

CHENG PING KEAT

KAMIL BIN DATUK HAJI ABDUL RAHMAN

Kuala Lumpur
18 May 2021

Statements of Financial Position

As at 31 December 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	41,936	42,442	1,167	1,103
Right-of-use assets	7	18,261	19,422	-	-
Investment property	8	2,595	2,657	2,595	2,657
Intangible assets	9	3,860	3,908	381	411
Investments in subsidiaries	10	-	-	35,356	32,456
Investment in associate	11	-	835	-	-
Deferred tax assets	12	4,735	2,379	-	-
Total non-current assets		71,387	71,643	39,499	36,627
Current assets					
Inventories	13	82,136	74,552	-	-
Assets classified as held for sale	14	465	9,346	70	-
Other investments	15	11,684	3,803	4,221	1,993
Current tax assets		3,013	2,712	1	2
Trade and other receivables	16	106,555	69,670	25,006	38,923
Cash and cash equivalents	17	42,601	39,829	4,772	2,445
Total current assets		246,454	199,912	34,070	43,363
TOTAL ASSETS		317,841	271,555	73,569	79,990
EQUITY					
Share capital	18	40,059	40,059	40,059	40,059
Translation reserve	18	7,078	7,496	-	-
Retained earnings		109,082	84,579	27,457	30,647
		156,219	132,134	67,516	70,706
Non-controlling interest		21	78	-	-
TOTAL EQUITY		156,240	132,212	67,516	70,706

Statements of Financial Position
As at 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	12	2,456	2,366	-	-
Loans and borrowings	19	25,440	29,834	2,919	7,075
Lease liabilities	20	1,064	1,180	-	-
Total non-current liabilities		28,960	33,380	2,919	7,075
Current liabilities					
Loans and borrowings	19	53,685	55,807	450	713
Lease liabilities	20	1,493	2,668	-	-
Trade and other payables	21	72,310	47,410	2,684	1,496
Current tax liabilities		5,153	78	-	-
Total current liabilities		132,641	105,963	3,134	2,209
Total liabilities		161,601	139,343	6,053	9,284
TOTAL EQUITY AND LIABILITIES		317,841	271,555	73,569	79,990

The annexed notes form an integral part of the financial statements.

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 December 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
REVENUE	22	478,999	363,202	12,422	11,353
COST OF SALES		(324,244)	(248,309)	-	-
GROSS PROFIT		154,755	114,893	12,422	11,353
OTHER INCOME		21,507	4,050	170	127
DISTRIBUTION EXPENSES		(88,580)	(73,033)	-	-
ADMINISTRATIVE EXPENSES		(43,304)	(35,792)	(11,871)	(10,001)
OTHER EXPENSES		(4,018)	(2,748)	-	-
RESULTS FROM OPERATING ACTVITIES		40,360	7,370	721	1,479
FINANCE INCOME	23	458	246	307	60
FINANCE COSTS	24	(3,434)	(4,649)	(212)	(427)
SHARE OF RESULTS OF ASSOCIATE		(219)	(95)	-	-
PROFIT BEFORE TAXATION		37,165	2,872	816	1,112
TAXATION	25	(8,713)	(1,061)	-	-
PROFIT FOR THE FINANCIAL YEAR	26	28,452	1,811	816	1,112
ATTRIBUTABLE TO:					
Owners of the Company		28,509	1,866	816	1,112
Non-controlling interest		(57)	(55)	-	-
		28,452	1,811	816	1,112

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 December 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE FINANCIAL YEAR	26	28,452	1,811	816	1,112
OTHER COMPREHENSIVE EXPENSE, NET OF TAX					
ITEM THAT IS OR MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
Foreign currency translation differences for foreign operations		(418)	(56)	-	-
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR, NET OF TAX		(418)	(56)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		28,034	1,755	816	1,112
TOTAL COMPREHENSIVE INCOME					
ATTRIBUTABLE TO:					
Owners of the Company		28,091	1,810	816	1,112
Non-controlling interest		(57)	(55)	-	-
		28,034	1,755	816	1,112
BASIC AND DILUTED EARNINGS PER ORDINARY SHARE (SEN)					
- from continuing operations	28	71.17	4.66		

The annexed notes form an integral part of the financial statements.

Statements of Changes in Equity

For the Financial Year Ended 31 December 2020

	Note	Attributable to owners of the Company					
		Non-Distributable		Distributable			
		Share capital	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Balance as at 1 January 2019		40,059	7,552	82,713	130,324	133	130,457
Foreign currency translation differences for foreign operations		-	(56)	-	(56)	-	(56)
Total other comprehensive expense for the financial year		-	(56)	-	(56)	-	(56)
Profit for the financial year		-	-	1,866	1,866	(55)	1,811
Total comprehensive income for the financial year		-	(56)	1,866	1,810	(55)	1,755
Balance as at 31 December 2019/ 1 January 2020		40,059	7,496	84,579	132,134	78	132,212
Foreign currency translation differences for foreign operations		-	(418)	-	(418)	-	(418)
Total other comprehensive expense for the financial year		-	(418)	-	(418)	-	(418)
Profit for the financial year		-	-	28,509	28,509	(57)	28,452
Total comprehensive income for the financial year		-	(418)	28,509	28,091	(57)	28,034
Dividend to owners of the Company	27	-	-	(4,006)	(4,006)	-	(4,006)
Total transaction with owners of the Company		-	-	(4,006)	(4,006)	-	(4,006)
Balance as at 31 December 2020		40,059	7,078	109,082	156,219	21	156,240

Statements of Changes in Equity

For the Financial Year Ended 31 December 2020

		Attributable to owners of the Company		
		Non-distributable	*Distributable*	
		Share capital	**Retained earnings**	**Total**
	Note	**RM'000**	**RM'000**	**RM'000**
Company				
Balance as at 1 January 2019		40,059	29,535	69,594
Profit and total comprehensive income for the financial year		-	1,112	1,112
Balance as at 31 December 2019/ 1 January 2020		40,059	30,647	70,706
Profit and total comprehensive income for the financial year		-	816	816
Transaction with owner of the Company				
- Dividend	27	-	(4,006)	(4,006)
Balance as at 31 December 2020		40,059	27,457	67,516

The annexed notes form an integral part of the financial statements.

Statements of Cash Flows

For the Financial Year Ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		37,165	2,872	816	1,112
Adjustments for:					
Amortisation of intangible assets	9	121	112	66	59
Bad debts recovered	26	-	(130)	-	-
Bad debts written off	26	12	421	41	-
Depreciation of investment property	8	62	62	62	62
Depreciation of property, plant and equipment	6	4,497	4,989	419	339
Depreciation of right-of-use assets	7	2,390	3,360	-	-
Dividends received from subsidiaries	22	-	-	(6,687)	(4,350)
Dividends received from other investments	26	(3)	(6)	-	-
Finance income	23	(458)	(246)	(307)	(60)
Finance costs	24	3,184	4,463	212	427
Impairment loss on trade and other receivables (net)		2,422	292	-	-
Interest expense for lease liabilities	20	250	186	-	-
Net fair value gain on financial assets	26	(26)	(31)	(23)	(69)
Net gain on disposal of property, plant and equipment	26	(140)	(123)	(52)	-
Net gain on disposal of right-of-use assets	26	-	(575)	-	-
Net gain on disposal of associate	26	(161)	-	-	-
Net gain on disposal of assets held for sale	26	(16,394)	-	-	-
Net gain on disposal of other investment	26	-	(2)	-	-
Property, plant and equipment written off	26	59	-	-	-
Provision for warranties		240	368	-	-
Reversal of written down of inventories	13	(20)	(467)	-	-
Reversal of provision for warranties		(110)	(157)	-	-
Share of result of associate	11	219	95	-	-
Unrealised foreign exchange gain	26	-	(65)	-	-
Write-down of inventories	13	2,298	1,133	-	-
Operating profit/(loss) before working capital changes		35,607	16,551	(5,453)	(2,480)
(Increase)/Decrease in inventories		(9,862)	15,826	-	-
Increase in trade and other receivables		(39,319)	(548)	(65)	(89)
Increase/(Decrease) in trade and other payables		24,770	(6,470)	1,493	(45)
Cash generated from/(used in) operations		11,196	25,359	(4,025)	(2,614)

Statements of Cash Flows
For the Financial Year Ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)					
Tax refund		1,885	636	1	3
Tax paid		(8,087)	(2,193)	-	(1)
Net cash generated from/(used in) operating activities		4,994	23,802	(4,024)	(2,612)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of intangible assets	9	(73)	(67)	(36)	(37)
Acquisition of property, plant and equipment	(a)	(3,266)	(1,294)	(135)	(819)
Acquisition of other investments		(37,305)	(5,441)	(24,314)	(3,809)
Acquisition of right-of-use assets	7	(1,618)	(5,717)	-	-
Acquisition of associate	11	-	(930)	-	-
Advances to subsidiaries		-	-	10,736	1,488
Dividends received from subsidiaries	26	-	-	6,687	4,350
Dividends received from other investments	26	3	6	-	-
Interest received	23	458	246	307	60
Proceeds from disposal of property, plant and equipment		248	256	53	-
Proceeds from disposal of right-of-use assets		-	800	-	-
Proceeds from disposal of associate		777	-	-	-
Proceeds from disposal of assets held for sale, net of commissions paid		25,740	-	-	-
Proceeds from disposal of other investments		29,380	2,682	22,039	2,501
Net cash generated from/(used in) investing activities		14,344	(9,459)	15,337	3,734
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid to owners of the Company	27	(4,006)	-	(4,006)	-
Repayment of bank borrowings		(5,395)	(497)	(4,434)	(407)
(Repayment)/Drawdown of lease liabilities		(1,291)	3,431	-	-
Interest paid on loans and borrowings	24	(3,184)	(4,463)	(212)	(427)
Interest paid in relation to lease liabilities	24	(250)	(186)	-	-
(Repayment)/Drawdown of hire purchase liabilities		(732)	(1,730)	(334)	522
Net cash used in financing activities		(14,858)	(3,445)	(8,986)	(312)

Statements of Cash Flows

For the Financial Year Ended 31 December 2020

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,480	10,898	2,327	810
Effect of foreign exchange rate changes	(399)	(32)	-	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	36,574	25,708	2,445	1,635
CASH AND CASH EQUIVALENTS CARRIED FORWARD (NOTE 17)	40,655	36,574	4,772	2,445

NOTE TO THE STATEMENTS OF CASH FLOWS

(a) Acquisition of property, plant and equipment during the financial year are financed by:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash	3,266	1,294	135	819
Finance lease	939	1,313	349	-
	4,205	2,607	484	819

The annexed notes form an integral part of the financial statements.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

1. PRINCIPAL ACITIVITIES

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 10 to the financial statements.

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation (cont'd)

(ii) Associates

Associates are entities over which the Group has the power to participate in their financial and operating policy decisions, but which is not control or joint control. Associates are accounted for using the equity method of accounting.

Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of comprehensive income of the associate. On acquisition of the investment, the associate's identifiable assets and liabilities are measured at fair value. Any excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill and included in the carrying amount of the investment. Goodwill is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Distributions received from an investee reduce the carrying amount of the investment.

If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group does not provide for additional losses, unless it has incurred obligations or made payments on behalf of the associate.

Profits or losses on Group transactions with associates are eliminated to the extent of the Group's interest in the relevant associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments excludes transaction costs.

(iii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation (cont'd)

(iii) Business combinations (cont'd)

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

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

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

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

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

(iv) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(v) Loss of control

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

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of consolidation (cont'd)

(vii) Transactions eliminated on consolidation

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

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

(c) Foreign currency

(i) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Group and of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

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

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments

(i) Initial recognition and measurement

The Group and the Company recognise a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, an entity in the Group and the Company become a party to the contractual provisions of the instruments.

If a contract is a host financial liability or a non-financial host contract that contains an embedded derivative, the Group and the Company assess whether the embedded derivative shall be separated from the host contract on the basis of the economic characteristics and risks of the embedded derivative and the host contract at the date when the Group and the Company become a party to the contract. If the embedded derivative is not closely related to the host contract, it is separated from the host contract and accounted for as a stand-alone derivative. The Group and the Company do not make a subsequent reassessment of the contract unless there is a change in the terms of the contract that significantly modifies the expected cash flows or when there is a reclassification of a financial liability out of the fair value through profit or loss category. Embedded derivatives in host financial assets are not separated.

On initial recognition, all financial assets (including intra-group loans and advances) and financial liabilities (including intra-group payables) are measured at fair value plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(ii) Derecognition of financial instruments

For derecognition purposes, the Group and the Company first determine whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group and the Company transfer the contractual rights to receive cash flows of the financial asset, including circumstances when the Group and the Company act only as a collecting agent of the transferee, and retain no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group and the Company consider a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

(iii) Regular-way purchases and sales of financial assets

The Group and the Company recognise a regular-way purchase or sale of a quoted equity or debt instrument at trade date, which is the date the purchase or sale transaction is entered into, rather than recognising the forward contract between trade date and settlement date.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (cont'd)

(iv) Financial assets

For the purpose of subsequent measurement, the Group and the Company classify financial assets into two measurement categories, namely: (i) financial asset at amortised cost ("AC") and (ii) financial assets at fair value through profit or loss ("FVPL"). The classification is based on the Group's and the Company's business model objective for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

After initial recognition, the Group and the Company measure financial assets, as:

(i) Financial assets at AC

A financial asset is measured at amortised cost if: (a) it is held within the Group's and the Company's business objective to hold the asset only to collect contractual cash flows, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

(ii) Financial asset at FVPL

A financial asset is measured at FVPL if it is an equity investment, held for trading (including derivative assets) or if it does not meet any of the condition specified for the AC or fair value through other comprehensive income ("FVOCI") model.

Other than financial assets measured at fair value through profit or loss, all financial assets are subject to review for impairment in accordance with Note (d)(viii).

(v) Financial liabilities

After initial recognition, the Group and the Company measure all financial liabilities at amortised cost using the effective interest method.

(vi) Fair value measurement

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note (v).

(vii) Recognition of gains and losses

Fair value changes of financial assets classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, interest income and interest expense are recognised in profit or loss using the effective interest method. A gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial instruments (cont'd)

(viii) Impairment of financial assets

The Group and the Company apply the expected credit loss model of MFRS 9 to recognise impairment losses of financial assets measured at amortised cost. Except for trade receivables, a 12-month expected credit loss is recognised in profit or loss on the date of origination or purchase of the financial assets. At the end of each reporting period, the Group and the Company assess whether there has been a significant increase in credit risk of a financial asset since its initial recognition or at the end of the prior period. Other than for financial assets which are considered to be of low risk grade, a lifetime expected credit loss is recognised if there has been a significant increase in credit risk since initial recognition. For trade receivables, the Group and the Company have availed the exception to the 12-month ECL requirement to recognise only lifetime expected credit losses.

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions. For operational simplifications: (a) a 12-month expected credit loss is maintained for financial assets which investment grades that are considered as low credit risk, irrespective of whether credit risk has increased significantly or not; and (b) credit risk is considered to have increase significantly if payments are more than 30 days past due if no other borrower-specific information is available without undue cost or effort.

The expected credit loss (ECL) is measured using an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, discounted for the time value of money and applying reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecast of future economic conditions. The ECL for a financial asset (when assessed individually) or a group of financial assets (when assessed collectively) is measured at the present value of the probability-weighted expected cash shortfalls over life of the financial asset or group of financial assets. When a financial asset is determined as credit-impaired (based on objective evidence of impairment), the lifetime ECL is determined individually.

For trade receivable, the lifetime ECL is determined at the end of each reporting period using a provision matrix. For each significant receivable, individual lifetime ECL is assessed separately. For significant receivables which are not impaired and for all other receivables, they are grouped into risk classes by the ageing of the receivables. Collective lifetime ECLs are determined using past loss rates, which are updated for effects of current conditions and reasonable forecasts for future economic conditions. In the event that the economic or industry outlook is expected to worsen, the past loss rates are increased to reflect the worsening economic conditions.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative period are as follows:

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

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

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset. The Group and the Company have this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group and the Company have the right to direct the use of the asset if either the Group and the Company have the right to operate the asset; or the Group and the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group and the Company are a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(i) As a lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments less any incentive receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Company are reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group and the Company are reasonably certain not to terminate early.

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit of loss in the period in which the performance or use occurs.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Leases (cont'd)

(ii) Recognition and initial measurement (cont'd)

(i) As a lessee (cont'd)

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group and the Company act as a lessor, the Group and the Company determine at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

(iii) Subsequent measurement

(i) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(ii) As a lessor

The Group and the Company recognise lease payments received under operating leases as income on straight-line basis over the lease term as part of "revenue".

(g) Intangible assets

(i) Goodwill

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

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Intangible assets (cont'd)

(ii) Other intangible assets

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

(iii) Subsequent expenditure

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

(iv) Amortisation

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

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

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

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

(h) Investment property

Investment property carried at cost

Investment property is a property which is owned or right-of-use assets held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

This includes freehold land held for a currently undetermined future use. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

(i) Inventories

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

The cost of inventories is calculated using the first-in-first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Assets held for sale

A non-current asset held for sale represents an asset whose carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the sale must be highly probable and the non-current asset must be available for immediate sale in its present condition. The appropriate level of management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from its classification. Non-current assets held for sale are included in the statement of financial position at fair value less costs to sell, if this is lower than the previous carrying amount.

Once an asset is classified as held for sale no further depreciation or amortisation is recorded.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(l) Impairment of non-financial assets

(i) Impairment of property, plant and equipment and of intangible assets with finite useful lives

The carrying amounts of such assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through profit or loss to its estimated recoverable amount. Recoverable amount is the higher of value in use and the fair value less costs to sell of the individual asset or the cash-generating unit. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

Value in use is the present value of the estimated future cash flows of that unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the unit which impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the unit.

Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(ii) Impairment of goodwill

Irrespective of whether there is any indication of impairment, such assets are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

For the purpose of impairment testing, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

Goodwill impairment is not reversed in any circumstances.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Equity instruments

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

(i) Ordinary shares

Ordinary shares are classified as equity.

(ii) Dividend distribution

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend [in an annual general meeting of shareholders].

(iii) Distributions of assets to owners of the Group and of the Company

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

(n) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's and the Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Warranties

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

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Revenue and other income

The Group's and the Company's revenue comprises sales of goods, services rendered, management fees, rental income, and dividend received.

(i) Revenue from contracts with customers

Revenue recognition of the Group and the Company is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group and the Company apply revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if the Group and the Company reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The following describes the performance obligations in contracts with customers:

(i) Sales of goods

Revenue from a sale of goods is recognised at a point in time when control of the goods is passed to the customer, which is the point in time when the significant risks and rewards are transferred to the customer and the transaction has met the probability of inflows and measurement reliability requirements of MFRS 15.

The Group measures revenue from a sale of goods or a service transaction at the fair value of the consideration received or receivables, which is usually the invoice price, net of returns and allowances, trade discounts and volume rebates given to the customer.

(ii) Services

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

(iii) Management fees

Management fees are recognised when services are rendered.

(ii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Interest income

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

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Revenue and other income (cont'd)

(v) Government grants

Government grants are not recognised until there is reasonable assurance that the Group and the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group and the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

(q) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset is recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

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

(r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group and of the Company by the weighted average number of ordinary shares outstanding during the period, and adjusted for own shares held.

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

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(u) Contingencies

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS

4.1 MFRSs, Amendments to MFRSs and Interpretations adopted

For the preparation of the financial statements, the following accounting standards, amendments and interpretations of the MFRS framework issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2020:

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3 *Business Combination – Definition of a Business*
- Amendments to MFRS 101 *Presentation of Financial Statements* and MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9 *Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

During the financial year, the Group and the Company have early adopted the Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*.

The adoption of the above-mentioned accounting standards, amendments and interpretations have no significant impact on the financial statements of the Group and of the Company other than as disclosed in notes to the financial statements.

4.2 New/ Revised MFRSs, Amendments to MFRSs and Interpretations not adopted

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the MASB but have not been adopted by the Group and the Company:

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16 *Leases – Covid-19-Related Rent Concessions*

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9 *Financial Instruments,* MFRS 139 *Financial Instruments: Recognition and Measurement,* MFRS 7 *Financial Instruments: Disclosure,* MFRS 4 *Insurance Contracts* and MFRS 16 *Leases – Interest Rate Benchmark Reform Phase 2*

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16 *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 3 *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts– Cost of Fulfilling a Contract*
- Annual Improvements to MFRS Standards 2018–2020

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (CONT'D)

4.2 New/ Revised MFRSs, Amendments to MFRSs and Interpretations not adopted (cont'd)

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Presentation of Financial Statements – Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

MFRSs, Amendments to MFRSs and Interpretations effective date yet to be confirmed

- Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The directors anticipate that the above-mentioned accounting standards, amendments and interpretations will be adopted by the Group and the Company when they become effective.

MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 *Insurance Contracts* have not been taken into consideration because they are not applicable to the Group and the Company.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing its financial statements, the Group and the Company have made significant judgements, estimates and assumptions that impact on the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Group and the Company periodically monitor such estimates and assumptions and makes sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The judgements made in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the coronavirus (COVID-19) pandemic has had, or may have, on the Group and the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group and the Company operate. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group and the Company unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Functional currency

The financial statements are prepared in the functional currency of the Company of Ringgit Malaysia, which is the currency of the primary economic environment in which the Company operates. Factors considered by management when determining the functional currency include the competitive forces and regulations affecting the sales price, the currency used to acquire raw materials, labour, services and supplies, and sources of financing. Based on the factors considered, the Company has determined that Ringgit Malaysia to be its functional currency.

(c) Loss allowances of financial assets

The Group and the Company recognise impairment losses for trade receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts, current economic trends, the impact of the coronavirus (COVID-19) pandemic and forward-looking information that is available. The actual eventual losses may be different from the allowance made and this may affect the Group's and the Company's financial positions and results.

(d) Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is written down to their estimated realisable value when their cost may no longer be recoverable such as when inventories are damaged or become wholly or partly obsolete or their selling prices have declined. In any case, the realisable value represents the best estimate of the recoverable amount, is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of write-downs to net realisable value include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and may materially affect the carrying amount of inventories at the reporting date (as reflected in Note 11).

(e) Determining the value in use

The Group allocates goodwill to cash-generating units for the purpose of impairment testing. In determining the value-in-use of a cash-generating unit, management uses reasonable and supportable inputs about sales, cost of sales and other expenses based upon past experience, current events and reasonably possible future developments. Cash flows are projected based on those inputs and discounted at an appropriate discount rate. The actual outcome or event may not coincide with the inputs or assumptions and the discount rate applied in the measurement, and this may have a significant effect on the Group's financial position and results.

(f) Deferred tax estimation

Recognition of deferred tax assets and liabilities involves making a series of assumptions. As far as deferred tax assets are concerned, their realisation ultimately depends on taxable profits being available in the future. Deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deferred tax asset can be utilised and it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the Group and the Company making assumptions within its overall tax-planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(g) Depreciation of property, plant and equipment and right-of-use assets

The cost of an item of property, plant and equipment and right-of-use asset is depreciated on a straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment and right-of-use asset may differ from the estimates applied.

(h) Measurement of lease liabilities and right-of-use assets

The measurement of a lease liability and the corresponding right-of-use asset includes in-substance fixed payments, variable lease payments linked to an inflation-related index or rate, estimates of lease term, option to purchase, payments under residual value guarantee and penalties for early termination. The actual payments may not coincide with these estimates. The Group reassesses the lease liability for any change in the estimates and a corresponding adjustment is made to the right-of-use asset.

6. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Office and factory buildings RM'000	Plant and machinery RM'000	Tools and moulds RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Construction -in-progress RM'000	Total RM'000
Cost									
At 1 January 2019	2,352	40,201	8,412	15,091	15,954	8,146	10,723	364	101,243
Additions	-	-	78	340	1,109	750	242	88	2,607
Disposals	-	-	-	-	(35)	(962)	-	-	(997)
Reclassified to asset held for sale (Note 14)	(2,352)	-	-	-	-	-	-	(452)	(2,804)
Effect of movements in exchange rates	-	-	-	-	5	3	16	-	24
At 31 December 2019/ 1 January 2020	-	40,201	8,490	15,431	17,033	7,937	10,981	-	100,073
Additions	-	1,357	627	845	582	478	316	-	4,205
Disposals	-	-	(1,254)	-	(297)	(1,294)	(132)	-	(2,977)
Written off	-	-	(122)	(1,128)	(2,767)	-	(90)	-	(4,107)
Effect of movements in exchange rates	-	(85)	-	-	(17)	(7)	(9)	-	(118)
At 31 December 2020	-	41,473	7,741	15,148	14,534	7,114	11,066	-	97,076

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land RM'000	Office and factory buildings RM'000	Plant and machinery RM'000	Tools and moulds RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Construction -in-progress RM'000	Total RM'000
Accumulated depreciation									
At 1 January 2019	-	10,051	6,180	9,534	12,704	6,827	8,202	-	53,498
Depreciation for the year	-	877	388	1,035	1,262	665	762	-	4,989
Disposals	-	-	-	-	(24)	(840)	-	-	(864)
Effect of movements in exchange rates	-	(11)	-	-	4	2	13	-	8
At 31 December 2019/ 1 January 2020	-	10,917	6,568	10,569	13,946	6,654	8,977	-	57,631
Depreciation for the year	-	927	394	981	1,006	522	667	-	4,497
Disposals	-	-	(1,251)	-	(276)	(1,285)	(57)	-	(2,869)
Written off	-	-	(78)	(1,128)	(2,752)	-	(90)	-	(4,048)
Effect of movements in exchange rates	-	(40)	-	-	(14)	(8)	(9)	-	(71)
At 31 December 2020	-	11,804	5,633	10,422	11,910	5,883	9,488	-	55,140
Carrying amounts									
At 1 January 2019	2,352	30,150	2,232	5,557	3,250	1,319	2,521	364	47,745
At 31 December 2019/ 1 January 2020	-	29,284	1,922	4,862	3,087	1,283	2,004	-	42,442
At 31 December 2020	-	29,669	2,108	4,726	2,624	1,231	1,578	-	41,936

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Total RM'000
Cost				
At 1 January 2019	2,159	306	496	2,961
Additions	615	204	-	819
At 31 December 2019/ 1 January 2020	2,774	510	496	3,780
Additions	87	397	-	484
Disposal	-	(306)	-	(306)
At 31 December 2020	2,861	601	496	3,958
Accumulated depreciation				
At 1 January 2019	1,547	297	494	2,338
Depreciation for the year	300	38	1	339
At 31 December 2019/ 1 January 2020	1,847	335	495	2,677
Depreciation for the year	303	116	-	419
Disposal	-	(305)	-	(305)
At 31 December 2020	2,150	146	495	2,791
Carrying amounts				
At 1 January 2019	612	9	2	623
At 31 December 2019/ 1 January 2020	927	175	1	1,103
At 31 December 2020	711	455	1	1,167

(a) Security

At 31 December 2020, office buildings of the Group with a carrying amount of RM20,588,649 (2019: RM21,135,033) have been pledged as securities for the bank facilities granted to the Group (see Note 19).

(b) Assets under finance lease

Included in property, plant and equipment of the Group are motor vehicles, tools and moulds acquired under finance lease arrangements with a carrying amount of RM3,748,061 (2019: RM3,691,553).

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

7. RIGHT-OF-USE ASSETS

Group	Buildings RM'000	Leasehold lands RM'000	Total RM'000
Cost			
At 1 January 2019	1,001	20,488	21,489
Addition	5,717	-	5,717
Disposal	-	(400)	(400)
At 31 December 2019/1 January 2020	6,718	20,088	26,806
Addition	1,010	608	1,618
Reclassified to asset held for sale (Note 14)	-	(495)	(495)
Effect of movements in exchange rates	(6)	-	(6)
At 31 December 2020	7,722	20,201	27,923
Accumulated depreciation			
At 1 January 2019	42	4,157	4,199
Depreciation for the financial year	3,014	346	3,360
Disposal	-	(175)	(175)
At 31 December 2019/1 January 2020	3,056	4,328	7,384
Depreciation for the financial year	2,075	315	2,390
Reclassified to asset held for sale (Note 14)	-	(100)	(100)
Effect of movements in exchange rates	(12)	-	(12)
At 31 December 2020	5,119	4,543	9,662
Net carrying amount			
At 1 January 2019	959	16,331	17,290
At 31 December 2019/1 January 2020	3,662	15,760	19,422
At 31 December 2020	2,603	15,658	18,261

Security

Leasehold land and buildings with carrying amounts of RM10,407,602 (2019: RM10,001,645) are charged to banks to secure term loans granted to the Company (see Note 19).

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

8. INVESTMENT PROPERTY

Group and Company	**RM'000**
Cost	
At 1 January 2019/31 December 2019/1 January 2020/31 December 2020	3,090
Accumulated depreciation	
At 1 January 2019	371
Depreciation for the year	62
At 31 December 2019/1 January 2020	433
Depreciation for the year	62
At 31 December 2020	495
Carrying amounts	
At 1 January 2019	2,719
At 31 December 2019/1 January 2020	2,657
At 31 December 2020	2,595

Investment property of the Group and of the Company has been charged to secure banking facilities granted to the Group and the Company (see Note 19).

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

Group and Company	**2020 RM'000**	**2019 RM'000**
Rental income	104	108
Direct operating expenses:		
- income generating investment property	13	13

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

8. INVESTMENT PROPERTY (CONT'D)

Fair value information

Fair value of investment property is categorised as follows:

Group and Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2020				
Land and building	-	-	4,686	4,686
2019				
Land and building	-	-	3,657	3,657

Level 3 fair value

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

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

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison method: The valuation method considers the sales and listing of comparable properties recorded in the area and adjustments are made between the subject properties and those similar properties. The adjustments are made in relation to location and accessibility, size of the lot, legal and legislation constraints, supply and demand. The most significant input into this valuation approach is price per square foot.	Price per square foot (RM469)	The estimated fair value would increase/(decrease) if the price per square foot is higher/(lower).

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

9. INTANGIBLE ASSETS

Group	Goodwill RM'000	Patents and trademarks RM'000	Total RM'000
Cost			
At 1 January 2019	3,826	2,186	6,012
Additions	-	67	67
At 31 December 2019/1 January 2020	3,826	2,253	6,079
Additions	-	73	73
Written off	(677)	-	(677)
At 31 December 2020	3,149	2,326	5,475
Accumulated amortisation			
At 1 January 2019	-	1,382	1,382
Amortisation for the year	-	112	112
At 31 December 2019/1 January 2020	-	1,494	1,494
Amortisation for the year	-	121	121
At 31 December 2020	-	1,615	1,615
Accumulated impairment loss			
At 1 January 2019/31 December 2019/1 January 2020	677	-	677
Written off	(677)	-	(677)
At 31 December 2020	-	-	-
Carrying amounts			
At 1 January 2019	3,149	804	3,953
At 31 December 2019/1 January 2020	3,149	759	3,908
At 31 December 2020	3,149	711	3,860

(a) Impairment testing for cash-generating units containing goodwill

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

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

Value-in-use was determined using cash flow projections based on financial budgets approved by the Board of Directors, covering a period of one year. Cash flow projections for the period beyond the period of one year are extrapolated using 0% growth rate (2019: 0%). The key assumptions used for value-in-use calculations are:

- The subsidiaries will continue their operations indefinitely.
- The size of operations will remain at least at the same level as current results.
- The discount rate of 5.4% (2019: 3.4%) applied has incorporated elements of time value of money and business risk.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

9. INTANGIBLE ASSETS (CONT'D)

(a) Impairment testing for cash-generating units containing goodwill (cont'd)

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

Company	**Patents and trademarks**
Cost	**RM'000**
At 1 January 2019	1,569
Additions	37
At 31 December 2019/1 January 2020	1,606
Additions	36
At 31 December 2020	1,642
Accumulated amortisation	
At 1 January 2019	1,136
Amortisation for the year	59
At 31 December 2019/1 January 2020	1,195
Amortisation for the year	66
At 31 December 2020	1,261
Carrying amounts	
At 1 January 2019	433
At 31 December 2019/1 January 2020	411
At 31 December 2020	381

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020	**2019**
	RM'000	**RM'000**
At cost		
Unquoted shares	42,123	39,223
Accumulated impairment loss	(6,767)	(6,767)
	35,356	32,456

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2020	2019
			%	%
Khind Industries Sdn. Bhd.	Malaysia	Dormant	100	100
Khind Customer Service Sdn. Bhd.	Malaysia	Providing general repair and rework services and renting of commercial properties	100	100
Khind-Mistral (Sabah) Sdn. Bhd. *	Malaysia	Dormant	100	100
Khind-Mistral (Borneo) Sdn. Bhd.	Malaysia	Trading in electrical home appliances and wiring accessories	100	100
Khind Components Sdn. Bhd.	Malaysia	Manufacture and assembly of wire harness and power supply cords	100	100
Khind-Mistral Industries Sdn. Bhd.	Malaysia	Manufacture and sale of electrical home appliances and wiring accessories	100	100
Khind Marketing (M) Sdn. Bhd. *(Formerly known as Khind-Mistral (M) Sdn. Bhd.)*	Malaysia	Trading in electrical home appliances and wiring accessories	100	100
Mayer Malaysia Sdn. Bhd.	Malaysia	Trading in electrical home appliances	100	100
Khind Electrical (Malaysia) Sdn. Bhd.	Malaysia	Wholesale and distribution of electrical products	100	100
Khind Properties Sdn. Bhd.	Malaysia	Dormant	100	100
Mayer Marketing (M) Sdn. Bhd.	Malaysia	Dormant	100	100
Mistral (Singapore) Pte. Ltd. *	Singapore	Trading in household electrical and electronic appliances	100	100
Khind Middle East FZE * #	United Arab Emirates	Trading in electrical home appliances	100	100
Khind Middle East DMCC * # ^	United Arab Emirates	Dormant	100	-

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2020	2019
			%	%
Khind Systems (Singapore) Pte. Ltd. *	Singapore	Supply of power distribution and protection solutions, electrical goods, environmental hygiene and pest control service	100	100
Khind Electrical & Environmental (Singapore) Pte. Ltd. * ##	Singapore	Dormant	100	100
Khind Electrical (Hong Kong) Limited * ##	Hong Kong	Trading in electrical products and building materials	100	100
Mayer Marketing Pte. Ltd. *	Singapore	Trading in electrical home appliances and household goods	100	100
PT Khind Environmental Solutions *	Indonesia	Trading and distribution of consumer electrical goods and industrial electrical items	60	60

* *Not audited by RSM Malaysia.*

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

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

^ *During the year, the Company's subsidiary, Khind Middle East FZE, has the intention to re-domicile its existing status from Jebel Ali Free Zone Authority ("JAFZA") to Dubai Multi Commodities Centre ("DMCC") in United Arab Emirates. On 27 September 2020, Khind Middle East DMCC was incorporated and the re-domiciliation has yet to commence as at the date of this report. The financial results of the newly incorporated Khind Middle East DMCC were not included in the consolidated financial statements of the Group and the impact is immaterial to the Group.*

Summarised financial information for subsidiaries with non-controlling interest has not been disclosed as the carrying amount of the non-controlling interest in the consolidated statement of financial position is immaterial to the Group.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

11. INVESTMENT IN ASSOCIATE

	Group 2020 RM'000	Group 2019 RM'000
Unquoted shares, at cost		
At beginning of the year	835	-
Addition	-	930
Share of accumulated post-acquisition losses	(219)	(95)
Disposal	(616)	-
At end of the year	-	835

Name of company	Interest in equity held by the Company 2020	2019	Principal activities
	%	%	
LBS Services (Singapore) Pte Ltd	-	30	Cleaning services and wholesale of paper and paper related products

The associate was incorporated in Singapore and audited by a firm of auditors other than RSM Malaysia.

On 30 November 2020, a wholly owned subsidiary company, Khind Systems (Singapore) Pte. Ltd. entered into a Sale and Purchase Agreement ("SPA") with a third party to dispose of its entire equity interest in its associates for a total cash consideration of RM777,062.

Summarised financial information of associate, not adjusted for the percentage ownership held by the Group:

	Effective ownership interest %	Revenue (100%) RM'000	Profit/ (loss) (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2020	-	-	-	-	-
2019	30	1,076	(318)	2,998	3,403

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

12. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Group						
Property, plant and equipment	602	644	(3,195)	(3,116)	(2,593)	(2,472)
Provisions	4,855	1,945	(2)	-	4,853	1,945
Tax loss carry-forwards	74	63	-	-	74	63
Unutilised capital allowance carry-forwards	13	545	-	-	13	545
Others	-	-	(68)	(68)	(68)	(68)
Tax assets/(liabilities)	5,544	3,197	(3,265)	(3,184)	2,279	13
Set off of tax	(809)	(818)	809	818	-	-
Net tax assets/(liabilities)	4,735	2,379	2,456	2,366	2,279	13

Unrecognised deferred tax assets

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deductible temporary differences	(10,048)	(10,719)	(7,990)	(7,051)
Tax loss carry-forwards	(38,457)	(30,742)	(16,905)	(13,011)
Unutilised capital allowance carry-forwards	(2,029)	(1,791)	(1,681)	(1,451)
	(50,534)	(43,252)	(26,576)	(21,513)
Tax at 24% (2019: 24%)	12,128	10,380	6,378	5,163

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the respective subsidiaries can utilise the benefits there from.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The unabsorbed tax losses are available indefinitely for offset against future taxable profits except for the tax losses which will expire in the following financial years:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Year of assessments				
2025	(23,337)	(24,178)	(10,824)	(10,824)
2026	(6,547)	(5,665)	(2,187)	(2,187)
2027	(2,269)	-	(3,894)	-

Movement in temporary differences during the year

	At 1.1.2019 RM'000	Recognised in profit or loss (Note 25) RM'000	At 31.12.2019/ 1.1.2020 RM'000	Recognised in profit or loss (Note 25) RM'000	At 31.12.2020 RM'000
Group					
Property, plant and equipment	(2,426)	(46)	(2,472)	(121)	(2,593)
Provisions	2,074	(129)	1,945	2,908	4,853
Tax loss carry-forwards	-	63	63	11	74
Unutilised capital allowances carry-forwards	81	464	545	(532)	13
Others	(68)	-	(68)	-	(68)
	(339)	352	13	2,266	2,279

13. INVENTORIES

	Group	
	2020 RM'000	2019 RM'000
Current		
Raw materials	12,694	5,871
Work-in-progress	747	821
Manufactured inventories	68,695	67,860
	82,136	74,552
Recognised in profit or loss:		
Inventories recognised as cost of sales	303,405	229,924
Write-down to net realisable value	2,298	1,133
Reversal of write-down	(20)	(467)

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

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

14. ASSETS HELD FOR SALE

Group	Note	2020 RM'000	2019 RM'000
At carrying amount			
At 1 January		9,346	-
Reclassified from property, plant and equipment (Note 6)	(a)	-	2,804
Reclassified from right-of-use assets (Note 7)	(b)	395	-
Reclassified from inventories (Note 13)	(a)	-	6,542
Unquoted investment	(c)	70	-
Disposal		(9,346)	-
At 31 December		465	9,346
Company			
At carrying amount			
At 1 January		-	-
Unquoted investment	(c)	70	-
At 31 December		70	-

(a) On 8 November 2019, a wholly owned subsidiary company, Khind Properties Sdn. Bhd., entered into a Sale and Purchase Agreement ("SPA") with a third party to dispose its freehold land totalling approximately 6,070.30 square metres in Mukim Bukit Raja, Selangor for a consideration of RM26 million. The disposal was completed on 9 March 2020.

(b) On 15 December 2020, a wholly owned subsidiary company, Khind-Mistral Industries Sdn. Bhd., entered into a Sale and Purchase Agreement ("SPA") with a third party to dispose its leasehold land totalling approximately 77,380.00 square metres in Mukim Sabak, Daerah Sabak Bernam, Selangor for a consideration of RM4 million.

Title deed to the leasehold land with unexpired lease period of more than 50 years of the Group with carrying amount of RM394,711 (2019: RM403,024) has not been registered in the name of a subsidiary and was held in trust by a third party.

(c) The management of the Group and of the Company has intention to dispose an unquoted equity investment which was acquired during the financial year and the impact of the disposal is not material to the Group and the Company.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

15. OTHER INVESTMENTS

	Shares quoted in Malaysia RM'000	Trust funds RM'000	Total RM'000
Group			
2020			
Current			
Financial assets at fair value through profit or loss	171	11,513	11,684
Market value of quoted investments	171	11,513	11,684
2019			
Current			
Financial assets at fair value through profit or loss	175	3,628	3,803
Market value of quoted investments	175	3,628	3,803
Company			
2020			
Current			
Financial asset at fair value through profit or loss	-	4,221	4,221
Market value of quoted investments	-	4,221	4,221
2019			
Current			
Financial assets at fair value through profit or loss	-	1,993	1,993
Market value of quoted investments	-	1,993	1,993

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

16. TRADE AND OTHER RECEIVABLES

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Current					
Trade					
Trade receivables		96,372	64,406	-	-
Less: Allowance for impairment loss		(6,079)	(3,847)	-	-
		90,293	60,559	-	-
Non-trade					
Amount due from subsidiaries		-	-	34,249	48,231
Less: Allowance for impairment loss		-	-	(9,621)	(9,621)
	(a)	-	-	24,628	38,610
Other receivables	(b)	12,779	6,954	26	29
Deposits		1,284	1,270	13	13
Prepayments		2,199	887	339	271
		16,262	9,111	378	313
		106,555	69,670	25,006	38,923

(a) Amount due from subsidiaries

Amount due from subsidiaries are in respect of advances and payments made on behalf, which are unsecured and repayable on demand. The amount due from subsidiaries includes two advances of RM8,300,000 and RM750,000 (2019: RM750,000) which are subject to interest at 4.00% and 4.57% (2019:4.57%) per annum respectively.

(b) Other receivables

Included in other receivables of the Group is an amount of RM8,702,952 (2019: RM4,647,256) being advances paid for the purchases of inventories.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Cash and bank balances	41,574	29,522	4,411	2,011
Deposits placed with licensed banks	143	9,744	-	-
Money market instruments	884	563	361	434
Balance as stated in the Statements of Financial Position	42,601	39,829	4,772	2,445
Secured bank overdrafts	(399)	(287)	-	-
Unsecured bank overdrafts	(1,547)	(2,968)	-	-
Balance for Statements of Cash Flows purposes	40,655	36,574	4,772	2,445

18. SHARE CAPITAL

Group and Company	**Number of shares 2020 '000**	**Amount 2020 RM'000**	**Number of shares 2019 '000**	**Amount 2019 RM'000**
Issued and fully paid:				
At 1 January/31 December	40,059	40,059	40,059	40,059

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Translation reserve

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

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

19. LOANS AND BORROWINGS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current				
Secured term loans	24,331	28,931	2,339	6,450
Hire purchase liabilities	1,109	903	580	625
	25,440	29,834	2,919	7,075
Current				
Secured term loans	2,526	2,656	114	437
Hire purchase liabilities	709	708	336	276
Secured bank overdrafts	399	287	-	-
Unsecured bank overdrafts	1,547	2,968	-	-
Unsecured bankers' acceptances	48,504	49,188	-	-
	53,685	55,807	450	713
	79,125	85,641	3,369	7,788

Security

The secured term loans of the subsidiaries are:
i) secured by way of fixed charges over the Group's leasehold lands and office buildings (see Note 7); and
ii) supported by corporate guarantees from the Company.

The secured term loans of the Group and of the Company are:
i) secured by way of fixed charges over the Company's investment property (see Note 8); and
ii) freehold land held by a subsidiary.

Secured bank overdrafts are secured by way of fixed charges over the Group's office building (see Note 6) and are guaranteed by the Company.

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

Significant covenants for the term loans

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

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

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

19. LOANS AND BORROWINGS (CONT'D)

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	Future minimum lease payments 2020 RM'000	Interest 2020 RM'000	Present value of minimum lease payments 2020 RM'000	Future minimum lease payments 2019 RM'000	Interest 2019 RM'000	Present value of minimum lease payments 2019 RM'000
Group						
Less than one year	808	99	709	796	88	708
Between one and five years	1,222	113	1,109	959	56	903
	2,030	212	1,818	1,755	144	1,611
Company						
Less than one year	379	43	336	329	53	276
Between one and five years	609	29	580	672	47	625
	988	72	916	1,001	100	901

Included in the Group's hire purchase liabilities are leases of production equipment amounting to RM811,446 (2019: RM571,336) expiring from one to five years.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

20. LEASE LIABILITIES

(a) Lease liabilities

Group	2020 RM'000	2019 RM'000
Future lease payment payable:		
- Not later than one year	1,506	2,787
- Later than one year and not later than five years	1,183	1,257
	2,689	4,044
Less: Future interest charges	(132)	(196)
Present value of lease liabilities	2,557	3,848
Repayable as follow:		
Current		
- Not later than one year	1,493	2,668
Non-current		
- Later than one year and not later than five years	1,064	1,180
	2,557	3,848

(b) Cash outflows for leases as a lessee

Group	2020 RM'000	2019 RM'000
Included in net cash from operating activities:		
- Payment of short-term leases	197	362
Included in net cash from financing activities:		
- Interest paid for lease liabilities	250	186
- Payment of lease liabilities	2,702	3,171
Total cash outflows for leases	2,952	3,357

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

21. TRADE AND OTHER PAYABLES

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Trade					
Trade payables		21,940	14,018	-	-
Non-trade					
Amount due to subsidiaries	(a)	-	-	258	563
Other payables	(b)	6,618	15,983	403	32
Accrued expenses		43,752	17,409	2,023	901
		50,370	33,392	2,684	1,496
		72,310	47,410	2,684	1,496

(a) Amount due to subsidiaries

Amount due to subsidiaries are mainly in respect of advances, which are unsecured, interest free and repayable on demand.

(b) Other payables

Included in other payables of the Group is an amount of RM828,284 (2019: RM1,292,930) being advances received for sale of inventories.

22. REVENUE

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue from contracts with customers:				
- Sales of goods	477,122	360,135	-	-
- Service rendered	1,877	3,067	-	-
- Management fees	-	-	5,735	7,003
	478,999	363,202	5,735	7,003
Revenue from other sources:				
- Gross dividend income from subsidiaries	-	-	6,687	4,350
	-	-	6,687	4,350
	478,999	363,202	12,422	11,353
Timing of revenue:				
- At a point in time	478,999	363,202	-	-
- Over time	-	-	5,735	7,003
	478,999	363,202	5,735	7,003

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

23. FINANCE INCOME

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income of financial assets that are measured at amortised cost:				
- deposits placed with licensed banks	458	246	153	34
- advances to subsidiaries	-	-	154	26
	458	246	307	60

24. FINANCE COSTS

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense of financial liabilities that are measured at amortised cost:				
- term loans	942	1,500	146	349
- bank overdrafts	127	190	-	-
- lease liabilities	250	186	-	-
- other borrowings	2,115	2,773	66	78
	3,434	4,649	212	427

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

25. TAXATION

Recognised in profit or loss

		Group		Company	
		2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Current tax expense					
Malaysian	- current year	8,773	621	-	-
	- prior year	(151)	728	-	-
Overseas	- current year	1,400	-	-	-
	- prior year	311	64	-	-
Real property gain tax ("RPGT")		646	-	-	-
		10,979	1,413	-	-
Deferred tax expense					
Origination and reversal of temporary differences		(2,342)	4	-	-
Over provision in prior year		76	(356)	-	-
		(2,266)	(352)	-	-
		8,713	1,061	-	-

Reconciliation of tax expense

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Profit before taxation	37,165	2,872	816	1,112
Income tax calculated using Malaysian tax rate of 24% (2019: 24%)	8,920	689	196	267
Non-deductible expenses	821	833	187	204
Tax exempt income	(2,662)	(719)	(1,615)	(1,044)
Effect of tax rates in foreign jurisdictions	(1,423)	(973)	-	-
Tax incentive	-	(53)	-	-
Temporary differences not recognised, net change	1,748	575	1,215	573
Real property gain tax ("RPGT")	646	-	-	-
Other items	427	273	17	-
	8,477	625	-	-
Under provision in prior year	236	436	-	-
	8,713	1,061	-	-

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

26. PROFIT FOR THE FINANCIAL YEAR

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Profit for the financial year is arrived at after charging:					
Amortisation on:					
- Intangible assets	9	121	112	66	59
Auditors' remuneration:					
Audit fees					
RSM Malaysia		198	182	34	34
Other auditors		162	153	-	-
Non-audit fees		16	16	6	5
Bad debts written off		12	421	41	-
Depreciation on property, plant and equipment	6	4,497	4,989	419	339
Depreciation on right-of-use assets	7	2,390	3,360	-	-
Depreciation on investment property	8	62	62	62	62
Foreign exchange loss					
- Realised		860	1,009	79	57
- Unrealised		-	54	-	-
Impairment loss:					
- Trade receivables	31	2,756	715	-	-
Personnel expenses (including key management personnel):					
- Contributions to Employees' Provident Fund		5,390	5,679	527	673
- Wages, salaries and others		59,203	53,803	5,293	5,607
Property, plant and equipment written off		59	-	-	-
Provision for warranties		240	368	-	-
Rental of premises		1,145	812	401	404
Write-down of inventories	13	2,298	1,133	-	-

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

26. PROFIT FOR THE FINANCIAL YEAR (CONT'D)

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
and after crediting:					
Bad debts recovered		-	130	-	-
Dividend income from subsidiaries (unquoted)	22	-	-	6,687	4,350
Dividend income from other investments		3	6	-	-
Foreign exchange gain:					
- Realised		150	68	-	-
- Unrealised		-	65	-	-
Gain on disposal of assets held for sale		16,394	-	-	-
Gain on disposal of associate		161	-	-	-
Gain on disposal of other investment		-	2	-	-
Gain on disposal of property, plant and equipment		140	123	52	-
Gain on disposal of right-of-use assets		-	575	-	-
Government grants received					
- Wages subsidy program		4,574	-	70	-
Inter-company management fees	22	-	-	5,735	7,003
Net fair value gain arising on financial assets:					
- Other investments		26	31	23	69
Rental income of premises		261	261	104	108
Reversal of impairment loss on trade and other receivables	31	334	423	-	-
Reversal of provision for warranties		110	157	-	-
Reversal of write-down of inventories	13	20	467	-	-

27. DIVIDEND

Since the end of the previous financial year, the Company paid an interim tax exempt dividend of 10 sen per ordinary share amounting to RM4,005,900 in respect of the financial year ended 31 December 2020 on 10 December 2020.

The directors do not recommend any final dividend in respect of the financial year ended 31 December 2020.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

28. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2020 was based on the profit attributable to ordinary shares and a weighted average number of ordinary shares outstanding, calculated as follows:

Profit attributable to ordinary shareholders

	Group	
	2020	**2019**
Profit for the year attributable to owners of the Company (RM'000)	28,509	1,866
Weighted average number of ordinary shares at 31 December ('000)	40,059	40,059
Basic earnings per ordinary share (sen)	71.17	4.66

Diluted earnings per ordinary share

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

29. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker ("CODM") (i.e. the Group's Chief Executive Officer) reviews internal management reports at least on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

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

Performance is measured based on segment revenue and profit before taxation, finance income, finance costs and tax expense, as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

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

Segment liabilities

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

Segment capital expenditure

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

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

29. OPERATING SEGMENTS (CONT'D)

	Investment holding		Trading and service		Manufacturing		Eliminations		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Group										
Segment profit										
External revenue										
- Malaysia	-	-	267,718	164,128	9,786	2,647	-	-	277,504	166,775
- Outside Malaysia	-	-	194,944	187,471	6,551	8,956	-	-	201,495	196,427
Total external revenue	-	-	462,662	351,599	16,337	11,603	-	-	478,999	363,202
Inter-segment revenue	12,422	11,353	12,327	14,525	86,575	61,955	(111,324)	(87,833)	-	-
Total segment revenue	12,422	11,353	474,989	366,124	102,912	73,558	(111,324)	(87,833)	478,999	363,202
Segment profit	722	1,479	26,028	8,683	4,524	1,700	(7,308)	(4,492)	23,966	7,370
Other income									16,394	-
Finance income									458	246
Finance costs									(3,434)	(4,649)
Share of associate loss									(219)	(95)
Profit before taxation									37,165	2,872
Tax expense									(8,713)	(1,061)
Profit for the financial year									28,452	1,811

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

29. OPERATING SEGMENTS (CONT'D)

	Investment holding		Trading and service		Manufacturing		Eliminations		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Group										
Segment assets										
Segment assets	13,587	8,922	249,079	213,314	47,427	44,227	-	-	310,093	266,463
Unallocated assets									7,748	5,092
Total assets									317,841	271,555
Liabilities										
Segment liabilities	5,798	8,721	104,641	95,331	43,553	32,847	-	-	153,992	136,899
Unallocated liabilities									7,609	2,444
Total liabilities									161,601	139,343
Capital expenditure										
Capital expenditure	485	819	2,175	1,361	2,153	427	-	-	4,813	2,607
Depreciation and amortisation	546	460	4,485	5,913	2,117	2,226	(78)	(76)	7,070	8,523

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

29. OPERATING SEGMENTS (CONT'D)

Geographical segments

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

Geographical information Group	Revenue RM'000	Non-current assets RM'000
2020		
Malaysia	284,737	45,884
Singapore	137,331	17,408
United Arab Emirates	55,132	3,284
Other countries	1,799	76
	478,999	66,652
2019		
Malaysia	166,775	46,725
Singapore	130,317	20,229
United Arab Emirates	55,448	2,216
Other countries	10,662	94
	363,202	69,264

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments of the Group and the Company are as follow:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial assets at amortised cost				
- trade and other receivables *	95,653	64,136	24,667	38,652
- cash and cash equivalents	42,601	39,829	4,772	2,445
	138,254	103,965	29,439	41,097
Financial assets at fair value through profit or loss				
- other investment	11,684	3,803	4,221	1,993
Financial liabilities at amortised cost				
- loans and borrowings	79,125	85,641	3,369	7,788
- trade and other payables *	71,482	46,117	2,684	1,496
- lease liabilities	2,557	3,848	-	-
	153,164	135,606	6,053	9,284

** Excluding non-financial instruments balances*

(b) Net gains and losses arising from financial instruments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net gains/(losses) on:				
Financial instruments at fair value through profit or loss				
Other investments				
- recognised in profit or loss	128	37	23	70
Financial assets at amortised cost	458	246	307	60
Financial liabilities at amortised cost	(3,434)	(4,649)	(212)	(427)
	(2,848)	(4,366)	118	(297)

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT

The Group and the Company have exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

(A) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

(i) Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

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

At each reporting date, the Group or the Company assess whether any of the trade receivables are credit impaired.

The gross carrying amount of credit impaired trade receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to write off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(A) Credit risk (cont'd)

(i) Receivables (cont'd)

Concentration of credit risk

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

	Group	
	2020	**2019**
	RM'000	**RM'000**
Domestic	58,154	31,534
Asia	19,720	18,033
Middle-East	3,278	8,313
Others	9,141	2,679
	90,293	60,559

Recognition and measurement of impairment losses

When an account is more than 30 days past due, the credit risk is considered to have increased significantly since the initial recognition. The Group identifies as a default account if it is more than 90 days past due and the customer is having significant financial difficulties (analysed by financial measures of reported losses, negative cash flows, and qualitative evaluation of the customer's characteristics). The Group classifies an impaired receivable when a customer is in default, in liquidation or other financial reorganisation.

For each significant receivable that is credit-impaired, individual lifetime ECL is recognised using the probability of default technique. The inputs used are: (i) the percent chance of default, and (ii) the expected cash shortfalls. The lifetime ECL is measured at the probability-weighted expected cash shortfalls by reference to the Group's past experience, current conditions and forecast of future economic benefits.

For significant receivables that are not individually credit-impaired and all other receivables, the Group uses a provision matrix that categorises based on ageing profiles. The collective lifetime ECLs are measured based on the Group's past lost rate experiences, current conditions and forecast of future economic conditions. The past lost rates are adjusted upward in the measurement in worsening current conditions and forecasts of future macroeconomic conditions. There is no collective lifetime ECLs being recognised as at the end of the reporting period based on the Group's past lost rate experiences.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(A) Credit risk (cont'd)

(i) Receivables (cont'd)

Recognition and measurement of impairment losses (cont'd)

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2020			
Not past due	70,056	(812)	69,244
Past due 0 - 30 days	11,446	(101)	11,345
Past due 31 - 120 days	8,251	(477)	7,774
Past due more than 120 days	6,619	(4,689)	1,930
	96,372	(6,079)	90,293
2019			
Not past due	46,817	(5)	46,812
Past due 0 - 30 days	5,928	(5)	5,923
Past due 31 - 120 days	5,507	-	5,507
Past due more than 120 days	6,154	(3,837)	2,317
	64,406	(3,847)	60,559

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

	Group 2020 RM'000	Group 2019 RM'000
At 1 January	3,847	3,981
Impairment loss recognised		
- Individual impairment losses	2,756	715
Impairment loss reversed	(334)	(423)
Impairment loss written off	(179)	(426)
Translation differences	(11)	-
At 31 December	6,079	3,847

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(A) Credit risk (cont'd)

(ii) Investment and other financial assets

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group and the Company have only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

The investments and other financial assets are unsecured.

(iii) Financial guarantees

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM167,700,000 (2019: RM163,332,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(iv) Inter-company advances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

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

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(A) Credit risk (cont'd)

(iv) Inter-company advances (cont'd)

Recognition and measurement of impairment losses

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan for advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full;
- The subsidiary's loan or advance is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

As at the end of the reporting period, there was no indication further impairment are required for the loans and advances to the subsidiaries. There are no movement in the allowance for impairment in respect of subsidiaries' loans and advances in the current and previous financial year.

(B) Liquidity risk

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

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

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

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(B) Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

2020	Carrying amount RM'000	Contractual interest rate/coupon	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
Non-derivative financial liabilities							
Secured term loans	26,857	2.38% - 5.27%	32,268	3,387	3,345	8,967	16,569
Hire purchase liabilities	1,818	1.80% - 4.60%	2,031	808	585	638	-
Lease liabilities	2,557	3.25% - 5.56%	2,689	1,506	848	335	-
Secured bank overdrafts	399	5.97%	399	399	-	-	-
Unsecured bank overdrafts	1,547	6.35% - 8.65%	1,547	1,547	-	-	-
Unsecured bankers' acceptances	48,504	1.35% - 4.91%	48,504	48,504	-	-	-
Trade and other payables *	71,482	-	71,482	71,482	-	-	-
	153,164		158,920	127,633	4,778	9,940	16,569
Company							
Non-derivative financial liabilities							
Secured term loans	2,453	5.02% - 5.27%	3,562	235	235	706	2,386
Hire purchase liabilities	916	1.80% - 4.35%	988	379	395	214	-
Trade and other payables	2,684	-	2,684	2,684	-	-	-
Financial guarantees	-	-	167,700	167,700	-	-	-
	6,053		174,934	170,998	630	920	2,386

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(B) Liquidity risk (cont'd)

Maturity analysis (cont'd)

2019	Carrying amount RM'000	Contractual interest rate/coupon	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
Non-derivative financial liabilities							
Secured term loans	31,587	2.38% - 5.35%	39,861	3,893	3,875	11,852	20,241
Hire purchase liabilities	1,611	1.80% - 4.59%	1,755	796	589	370	-
Lease liabilities	3,848	2.35% - 5.56%	4,070	2,813	733	524	-
Secured bank overdrafts	287	7.47%	287	287	-	-	-
Unsecured bank overdrafts	2,968	7.50% - 8.65%	2,968	2,968	-	-	-
Unsecured bankers' acceptances	49,188	2.57% - 5.25%	49,188	49,188	-	-	-
Trade and other payables *	46,117	-	46,117	46,117	-	-	-
	135,606		144,246	106,062	5,197	12,746	20,241
Company							
Non-derivative financial liabilities							
Secured term loans	6,887	4.60% - 5.27%	9,209	756	756	2,268	5,429
Hire purchase liabilities	901	1.80% - 4.35%	1,001	329	302	370	-
Trade and other payables	1,496	-	1,496	1,496	-	-	-
Financial guarantees	-	-	163,332	163,332	-	-	-
	9,284		175,038	165,913	1,058	2,638	5,429

* *Excluding non-financial instrument balances.*

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(C) Market risk

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

(i) Currency risk

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

Risk management objectives, policies and processes for managing the risk

The Group does not hedge its exposure to foreign currency risk. The Group ascertains that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Board and the management will keep this policy under review and will take necessary action to minimise the exposure of the risk.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

		Denominated in	
	EUR	***USD***	***Others***
Group	**RM'000**	**RM'000**	**RM'000**
2020			
Trade and other receivables	-	13,306	773
Cash and cash equivalents	5	2,655	112
Loans and borrowings	-	(7,028)	-
Trade and other payables	(162)	(13,918)	(106)
Net exposure	(157)	(4,985)	779
2019			
Trade and other receivables	-	7,841	728
Cash and cash equivalents	5	2,730	299
Loans and borrowings	-	(10,136)	-
Trade and other payables	-	(6,237)	(13)
Net exposure	5	(5,802)	1,014

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(C) Market risk (cont'd)

(i) Currency risk (cont'd)

Currency risk sensitivity analysis

A 10% (2019: 10%) strengthening of Ringgit Malaysia ("RM") against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2020	**2019**
	RM'000	**RM'000**
Group		
EUR	12	-
USD	379	441
Others	(59)	(77)

A 10% (2019: 10%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(ii) Interest rate risk

The Group's and the Company's fixed rate deposits and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

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

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(C) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Exposure to interest rate risk

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

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Fixed rate instruments				
Financial assets	143	9,744	-	-
Financial liabilities	(4,375)	(5,459)	916	901
	(4,232)	4,285	916	901
Floating rate instruments				
Financial liabilities	(77,307)	(84,030)	(2,453)	(6,887)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(C) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group Profit or loss		Company Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
2020				
Floating rate instruments	(588)	588	(19)	19
2019				
Floating rate instruments	(639)	639	(52)	52

(iii) Other price risk

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

Risk management objectives, policies and processes for managing the risk

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

Equity price risk sensitivity analysis

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

A 10% (2019: 10%) strengthening in FBMKLCI at the end of the reporting period would have increased post-tax profit or loss of the Group and of the Company by RM888,000 (2019: RM289,000) and RM321,000 (2019: RM151,000) respectively. A 10% weakening in FBMKLCI would have had equal but opposite effect on profit or loss.

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(D) Fair value information

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

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
2020	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group										
Financial assets										
Investment in trust fund	-	11,513	-	11,513	-	-	-	-	11,513	11,513
Investment in quoted shares	171	-	-	171	-	-	-	-	171	171
	171	11,513	-	11,684	-	-	-	-	11,684	11,684
Financial liabilities										
Hire purchase liabilities	-	-	-	-	-	-	(1,818)	(1,818)	(1,818)	(1,818)
Lease liabilities	-	-	-	-	-	-	(2,557)	(2,557)	(2,557)	(2,557)
Secured term loans	-	-	-	-	-	-	(26,588)	(26,588)	(26,588)	(26,857)
	-	-	-	-	-	-	(30,963)	(30,963)	(30,963)	(31,232)
Company										
Financial assets										
Investment in trust fund	-	4,221	-	4,221	-	-	-	-	4,221	4,221
	-	4,221	-	4,221	-	-	-	-	4,221	4,221
Financial liabilities										
Hire purchase liabilities	-	-	-	-	-	-	(916)	(916)	(916)	(916)
Secured term loans	-	-	-	-	-	-	(2,416)	(2,416)	(2,416)	(2,453)
	-	-	-	-	-	-	(3,332)	(3,332)	(3,332)	(3,369)

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(D) Fair value information (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
2019	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group										
Financial assets										
Investment in trust fund	-	3,628	-	3,628	-	-	-	-	3,628	3,628
Investment in quoted shares	175	-	-	175	-	-	-	-	175	175
	175	3,628	-	3,803	-	-	-	-	3,803	3,803
Financial liabilities										
Hire purchase liabilities	-	-	-	-	-	-	(1,611)	(1,611)	(1,611)	(1,611)
Lease liabilities	-	-	-	-	-	-	(3,848)	(3,848)	(3,848)	(3,848)
Secured term loans	-	-	-	-	-	-	(39,861)	(39,861)	(39,861)	(31,587)
	-	-	-	-	-	-	(45,320)	(45,320)	(45,320)	(37,046)
Company										
Financial assets										
Investment in trust fund	-	1,993	-	1,993	-	-	-	-	1,993	1,993
	-	1,993	-	1,993	-	-	-	-	1,993	1,993
Financial liabilities										
Hire purchase liabilities	-	-	-	-	-	-	(901)	(901)	(901)	(901)
Secured term loans	-	-	-	-	-	-	(6,779)	(6,779)	(6,779)	(6,887)
	-	-	-	-	-	-	(7,680)	(7,680)	(7,680)	(7,788)

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

31. FINANCIAL RISK MANAGEMENT (CONT'D)

(D) Fair value information (cont'd)

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2019: no transfer in either directions).

Level 3 fair value

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

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

Financial instruments not carried at fair value

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

Valuation processes applied by the Group for Level 3 fair value

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

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

32. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a capital base adequate to safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios at 31 December 2020 and at 31 December 2019 were as follows:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Total loans and borrowings (Note 19)	79,125	85,641
Total lease liabilities (Note 20)	2,557	3,848
Less: Cash and cash equivalents (Note 17)	(42,601)	(39,829)
Net debt	39,081	49,660
Total equity	156,240	132,212
Debt-to-equity ratio	0.25	0.38

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

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

33. OPERATING LEASE ARRANGEMENTS

Leases as lessor

The Group and the Company leases out its investment property (see Note 8). The future minimum lease receivables under non-cancellable leases are as follows:

	Group and Company	
	2020	**2019**
	RM'000	**RM'000**
Less than one year	108	108

Notes to the Financial Statements

For the Financial Year Ended 31 December 2020

34. LEASE COMMITMENTS

Leases as lessee

Non-cancellable lease rentals payable which are not recognised as lease liabilities as follows:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Less than one year	83	87
Between one and five years	12	23
	95	110

The Group leases office premises with contract terms of 1 to 2 years and office equipment with contract term of 5 years. The Group are of the view that the impact of these lease commitment is not material to the financial statements and thus decided not to recognise right-of-use assets and lease liabilities for these leases. None of the leases include contingent rent.

35. CONTINGENCIES

	Company	
	2020	**2019**
	RM'000	**RM'000**
Guarantees - unsecured		
Guarantees and contingencies relating to borrowings of subsidiaries	167,700	163,332

36. RELATED PARTIES DISCLOSURES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel includes all the directors of the Group and of the Company, and certain members of senior management of the Group and the Company.

The Group and the Company have related party relationships with its subsidiaries and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the transactions below are shown in Notes 16 and 21.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

36. RELATED PARTIES DISCLOSURES (CONT'D)

Significant related party transactions (cont'd)

	Company	
	2020	**2019**
	RM'000	**RM'000**
A. Subsidiaries		
- Management fee income	(5,735)	(7,003)
- Purchases	-	33
- Rental expense	367	367
- Interest income on advances	(153)	(34)
- Sharing of maintenance cost	100	100

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
B. Key management personnel				
Directors				
- Remuneration	3,900	3,632	853	1,080
- Fees	285	259	285	259
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	611	641	468	402
	4,796	4,532	1,606	1,741
Other key management personnel				
- Remuneration	-	-	483	677
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	-	-	1,781	229
	-	-	2,264	906
	4,796	4,532	3,870	2,647

37. SIGNIFICANT EVENT DURING THE REPORTING PERIOD

The World Health Organisation declared the coronavirus disease ("COVID-19") a global pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ("MCO") on 18 March 2020 to 3 May 2020 and had subsequently entered into the conditional and recovery phases of the MCO until 7 June 2021 in all states and federal territories in Malaysia.

The restrictions imposed have not, however, negatively impacted the Group's financial performance as its business activities were allowed to operate during conditional and recovery phases of the MCO, under the guidelines set by the National Security Council ("NSC"), Ministry of Health ("MOH") and Ministry of International Trade and Industry ("MITI") respectively.

Based on the assessment of the Group, there were no material financial impact arising from the COVID-19 pandemic. The Group will continue to assess any impact of the COVID-19 pandemic on the financial statements of the Group for the financial year ending 31 December 2021.

Notes to the Financial Statements
For the Financial Year Ended 31 December 2020

38. SUBSEQUENT EVENTS

The impact of the COVID-19 pandemic is ongoing and while it has been financially positive for the Group and the Company up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 13 January 2021, the Government of Malaysia had reimposed the Movement Control Order (“MCO 2.0”) in several states and all federal territories in Malaysia to curb the third wave of COVID-19 pandemic in the country. On 5 March 2021, all states and federal territories in Malaysia are placed under conditional or recovery phases of MCO. Subsequently, on 10 May 2021, the Government of Malaysia announced that a nationwide Movement Control Order (“MCO 3.0”) lockdown would be reinstated from 12 May to 7 June. However, the Group’s main business activities were allowed to operate during MCO 2.0 and MCO 3.0 period under the guidelines set by NSC, MOH and MITI.

As at the date of authorisation of the financial statements, the COVID-19 pandemic situation is still evolving and uncertain. The Group will continue to actively monitor and manage its funds and operations to minimise any impact arising from the COVID-19 pandemic. Nevertheless, with the Group’s past focus on cost efficiency, strong cash position and the resilient fundamentals of its business, the Group expects to sustain its operational and financial performance for the financial year ending 31 December 2021.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group’s and the Company’s operations, the results of those operations, or the Group’s and the Company’s state of affairs in future financial years.

39. OTHER INFORMATION

(a) The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

(b) The registered office of the Company is located at:

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

(c) The principal place of business of the Company is located at:

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

(d) The financial statements are expressed in Ringgit Malaysia. All financial information has been rounded to the nearest thousand, unless otherwise stated.

40. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 18 May 2021.

Statement by Directors and Statutory Declaration

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the directors of **KHIND HOLDINGS BERHAD (Registration No. 199601007964 (380310-D))** do hereby state that, in the opinion of the directors, the financial statements set out on pages 60 to 135 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2020 and of the financial results and the cash flows of the Group and of the Company for the financial year ended on that date.

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

CHENG PING KEAT
Director

KAMIL BIN DATUK HAJI ABDUL RAHMAN
Director

Kuala Lumpur
18 May 2021

STATUTORY DECLARATION
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **WONG LAI PENG**, being the officer primarily responsible for the financial management of **KHIND HOLDINGS BERHAD (Registration No. 199601007964 (380310-D))** do solemnly and sincerely declare that the financial statements set out on pages 60 to 135 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.

WONG LAI PENG (MIA CA13028)

Subscribed and solemnly declared
by the abovenamed at Kuala Lumpur
in the Federal Territory on 18 May 2021

Before me

S. ARULSAMY
W-490
Commissioner of Oaths
Kuala Lumpur, Malaysia

Independent Auditors' Report

To the Members of Khind Holdings Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Khind Holdings Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 60 to 135.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By- Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report

To the Members of Khind Holdings Berhad

Key Audit Matters (cont'd)

Key audit matters	How our audit addressed the key audit matter
<u>Valuation of trade receivables</u> *Refer to Note 3(d) – Significant Accounting Policies, Note 5(c) – Significant Accounting Estimates and Judgements, and Note 16 – Trade and Other Receivables* The Group had trade receivables, net of impairment, amounted to RM90.3 million as at 31 December 2020. The valuation of trade receivables requires management judgement due to the credit risks associated with each individual trade receivable. Management assesses the recoverability of trade receivables by reviewing customers' aging profile, credit history and status of subsequent settlement, and determines whether an impairment provision is required. We focused on this area as the determination of impairment provision requires management to make significant judgement and assumptions.	*<u>The details of our work performed are as follows:</u>* • We have tested the trade receivables ageing reports on sampling basis in order to place reliance on the ageing report as a basis for impairment provisions made; • We have reviewed ageing for past due balances on a sampling basis to ascertain the adequacy of impairment made on trade receivables; • We have tested cash collections subsequent to the year end on samples selected; and • We have evaluated the Expected Credit Loss ("ECL") model calculations, agreeing the data inputs and checking the mathematical accuracy of the calculations.
<u>Inventory write-down</u> *Refer to Note 3(i) – Significant Accounting Policies, Note 5(d) – Significant Accounting Estimates and Judgements and Note 13 - Inventories* As at 31 December 2020, included in the carrying values of the inventories of the Group were raw materials and manufactured inventories amounted to RM12.7 million and RM68.7 million respectively. We focused on the amount of write-down of inventories recognised as an expense in the current financial year as it involves significant management judgement in determining the estimated net realisable value of inventories. The Group's evaluation process in assessing the adequacy of inventory write-downs as described in Note 5(d) to the financial statements include ageing analysis, technical assessment and subsequent events. Accordingly, there is a level of judgement in assessing the inventory provision.	*<u>The details of our work performed are as follows:</u>* • We have reviewed the Group's inventory provisioning policy and ascertained that it remained appropriate for the Group's circumstances; • We have tested the slow moving inventories reports on sampling basis in order to place reliance on the report as a basis for provisions made; • We have performed Net Realisable Value ("NRV") test on items of inventories on sampling basis; and • We attended physical inventory counts at all locations within scope.

Independent Auditors' Report
To the Members of Khind Holdings Berhad

Key Audit Matters (cont'd)

Key audit matters	How our audit addressed the key audit matter
Recognition of Revenue *Refer to Note 3(p) – Significant Accounting Policies and Note 22 - Revenue* Revenues in the Group consist primarily of sales of goods totalling RM477.1 million for the current financial year which comprise of a large number of transactions and amount. The risk for revenue being recognised in an incorrect period presents a key audit matter due to the financial significance and nature of net sales in the financial statements.	*The details of our work performed are as follows:* • We have assessed and evaluated the appropriateness of the design and the effectiveness of the control in revenue cycle; • We have performed test of operating effectiveness on the relevant controls identified within the revenue cycle; • We have performed substantive testing to ascertain that the revenue is fairly stated; and • We have assessed cut-off procedures implemented by management and performed cut-off testing on a sample of deliveries before and after year end to ensure that revenue is recognised in the correct period.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises Statement on Risk Management and Internal Control and Directors' Report, which we obtained prior to the date of this auditors' report, and other sections included in the annual report, which are expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report

To the Members of Khind Holdings Berhad

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditors' Report
To the Members of Khind Holdings Berhad

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 10 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

RSM Malaysia
AF: 0768
Chartered Accountants

Lou Hoe Yin
03120/04/2022 J
Chartered Accountant

Kuala Lumpur
18 May 2021

Analysis of Shareholdings

As at 27 April 2021

No. of Issued Shares	:	40,059,000.00 Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting Rights per share	:	One vote per Ordinary Share
No. of Shareholders	:	1,347

Size of Holdings	No. of Shareholders	%	No. of Shares held	%
Less than 100	184	13.66	6,131	0.01
100 – 1,000	294	21.83	188,630	0.47
1,001 – 10,000	711	52.78	2,538,160	6.34
10,001 – 100,000	139	10.32	3,588,029	8.96
100,001 to < 5% of issued shares	16	1.19	11,078,257	27.65
5% and above of issued shares	3	0.22	22,659,793	56.57
Total	1,347	100.00	40,059,000	100.00

SUBSTANTIAL SHAREHOLDERS

As at 27 April 2021 – Based on the Register of Substantial Shareholders

Names of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
1. Kee Hin Ventures Sdn. Bhd.	15,708,837	39.21	-	-
2. Cheng Ping Keat	4,205,155	10.50	15,708,837*	39.21*
3. Cheng King Fa	2,745,801	6.85	-	-
4. Great Partner Industries Limited	-	-	15,708,837*	39.21*

Note:

* Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of his/their interests in Kee Hin Ventures Sdn. Bhd.

DIRECTORS' INTERESTS IN SHARES

As at 27 April 2021 – Based on the Register of Directors' Shareholdings

Names of Directors	Direct Interest	%	Deemed Interest	%	Indirect Interest	%
1. Cheng Ping Keat	4,205,155	10.50	15,708,837*	39.21*	1,074,566^	2.68^
2. Kamil Bin Datuk Hj. Abdul Rahman	-	-	-	-	-	-
3. Wong Chin Mun	-	-	-	-	-	-
4. Wong Lup Hang	-	-	-	-	-	-

Note:

* Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of his interest in Kee Hin Ventures Sdn. Bhd.

^ Indirect interest pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of his spouse's interest.

Analysis of Shareholdings
As at 27 April 2021

THIRTY LARGEST SHAREHOLDERS AS AT 27 APRIL 2021

Name of Shareholders		No. of Shares held	% of issued capital
1.	Kee Hin Ventures Sdn. Bhd.	15,371,967	38.37
2.	Cheng Ping Keat	4,205,155	10.50
3.	Public Nominees (Tempatan) Sdn Bhd [Pledged Securities Account For Cheng King Fa (E-SKC)]	2,745,801	6.85
4.	Soh Yok Kim	1,800,000	4.49
5.	Koh Eng Thye	1,600,000	3.99
6.	Maybank Nominees (Tempatan) Sdn Bhd [Pledged Securities Account For TNTT Realty Sdn Bhd]	1,568,000	3.91
7.	Teo Hock Lian	1,170,567	2.92
8.	Koh Guat Kuan	1,074,566	2.68
9.	CGS-CIMB Nominees (Tempatan) Sdn Bhd [Pledged Securities Account For Tay Hock Soon (MY1055)]	698,200	1.74
10.	Cheng Yoke Leng	692,124	1.73
11.	Cheng Yoke Kan	607,000	1.52
12.	Ronie Tan Choo Seng	496,000	1.24
13.	Foo Choon Tow	380,000	0.95
14.	Kee Hin Ventures Sdn Bhd	336,870	0.84
15.	CGS-CIMB Nominees (Tempatan) Sdn Bhd [Pledged Securities Account For Ronie Tan Choo Seng]	236,600	0.59
16.	Public Nominees (Tempatan) Sdn Bhd [Pledged Securities Account For Lim Hock Fatt (E-SS2)]	200,000	0.50
17.	Lim Ah Dek	180,000	0.45
18.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd [Pledged Securities Account For Teo Siew Lai]	132,600	0.33
19.	Teo Kwee Hock	131,600	0.33
20.	Hoe Kian Choon	105,000	0.26
21.	CGS-CIMB Nominees (Tempatan) Sdn Bhd [Pledged Securities Account For Teoh Kiat Kiong (MY1847)]	100,000	0.25
22.	Gan Tiong Siew	100,000	0.25
23.	Perbadanan Kemajuan Negeri Kedah	88,200	0.22
24.	Maybank Nominees (Tempatan) Sdn Bhd [Pledged Securities Account For Tee See Kim]	77,000	0.19
25.	Cheng Kin Yet	75,133	0.19
26.	Tan Cheit Chai	71,900	0.18
27.	Chan Mun Ying	71,000	0.18
28.	Lee Yoke Hean	69,600	0.17
29.	RHB Nominees (Tempatan) Sdn Bhd [Pledged Securities Account For Sie Liang Chan]	65,000	0.16
30.	CGS-CIMB Nominees (Tempatan) Sdn Bhd [Pledged Securities Account For Tong Siew Bee]	63,900	0.16
		34,513,783	86.14

List of Properties Held by the Group

As at 31 December 2020

Location/Address	Built-up (sq. feet)	Tenure	Existing use of Properties	Date of Acquisition / Completion	Approx. age (years)	Net Book Value @ 31.12.2020 (RM'000)
PT124, No. 2 Jalan Perusahaan 2 Off Jalan Bernam 45400 Sekinchan Selangor Darul Ehsan	192,853	Leasehold 99 years expiring on 2102	Factory, warehouse and office for Khind-Mistral Industries Sdn Bhd	(Land) 24.01.1989 (Building) 15.01.1991 - 01.07.1998	31 years 22 - 29 years	2,480 5,622
Lot 8245, No. 17 Lee Chong Lin Industrial Estate Jalan Pending 93450 Kuching Sarawak	4,255	Leasehold 60 years expiring on 2045	Industrial building renting out to generate income	(Lot 8245) 19.08.1995	25 years	212
Lot 160, Sublot 2180-2181, Block 3, Piasau Industrial Estate 98000 Miri, Sarawak	8,241	Leasehold expiring on 2053	Service centre and warehouse for Khind-Mistral (Borneo) Sdn Bhd	10.09.2004	16 years	598
Lot PT 2531 held under HS(D) 1854 Pekan Bagan Nakhoda Omar District of Sabak Bernam Selangor	832,911	Leasehold 60 years expiring on 2064	Industrial land presently planted with oil palm	18.11.2008	12 years	395
Lot 3, 4, 5, 6 Mogoputi Industrial Park Kota Kinabalu, Sabah	11,040	Leasehold 99 years expiring on 2097	Office, service centre and warehouse for Khind-Mistral (Borneo) Sdn Bhd	10.08.2000	20 years	1,224
Lot 1214, Section 66 Jalan Perbadanan, Off Bintawa Industrial Estate, 93450 Kuching Sarawak	45,951	Leasehold expiring on 2056	Office, service centre and warehouse for Khind-Mistral (Borneo) Sdn Bhd	9.9.2014	7 years	4,211
Plot 120, Bandar Perda held under HS(D) 121 No. PT123, Mukim 7 Daerah Seberang Prai Tengah, Penang	3,670	Freehold	Vacant building	05.05.1999	21 years	343
PT No. 17671 held under HS(D) 142726 No. 2 Jalan Astaka U8/82 Seksyen U8, Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	25,112	Freehold	Office and showroom for Khind Marketing (M) Sdn Bhd and Mayer Malaysia Sdn Bhd	12.03.1999	21 years	3,068

List of Properties Held by the Group

As at 31 December 2020

Location/Address	Built-up (sq. feet)	Tenure	Existing use of Properties	Date of Acquisition / Completion	Approx. age (years)	Net Book Value @ 31.12.2020 (RM'000)
Lot 64240 No.4 Jalan Astaka U8/82 Seksyen U8, Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	18,621	Freehold	Office for Khind Holdings Berhad and service centre for Khind Marketing (M) Sdn Bhd and Mayer Malaysia Sdn Bhd	20.08.2000	20 years	1,874
71 Ubi Crescent #06-01, #06-02, #06-03, #06-04 Exacalibur Centre Singapore 408571	9,784	Leasehold 60 years expiring on 2057	Office, service centre and showroom for Mistral (Singapore) Pte Ltd and Mayer Marketing Pte Ltd	30.01.2013	8 years	10,703
71 Ubi Crescent #06-09 Exacalibur Centre Singapore 408571	2,799	Leasehold 60 years expiring on 2057	Office, service centre and showroom for Mistral (Singapore) Pte Ltd and Mayer Marketing Pte Ltd	26.8.2014	7 years	3,609
Lot 745, Block 16 Kuching Central Land District	59,125	Leasehold expiring on 2118	Vacant land	28.4.2010	11 years	1,249
Flat No: G11 & G12 Discovery Gardens, MOGUL 226, Dubai, UAE	2,002	Freehold	Apartments for staff accommodations	12.05.2010	11 years	230
Unit 108 Autumn 1, Jumeirah Village Circle, Dubai, UAE	953	Freehold	Apartments for staff accommodations	22.5.2014	7 years	618
Crescent Tower C, Me'aisem first, International Media Production Zone, Dubai, UAE	1,327	Freehold	Apartments for staff accommodations	24.8.2016	5 years	950
Unit No-2303, Fortune Executive Tower Plot No. JLT-PH2-T1A Jumeirah Lakes Towers Dubai, UAE	2,162	Freehold	Office for Khind Middle East DMCC	02.01.2020	1 year	1,311

List of Properties Held by the Group

As at 31 December 2020

Location/Address	Built-up (sq. feet)	Tenure	Existing use of Properties	Date of Acquisition / Completion	Approx. age (years)	Net Book Value @ 31.12.2020 (RM'000)
No. 2A, Jalan Astaka U8/84A, Seksyen U8, Bukit Jelutong 40150 Shah Alam	5,339	Freehold	Semi detached factory building renting out to generate income	15.01.2010	11 years	2,596
No. 45 & 45A, Bercham Bistari 5, Medan Bercham Bistari, 31400 Ipoh, Perak	3,080	Leasehold 99 years expiring on 2112	Branch Office and service centre for Khind Marketing (M) Sdn Bhd	03.03.2015	6 years	605
No. 377M & M1, Jalan Melor 1/1, Taman Peringgit Jaya 75400 Melaka	3,120	Leasehold 99 years expiring on 2076	Branch Office and service centre for Khind Marketing (M) Sdn Bhd	08.08.2014	6 years	329
No.89, Jalan Teratai 10 Taman Johor Jaya 81100 Johor Bahru, Johor	2,926	Freehold	Branch Office and service centre for Khind Marketing (M) Sdn Bhd	11.02.2015	6 years	565
No. B-128 Jalan Dato Wong Ah Jang 25100 Kuantan, Pahang	1,496	Freehold	Branch Office and service centre for Khind Marketing (M) Sdn Bhd	25.01.2017	4 years	771
PM 2543, Lot 7163 Mukim Pasir Panjang District of Sabak Bernam Sg. Mandor Wahid Selangor	129,490	Leasehold expiring on 2083	Agricultural land presently planted with oil palm	03.01.2017	4 years	709
PM 2544, Lot 7165 Mukim Pasir Panjang District of Sabak Bernam Sg. Mandor Wahid Selangor	92,365	Leasehold expiring on 2083	Agricultural land presently planted with oil palm	03.01.2017	4 years	658
PM 2545, Lot 7164 Mukim Pasir Panjang District of Sabak Bernam Sg. Mandor Wahid Selangor	120,018	Leasehold expiring on 2083	Agricultural land presently planted with oil palm	03.01.2017	4 years	510

List of Properties Held by the Group

As at 31 December 2020

Location/Address	Built-up (sq. feet)	Tenure	Existing use of Properties	Date of Acquisition / Completion	Approx. age (years)	Net Book Value @ 31.12.2020 (RM'000)
PM 2552, Lot 7172 Mukim Pasir Panjang District of Sabak Bernam Sg. Mandor Wahid Selangor	62,215	Leasehold expiring on 2083	Agricultural land presently planted with oil palm	03.01.2017	4 years	341
PM 2498, Lot 7134 Mukim Pasir Panjang District of Sabak Bernam Sg. Mandor Wahid Selangor	84,927	Leasehold expiring on 2083	Vacant agricultural land	23.02.2017	4 years	422
PM 2557, Lot 7177 Mukim Pasir Panjang District of Sabak Bernam Sg. Mandor Wahid Selangor	106,498	Leasehold expiring on 2083	Agricultural land presently planted with oil palm	04.05.2018	3 years	628
PM 2553, Lot 7173 Mukim Pasir Panjang District of Sabak Bernam Sg. Mandor Wahid Selangor	89,846	Leasehold expiring on 2083	Agricultural land presently planted with oil palm	04.05.2018	3 years	568
PM 2550, Lot 7170 Mukim Pasir Panjang District of Sabak Bernam Sg. Mandor Wahid Selangor	79,987	Leasehold expiring on 2083	Agricultural land presently planted with oil palm	04.05.2018	3 years	449
PM 2549, Lot 7169 Mukim Pasir Panjang District of Sabak Bernam Sg. Mandor Wahid Selangor	81,321	Leasehold expiring on 2083	Agricultural land presently planted with oil palm	04.05.2018	3 years	457
PM 2558, Lot 7161 Mukim Pasir Panjang District of Sabak Bernam Sg. Mandor Wahid Selangor	59,890	Leasehold expiring on 2083	Agricultural land presently planted with oil palm	04.05.2018	3 years	335
PM 2556, Lot 7176 Mukim Pasir Panjang District of Sabak Bernam Sg. Mandor Wahid Selangor	81,806	Leasehold expiring on 2083	Agricultural land presently planted with coconut	08.09.2020	1 year	608

Khind Group Offices and Addresses

PENINSULAR MALAYSIA

CORPORATE HEADQUARTERS

Khind Holdings Berhad
No. 2, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel: 603-7839 2000 Fax: 603-7847 5301 Email: enquiry@khind.com

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BUSINESS OFFICE, SALES & MARKETING OPERATIONS

Khind Marketing (M) Sdn Bhd [Formerly known as Khind-Mistral (M) Sdn Bhd]
No. 2, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel: 603-7839 2000 Fax: 603-7845 6300 / 603-7847 5300 Email: km.enquiry@khind.com

BRANCH OFFICES

- **Perak**
  No. 45 & 45A Bercham Bistari 5
  Medan Bercham Bistari, 31400 Ipoh, Perak
  Tel: 605-541 7520 / 605-541 5298
  Fax: 605-549 2016
  Email: kmm.ipo@khind.com

- **Melaka**
  No. 377M & M1, Jalan Melor 1/1
  Taman Peringgit Jaya, 75400 Melaka
  Tel: 606-281 5717 / 606-281 5723
  Fax: 606-281 5849
  Email: kmm.mko@khind.com

- **Johor**
  No. 89, Jln Teratai 10, Taman Johor Jaya
  81100 Johor Bahru, Johor
  Tel: 607-355 8991
  Fax: 607-353 8992
  Email: kmm.jbo@khind.com

- **Penang**
  No. 9, Jalan Perniagaan Gemilang 2
  Pusat Perniagaan Gemilang
  14000 Bukit Mertajam, Pulau Pinang
  Tel: 604-537 2803 / 604-537 2804
  Fax: 604-537 0807
  Email: kmm.bmo@khind.com

- **Pahang**
  No. B-128, Jalan Dato' Wong Ah Jang
  25100 Kuantan, Pahang
  Tel: 609-515 9711
  Fax: 609-515 9712
  Email: kmm.kto@khind.com

- **Kelantan**
  Lot 2637, Jalan Sultan Yahya Petra,
  Kampung Lundang, 15150 Kota Bahru, Kelantan
  Tel: 609-744 8900
  Fax: 609-744 5900
  Email: kmm.kbo@khind.com

Khind-Mistral Industries Sdn Bhd & Khind Components Sdn Bhd
Factory
No. 2, Jalan Perusahaan 2, Off Jalan Bernam, 45400 Sekinchan, Selangor Darul Ehsan, Malaysia
Tel: 603-3241 1991 Fax: 603-3241 1500 Email: kmi.enquiry@khind.com

Mayer Malaysia Sdn Bhd
No. 2, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel: 603-7839 2000 Fax: 603-7845 6300 / 603-7847 5300 Email: mayermalaysia.inquiry@khind.com

Khind Electrical (Malaysia) Sdn Bhd
No. 2, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel: 603-7839 2000 Fax: 603-7847 5301

Khind Group Offices and Addresses

EAST MALAYSIA

Khind-Mistral (Borneo) Sdn Bhd
Lot 1214, Section 66, Jalan Perbadanan, Off Bintawa
Industrial Estate, 93450 Kuching, Sarawak
Tel: 6082-338 511
Fax: 6082-339 039
Email: kmb.enquiry@khind.com

BRANCH OFFICES

- **Kota Kinabalu**
  Lot 3-6, Mogoputi Industrial Park
  Jalan Penampang KM 8, 89500 Kota Kinabalu, Sabah
  Tel: 6088-718 117
  Fax: 6088-716 637
  Email: kmb.enquiry@khind.com

OVERSEAS

Khind Middle East DMCC
P.O. Box 261569, Unit No-2303
Fortune Executive Tower
Jumeirah Lakes Towers
Dubai, United Arab Emirates
Tel: +9714-580 3847
Fax: +9714-886 0493
Email: kme.enquiry@khind.com

Mistral (Singapore) Pte Ltd
71 Ubi Crescent, #06-01, Excalibur Centre
Singapore 408571
Tel: 65-6346 5233 / 65-6346 5122
Fax: 65-6346 5560
Email: mspl.enquiry@khind.com

Mayer Marketing Pte Ltd
71 Ubi Crescent, #06-04, Excalibur Centre
Singapore 408571
Tel: 65-6542 8383 / 65-6542 6868
Fax: 65-6543 5152
Email: mayer.enquiry@khind.com

Khind Systems (Singapore) Pte Ltd
5, Penjuru Close, #03-00
Singapore 608600
Tel: 65-6862 3777
Fax: 65-6862 8628
Email: kesg.sales@khind.com

PT Khind Environmental Solutions
Blok B1-6, Ruko Kirana Boutique Office
Jalan Boulevard Raya Kelapa Gading
Jakarta Utara 14240, Indonesia
Tel: +6221-2937 5528
Tel: +6221-2937 5529

QUALITY ASSURANCE UNIT

Representative Office in P.R.C.
Room 303, No. 13 Building, Changcheng
Foshan City, Guangdong, P.R. China 528000
Tel: +86 757-8333 4980
Fax: +86 757-8399 1493
Email: fskhind@163.com

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth Annual General Meeting ("AGM") of **KHIND HOLDINGS BERHAD** will be conducted entirely through live streaming from the broadcast venue at Conference Room, Level 2, No. 2, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong 40150 Shah Alam, Selangor Darul Ehsan ("Broadcast Venue") on Friday, 25 June 2021 at 10.00 a.m. to transact the following matters:-

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 and the Reports of the Directors and Auditors thereon. (Please see Note 1 of Explanatory Notes on Ordinary Business)
2. To re-elect Mr Cheng Ping Keat who retires by rotation pursuant to Clause 76(3) of the Constitution of the Company. (Resolution 1)
3. To re-elect Encik Kamil bin Datuk Haji Abdul Rahman who retires by rotation pursuant to Clause 76(3) of the Constitution of the Company. (Resolution 2)
4. To re-elect Mr Wong Lup Hang who retires by rotation pursuant to Clause 78 of the Constitution of the Company. (Resolution 3)
5. To approve the Special Directors' fees of RM52,000 payable to Non-Executive Directors for the financial year ended 31 December 2020. (Resolution 4)
6. To approve the Directors' fees of RM320,000 payable to the Non-Executive Directors for the financial year ending 31 December 2021. (Resolution 5)
7. To approve the Directors' benefits of RM40,000 payable to the Non-Executive Directors for the period commencing on the date immediately after the date of the Twenty-Fifth AGM up to the date of the next AGM to be held in 2022. (Resolution 6)
8. To re-appoint Messrs RSM Malaysia as Auditors of the Company and authorise the Directors to fix their remuneration. (Resolution 7)

As Special Business
To consider and if thought fit, pass the following with or without modifications:-

9. **Ordinary Resolution**
   - **Authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approval of the relevant governmental/regulatory authorities (if any), the Directors of the Company be and are hereby authorised to issue and allot shares in the Company from time to time, at such price, upon such terms and conditions, for such purposes and to such persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued from Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier unless revoked or varied by an ordinary resolution of the Company at a general meeting." (Resolution 8)

Notice of Annual General Meeting

10. **Ordinary Resolution**
    - **Authority for Encik Kamil bin Datuk Haji Abdul Rahman to continue in office as an Independent Non-Executive Director**

    "THAT authority be and is hereby given to Encik Kamil bin Datuk Haji Abdul Rahman who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." (Resolution 9)

11. **Ordinary Resolution**
    - **Authority for Mr Wong Chin Mun to continue in office as an Independent Non-Executive Director**

    "THAT authority be and is hereby given to Mr Wong Chin Mun who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting." (Resolution 10)

12. To transact any other business for which due notice is given in accordance with the Companies Act 2016 and the Constitution of the Company.

By Order of the Board
WONG WAI FOONG (MAICSA 7001358)
SSM PC No. 202008001472

KUAN HUI FANG (MIA 16876)
SSM PC No. 202008001235

CHONG LAY KIM (LS 0008373)
SSM PC No. 202008001920

Kuala Lumpur

27 May 2021

Notes:

1. **IMPORTANT NOTICE**
   The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting.

   Shareholders **WILL NOT BE ALLOWED** to attend this AGM in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at https://tiih.online.

   Please read these Notes carefully and follow the procedures in the Administrative Guide for the Twenty-Fifth AGM in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 16 June 2021**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.

Notice of Annual General Meeting

3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

4. A member of the Company who is entitled to participate at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM.

5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

8. A member who has appointed a proxy or attorney or authorised representative to participate at the Twenty-Fifth AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at** https://tiih.online. Procedures for RPV can be found in the Administrative Guide for the Twenty-Fifth AGM.

9. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

   (i) In hard copy form
   In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

   (ii) By electronic form
   The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Guide for the Twenty-Fifth AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

11. Last date and time for lodging the proxy form is **Wednesday, 23 June 2021 at 10.00 a.m**.

12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

Notice of Annual General Meeting

13. For a corporate member who has appointed an authorised representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

    The certificate of appointment of authorised representative should be executed in the following manner:
    (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
    (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
        (a) at least two (2) authorised officers, of whom one shall be a director; or
        (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

14. Shareholders are advised to check the Company's website at www.khind.com and announcements from time to time for any changes to the administration of the Twenty-Fifth AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

Explanatory Notes on Ordinary Business

1. Agenda item no. 1
   This item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

2. Resolutions 1, 2 and 3
   Mr Cheng Ping Keat, Encik Kamil bin Datuk Haji Abdul Rahman and Mr Wong Lup Hang who are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Twenty-Fifth AGM.

   The Board of Directors ("the Board") has through the Nomination and Remuneration Committee, considered the assessment of the Directors and collectively agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") on character, experience, integrity, competence and time to effectively discharge their role as Directors.

   The Board has also through the Nomination and Remuneration Committee, conducted an assessment on the independence of Encik Kamil bin Datuk Haji Abdul Rahman and Mr Wong Lup Hang and is satisfied that they have complied with the criteria prescribed by the MMLR of Bursa Securities and Malaysian Code on Corporate Governance.

3. Resolution 4
   The Special Directors' fees to Non-Executive Directors are proposed based on their contribution towards enhancing the Company's good performance and profitability during the financial year ended 31 December 2020.

4. Resolution 5
   Shareholders' approval is sought under this resolution to allow the Company to pay Non-Executive Directors' fees on a monthly basis for the financial year ending 31 December 2021. The Directors' fees are based on the targeted Board size. In the event the proposed amount is insufficient, approval will be sought at the next AGM for the shortfall.

5. Resolution 6
   The Directors' benefits are calculated based on the current Board size and the number of scheduled Board and Committee meetings for the period commencing from the date immediately after the Twenty-Fifth AGM up to the date of the next AGM to be held in 2022. In the event the proposed amount is insufficient (due to enlarged Board size or more meetings), approval will be sought at the next AGM for the shortfall.

Notice of Annual General Meeting

6. Resolution 7
   The Board has through the Audit Committee, considered the re-appointment of Messrs RSM Malaysia as Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at the Twenty-Fifth AGM are disclosed in the Corporate Governance Overview Statement of the Annual Report 2020.

Explanatory Notes on Special Business

1. Resolution 8
   This proposed Resolution is proposed pursuant to Sections 75 and 76 of the Companies Act 2016, and if passed, will give the Directors of the Company, from the date of the above AGM, authority to allot shares in the Company up to and not exceeding in total ten per cent (10%) of the total number of issued shares (excluding treasury shares) of the Company for such purposes as the Directors deem fit and in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

   This Resolution 8 is a renewal of the previous year's mandate. The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration or such other application as the Directors may deem fit in the best interest of the Company.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 25 June 2020 and will lapse at the conclusion of the Twenty-Fifth AGM.

2. Resolution 9
   The Board has via Nomination and Remuneration Committee conducted an annual assessment of Encik Kamil bin Datuk Haji Abdul Rahman, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the justifications set out in the Corporate Governance Overview Statement of the Annual Report 2020.

   Pursuant to the Malaysian Code on Corporate Governance, the Company will adopt the two-tier voting process in seeking shareholders' approval for this resolution.

3. Resolution 10
   The Board has via Nomination and Remuneration Committee conducted an annual assessment of Mr Wong Chin Mun, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended him to continue to act as an Independent Non-Executive Director of the Company based on the justifications set out in the Corporate Governance Overview Statement of the Annual Report 2020.

STATEMENT ACCOMPANYING THE NOTICE OF THE TWENTY-FIFTH ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

As at the date of this notice, there are no individuals who are standing for election as Directors (excluding the Directors who are standing for re-election) at this Twenty-Fifth Annual General Meeting.

Authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

The details of the proposed renewal of the authority for Directors to issue and allot shares by the Company are disclosed in the Explanatory Notes on Special Business in the Notice of Annual General Meeting.

Administrative Guide

For the Twenty-Fifth Annual General Meeting

Broadcast Venue	:	Conference Room, Level 2, No. 2, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan
Date	:	Friday, 25 June 2021
Time	:	10.00 a.m.
Meeting Platform	:	https://tiih.online

MODE OF MEETING

In view of the COVID–19 pandemic and as part of the safety measures, the Twenty-Fifth Annual General Meeting ("25th AGM") will be held fully virtual through live streaming from the Broadcast Venue. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 6 May 2021, including any amendment that may be made from time to time.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders **WILL NOT BE ALLOWED** to attend the 25th AGM in person at the Broadcast Venue on the day of the meeting.

REMOTE PARTICIPATION AND VOTING ("RPV") FACILITIES

The RPV facilities are available on Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor")'s **TIIH Online** website at https://tiih.online.

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 25th AGM using RPV facilities from Tricor.

Kindly refer to Procedures for RPV as set out below for the requirements and procedures.

PROCEDURES FOR REMOTE PARTICIPATION AND VOTING VIA RPV FACILITIES

Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 25th AGM using the RPV facilities:

Before the 25th AGM day

	Procedure	Action
(i)	Register as a user with TIIH Online	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services", select the "Sign Up" button and followed by **"Create Account by Individual Holder"**. Refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via e-mail. • If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
(ii)	Submit your request to attend the 25th AGM remotely	• Registration is open from Thursday, 27 May 2021 until the day of AGM on Friday, 25 June 2021. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the AGM to ascertain their eligibility to participate the AGM using the RPV. • Login with your user ID (i.e. email address) and password and select the corporate event: **"(REGISTRATION) KHIND HOLDINGS BERHAD 25TH AGM"**. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • System will send an **e-mail to notify** that your registration for remote participation is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors as at 16 June 2021, the system will send you an **e-mail after 23 June 2021 to approve or reject** your registration for remote participation. *Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV.*

Administrative Guide

For the Twenty-Fifth Annual General Meeting

PROCEDURES FOR REMOTE PARTICIPATION AND VOTING VIA RPV FACILITIES (CONT'D)

On the 25th AGM Day

	Procedure	Action
(i)	Login to TIIH Online	• Login with your user ID and password for remote participation at the AGM at any time from **9.00 a.m.** i.e. 1 hour before the commencement of the AGM on **Friday, 25 June 2021 at 10.00 a.m.**
(ii)	Participate through Live Streaming	• Select the corporate event: **"(LIVE STREAM MEETING) KHIND HOLDINGS BERHAD 25TH AGM"** to engage in the proceedings of the AGM remotely. • If you have any question for the Chairman/ Board, you may use the query box to transmit your question. The Chairman/ Board will endeavor to respond to questions submitted by remote participants during the AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(iii)	Online Remote Voting	• Voting session commences from 10.00 a.m. on Friday, 25 June 2021 until a time when the Chairman announces the end of the session. • Select the corporate event: **"(REMOTE VOTING) KHIND HOLDINGS BERHAD 25TH AGM"** or if you are on the live stream meeting page, you can select **"GO TO REMOTE VOTING PAGE"** button below the Query Box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
(iv)	End of remote participation	• Upon the announcement by the Chairman on the closure of the AGM, the Live Streaming will end.

Note to users of the RPV facilities:

1. Should your application to join the meeting be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 or e-mail to tiih.online@my.tricorglobal.com for assistance.

Entitlement to Participate and Appointment of Proxy

- Only members whose names appear on the Record of Depositors as at 16 June 2021 shall be eligible to attend, speak and vote at the AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/ her behalf.
- In view that the AGM will be conducted on a virtual basis, a member can appoint the Chairman of the Meeting as his/ her proxy and indicate the voting instruction in the Proxy Form.
- If you wish to participate in the AGM yourself, please do not submit any Proxy Form for the AGM. You will not be allowed to participate in the AGM together with a proxy appointed by you.
- Accordingly, Proxy Forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Wednesday, 23 June 2021** at **10.00 a.m.**:

Administrative Guide

For the Twenty-Fifth Annual General Meeting

PROCEDURES FOR REMOTE PARTICIPATION AND VOTING VIA RPV FACILITIES (CONT'D)

Entitlement to Participate and Appointment of Proxy (cont'd)

(i) In Hard copy:
By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

(ii) By Electronic form:
All shareholders can have the option to submit Proxy Form electronically via TIIH Online and the steps to submit are summarised below:

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of Proxy Form	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: **"Khind Holdings Berhad 25th AGM - Submission of Proxy Form"**. • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. • Appoint your proxy/proxies and insert the required details of your proxy/proxies or appoint the Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(ies) appointment. • Print the form of proxy for your record.
ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects **"Create Account by Representative of Corporate Holder"**. • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. *Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.*
Proceed with submission of Proxy Form	• Login to TIIH Online at https://tiih.online • Select the corporate exercise name: **"Khind Holdings Berhad 25th AGM: Submission of Proxy Form"**. • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Login to TIIH Online, select corporate exercise name: **"Khind Holdings Berhad 25th AGM - Submission of Proxy Form"**. • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

Administrative Guide

For the Twenty-Fifth Annual General Meeting

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically no later than Wednesday, 23 June 2021 at 10.00 a.m. The Board will endeavor to answer the questions received at the AGM.

NO DOOR GIFT/FOOD VOUCHER

There will be no distribution of door gift or food voucher for the AGM.

We thank you for your continuous support to the Company.

ENQUIRY

If you have any enquiry prior to the meeting, you may contact the Share Registrar at:

		Telephone Number
Tricor Investor & Issuing House Services Sdn Bhd *Registration No. 197101000970 (11324-H)* Unit 32-01, Level 32, Tower A Vertical Business Suite, Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Malaysia	**General Line**	603-2783 9299
	Ms Nur Qaisara Naaila	603-2783 9272 Nur.Qaisara.Naaila@my.tricorglobal.com
	Pn Nor Faeayzah	603-2783 9274 Nor.Faeayzah@my.tricorglobal.com
	Fax Number	603-2783 9222
	Email	is.enquiry@my.tricorglobal.com

KHIND HOLDINGS BERHAD
REGISTRATION NO.: 199601007964 (380310-D)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	
No. of shares held	

*I/We ____ Tel: ________________
[Full name in block, NRIC/Passport/Company No.]

of ____

____

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

Full Name (in Block as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and

Full Name (in Block as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing *him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us and on *my/our behalf at the Twenty-Fifth Annual General Meeting ("AGM") of the Company which will be conducted entirely through live streaming from the broadcast venue at Conference Room, Level 2, No. 2, Jalan Astaka U8/82, Seksyen U8, Bukit Jelutong 40150 Shah Alam, Selangor Darul Ehsan ("Broadcast Venue") on **Friday, 25 June 2021 at 10.00 a.m.** and at any adjournment thereof, and to vote as indicated below:-

	ORDINARY RESOLUTION	FOR	AGAINST
1	Re-election of Mr Cheng Ping Keat as Director		
2	Re-election of Encik Kamil bin Datuk Haji Abdul Rahman as Director		
3	Re-election of Mr Wong Lup Hang as Director		
4	Approval of Special Directors' fees for Non-Executive Directors for the financial year ended 31 December 2020		
5	Approval of Directors' fees for Non-Executive Directors for the financial year ending 31 December 2021		
6	Approval of Directors' benefits for Non-Executive Directors for the period commencing on the date immediately after the Twenty-Fifth AGM up to the date of the next AGM held in 2022		
7	Re-appointment of Messrs RSM Malaysia as Auditors of the Company and authorise the Directors to fix their remuneration		
8	Authority for Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
9	Authority for Encik Kamil bin Datuk Haji Abdul Rahman to continue in office as an Independent Non-Executive Director		
10	Authority for Mr Wong Chin Mun to continue in office as an Independent Non-Executive Director		

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

Dated this ______________ day of ______________ 2021

____
*Member^*

* *Please delete whichever is inapplicable*
^ *Manner of execution:*
(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
(i) at least two (2) authorised officers, of whom one shall be a director; or
(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

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AFFIX
STAMP

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

Please fold here

Notes:

1. **IMPORTANT NOTICE**

   The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting.

   Shareholders **WILL NOT BE ALLOWED** to attend this AGM in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at https://tiih.online.

   Please read these Notes carefully and follow the procedures in the Administrative Guide for the Twenty-Fifth AGM in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 16 June 2021**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.

3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

4. A member of the Company who is entitled to participate at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM.

5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

8. A member who has appointed a proxy or attorney or authorised representative to participate at the Twenty-Fifth AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at** https://tiih.online. Procedures for RPV can be found in the Administrative Guide for the Twenty-Fifth AGM.

9. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

   (i) In hard copy form

   In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

   (ii) By electronic form

   The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Guide for the Twenty-Fifth AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

11. Last date and time for lodging the proxy form is **Wednesday, 23 June 2021 at 10.00 a.m**.

12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

13. For a corporate member who has appointed an authorised representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

    The certificate of appointment of authorised representative should be executed in the following manner:

    (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

    (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:

       (a) at least two (2) authorised officers, of whom one shall be a director; or

       (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

14. Shareholders are advised to check the Company's website at www.khind.com and announcements from time to time for any changes to the administration of the Twenty-Fifth AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

Delivering Happiness

KHIND HOLDINGS BERHAD
(199601007964) (380310-D)

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

Tel : 603-7839 2000
Fax : 603-7847 5301

www.khind.com