



**NEW HOONG FATT HOLDINGS BERHAD**

(425709-K)



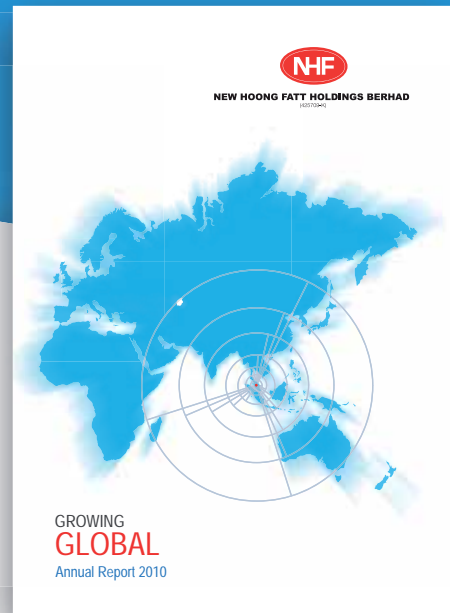
GROWING  
**GLOBAL**  
Annual Report 2010

# Mission

We provide a wide range of quality automotive parts to our customers through an integrated supply chain system

## Misi

*Kami membekal pelbagai jenis alat-alat ganti automotif yang berkualiti kepada pelanggan kami melalui sistem rantai bekalan yang berpadu*



## Cover Rationale *Rasional Muka Depan*

### Growing **Global**

The cover shows the world map with a growing wave starting from Malaysia. This is intended to depict the businesses of New Hoong Fatt Group growing stronger and towards a global direction. The quality of the products and more than 33 years' experience in the automotive industry will help New Hoong Fatt in leveraging the group to expand its market presence throughout.

### Perkembangan **Global**

*Muka depan menunjukkan peta dunia dengan gelombang perkembangan yang bermula dari Malaysia. Ini bertujuan untuk menggambarkan Kumpulan New Hoong Fatt yang semakin teguh berkembang dan menuju ke arah global. Produk New Hoong Fatt yang berkualiti serta pengalamannya yang melebihi 33 tahun di dalam industri automotif ini, dapat membantu Kumpulan New Hoong Fatt memanfaatkannya dalam mengembangkan sayap pasarannya di seluruh dunia.*

# 14<sup>TH</sup> ANNUAL GENERAL MEETING MESYUARAT AGUNG TAHUNAN KE - 14

Venue / Tempat : Dewan Berjaya, Bukit Kiara Equestrian & Country Resort  
Jalan Bukit Kiara, Off Jalan Damansara  
60000 Kuala Lumpur

Date & Time : Thursday, 19 May 2011 at 10 a.m.

Tarikh & Masa : Khamis, 19 Mei 2011 pada jam 10 pagi

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# COMPANY'S PROFILE

## PROFIL SYARIKAT

**Established in 1977**, the NEW HOONG FATT (“NHF”) Group, first established as a trading company, has grown to become a major distributor of genuine and alternative automotive replacement body parts in Malaysia. It provides **Automotive Parts Solutions** to the local replacement market. NHF has its headquarters in Klang, Selangor, three (3) branches in Kuala Lumpur, i.e. Gombak, Segambut and Sungai Besi and a branch in Kota Kinabalu, Sabah to cater to its extensive distribution channel of more than 1,400 wholesalers, retailers and vehicle repair shops throughout Malaysia.

From its roots in trading, the Group ventured into manufacturing of metal and plastic automotive replacement body parts, such as door, hood, fender, trunk lid, bumper, grille and lamps. The establishment of these manufacturing plants has led the Group to become the leader in the distribution of alternative automotive replacement body parts in Malaysia. Besides local market, these parts are exported overseas, to more than 40 countries in the ASEAN, Middle East, Pakistan, Central and South America, Europe, Taiwan, China, India, Africa and Russia. For growth opportunity, the Group will further expand its product range and marketing network and this is strongly supported by its in-house development of tools and dies.

***Ditubuhkan pada tahun 1977**, Kumpulan New Hoong Fatt (“NHF”) pada mulanya ditubuhkan sebagai syarikat pemasaran, telah berkembang menjadi pembekal utama alat-alat ganti automotif yang tulen dan alternatif di Malaysia. Ia membekal **Penyelesaian Alat-Alat Ganti Automotif** kepada pasaran tempatan. NHF mempunyai ibu pejabatnya di Klang, Selangor, tiga (3) cawangan di Kuala Lumpur, seperti Gombak, Segambut dan Sungai Besi dan satu lagi di Kota Kinabalu, Sabah untuk perkhidmatannya yang merangkumi rangkaian yang melebihi 1,400 pemborong, peruncit dan bengkel membaiki kenderaan di seluruh Malaysia.*

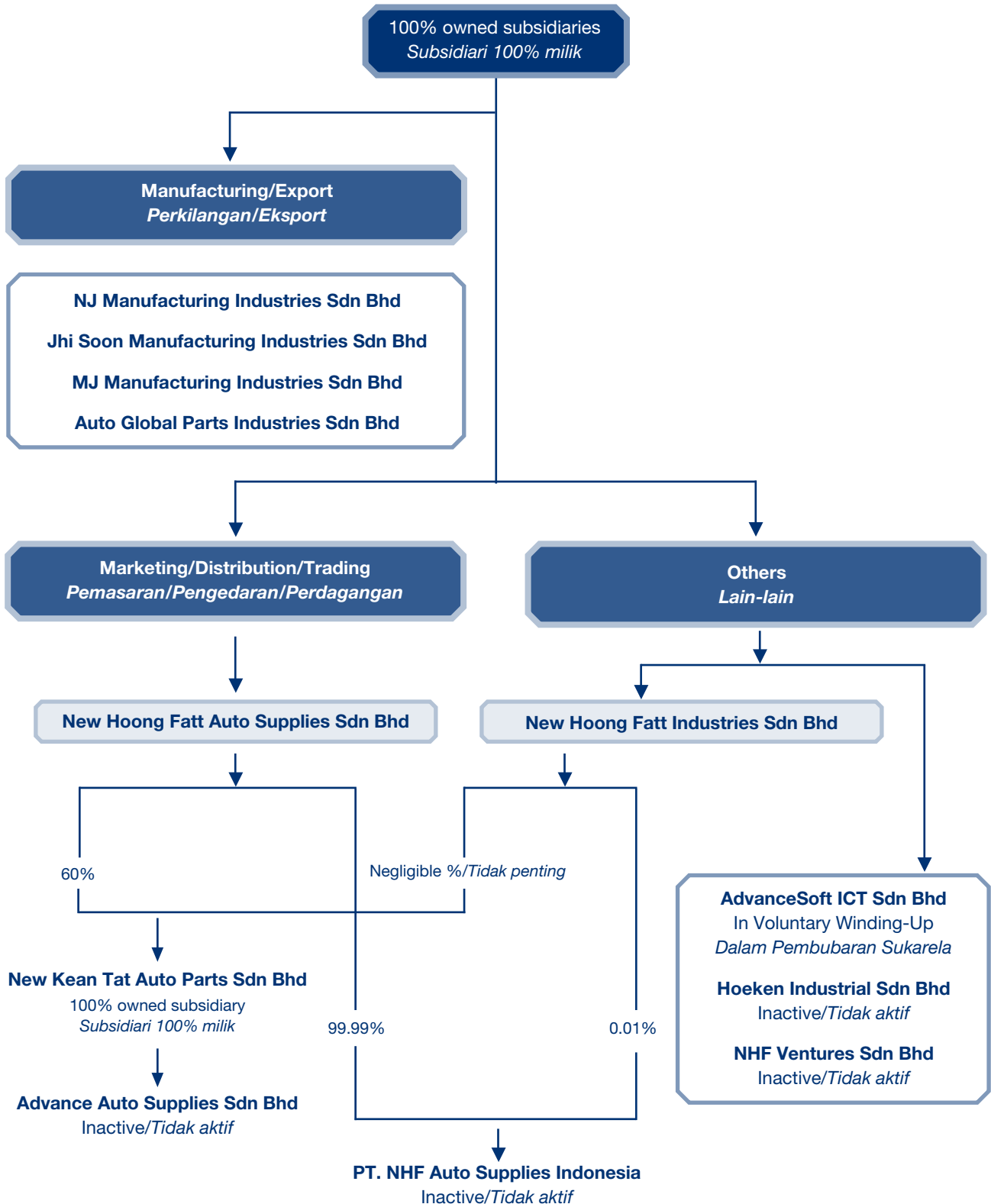
*Dari asalnya di kalangan pemasaran, Kumpulan ini telah menceburi dalam sektor pengeluaran alat-alat ganti automotif besi dan plastik seperti pintu, bonet depan, fender, bonet belakang, bumper, gril dan lampu. Penubuhan perkilangan ini telah mendorong Kumpulan menjadi pembekal utama dalam pengedaran alat-alat ganti automotif yang alternatif di Malaysia. Selain daripada pasaran tempatan, alat-alat ganti ini juga dieksportkan ke luar negeri, melebihi 40 negara di ASEAN, Timur Tengah, Pakistan, Amerika Tengah dan Selatan, Eropah, Taiwan, China, India, Afrika dan Rusia. Untuk peluang pembangunan, Kumpulan ini akan terus mempelbagaikan keluaran dan memperluaskan jaringannya dan ini disokong dengan teguhnya oleh pembangunan dalamannya dari “tools & dies”.*

# GROUP STRUCTURE

## STRUKTUR KUMPULAN



### NEW HOONG FATT HOLDINGS BERHAD



# CORPORATE INFORMATION

## MAKLUMAT KORPORAT

### BOARD OF DIRECTORS / LEMBAGA PENGARAH

- |  |   |
|--|---|
| <b>1 Kam Foong Keng</b><br>(Executive Chairman /<br><i>Pengerusi Eksekutif</i> ) | <b>4 Wong Yoke Nyen</b><br>(Independent Non-Executive Director /<br><i>Pengarah Bebas Bukan Eksekutif</i> )           |
| <b>2 Chin Jit Sin</b><br>(Managing Director /<br><i>Pengarah Urusan</i> )        | <b>5 Danny Ng Siew L'Leong</b><br>(Independent Non-Executive Director /<br><i>Pengarah Bebas Bukan Eksekutif</i> )    |
| <b>3 Kam Foong Sim</b><br>(Executive Director /<br><i>Pengarah Eksekutif</i> )   | <b>6 Datuk Dr. Anis bin Ahmad</b><br>(Independent Non-Executive Director /<br><i>Pengarah Bebas Bukan Eksekutif</i> ) |

### SECRETARIES / SETIAUSAHA - SETIAUSAHA

- 1 Yeoh Chong Keat** (MIA 2736)
- 2 Rebecca Leong Siew Kwan** (MAICSA 7045547)

### AUDITORS / JURUAUDIT

BDO  
Chartered Accountants / *Akauntan Bertauliah*

### REGISTERED OFFICE / PEJABAT BERDAFTAR

Suite 11.1A, Level 11, Menara Weld  
76 Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel/Tel : (603) 2031 1988  
Fax/Faks : (603) 2031 9788

### PRINCIPAL BANKERS / BANK-BANK UTAMA

Citibank Berhad  
EON Bank Berhad  
Malayan Banking Berhad  
United Overseas Bank (Malaysia) Berhad

### REGISTRAR / PENDAFTAR

Tricor Investor Services Sdn Bhd  
Level 17, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel/Tel : (603) 2264 3883  
Fax/Faks : (603) 2282 1886

### STOCK EXCHANGE LISTING / PENYENARAIAAN BURSA SAHAM

**Main Market, Bursa Malaysia Securities Berhad /**  
*Pasaran Utama, Bursa Malaysia Securities Berhad*

# LETTER TO SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of New Hoong Fatt Holdings Berhad (“New Hoong Fatt”) for the financial year ended 31 December 2010.

## INDUSTRY OVERVIEW

The global automotive industry witnessed significant developments throughout 2010 with American and European economies still in recovery mode. However, the ASEAN automotive markets, including Malaysia, swelled to reach record automotive sales. According to the Malaysian Automotive Association (“MAA”), the national automotive sales figures surpassed initial projections with a higher-than-expected growth of 12.7 per cent and a total industry volume (“TIV”) of 605,156 units. With that, the Malaysian automotive industry closed the year on a high note, with higher sales attributed to government initiated incentives and increased consumer confidence.

Moving towards 2011, the outlook for the local automotive industry remains positive with the continual growth of economy still a determining factor in the performance of the industry. The MAA has forecasted automotive sales at 618,000 units with a growth rate of 2 per cent as a series of new models are set to be released into the market throughout 2011.

Globally, automotive industries are expected to register marginal growth in 2011, with China, the world’s fastest growing automotive market leading the pack as the main player, with a forecasted growth of 10 to 15 per cent in 2011. Meanwhile, the ASEAN market is also expected to remain competitive with major regional automotive markets recording growth in vehicle sales in 2010. New Hoong Fatt hopes to take advantage of the regional trade incentives and capitalise on its export and regional business.

## FINANCIAL REVIEW

For the financial year ended 31 December 2010, the Group’s consolidated revenue increased by 9.4% to RM222.5 million, compared to RM203.3 million in 2009. The rise in revenue resulted from the increase in demand in the local and export markets.

The Group’s recorded profit before taxation of RM31.3 million, indicated a jump of 21.8% from RM25.7 million in 2009. The increase in profit can be attributed to increase in revenue compared to previous financial year and gain on fair value of investment property of RM2.4 million. Net Profit after Minority Interest climbed by 24.1% to RM27.3 million compared to RM22.0 million in 2009.

Earnings per share increased to 36.26 sen for the current financial year under review compared to 29.24 sen in the previous financial year.

As a result, net assets per share attributable to the ordinary equity holders increased to RM3.32 from RM3.08 in 2009.

## DIVIDENDS

Based on the profits achieved for the nine month period ended 30 September 2010, the Board of Directors declared an interim single tier dividend of 3 sen per ordinary share of RM1.00 each for the financial year ended 31 December 2010. The interim dividend, amounting to RM2,254,698, was paid on 17 December 2010.

In addition, the Board further recommended a final single tier dividend of 8 sen plus a special final single tier dividend of 2 sen per share, amounting to RM7,515,660 for approval of the shareholders at the forthcoming Annual General Meeting. This brings the total single tier dividend proposed and declared to 13 sen for the financial year under review.

The dividends were paid and recommended according to New Hoong Fatt’s policy to ensure shareholders are awarded with consistent dividend payments while conserving adequate funds for reinvestment that is necessary to enhance future profitability.

## BUSINESS REVIEW

As part of the strategy to expand our business, the Group focused aggressively towards expanding the export market, making the Group’s business a borderless one.

New Hoong Fatt has made headway in China by participating in two international exhibitions there, namely 2010 Beijing International Automotive Exhibition and Automechanika Shanghai 2010. This allowed the Group to make its presence felt among existing customers as well as new ones. As for the rest of the world, the Group had displayed its strength in the export market as it achieved 17% growth for the year under review.

Having positioned ourselves for future growth, we are on track to seize opportunities in the market to ensure that we are able to grow globally.

## Letter To Shareholders (continued)

### FUTURE PROSPECTS

New Hoong Fatt upholds an optimistic outlook for 2011. The country's economy remains resilient, with the projects under the Economic Transformation Programme and 10th Malaysia Plan to be the driving forces of the Malaysian economy for the coming years. New Hoong Fatt will continue to strive to proactively contribute to the industry by being a voice in the sphere of automotive replacement parts manufacturers. We will continue to work towards enhancing our relationships with our customers, thereby ensuring that we provide value-added services to them.

The continued liberalisation of the Asean Free Trade Area implemented in early 2010 will contribute to the ease of business transactions and processes. The removal of import duties had greatly widen our scope of business opportunities, allowing us to venture further into our neighbouring markets such as Indonesia. In order to better serve our customers in Indonesia, in January 2011, New Hoong Fatt has set up a wholly owned subsidiary in Jakarta, namely PT. NHF Auto Supplies Indonesia, which focus on marketing, distribution and trading of automotive replacement parts. We look forward to cementing our presence in the country, in hopes of capturing the booming motor vehicle sales market there, with more than 3.1 million units of cars and trucks currently on the road as at the end of 2010. Showcasing Indonesia's booming automotive sales figures, a record of 764,710 units were sold in 2010 alone.

Since the beginning of New Hoong Fatt in 1977, we have established a framework for competitiveness that has allowed us to grow significantly. As a leading manufacturer and wholesaler in the automotive replacement parts industry, we also look towards implementing talent management strategies to ensure that our employees are poised for future growth.

Challenges such as political unrest and natural disasters occurring worldwide will indirectly affect costs of commodities and raw materials, and affect shifts in world economies. Rising cost pressures and margin squeeze would remain a challenge for the Group. However, as we view this as a natural progression, New Hoong Fatt will gather its experience of over 30 years to overcome any challenges that come its way.

### CORPORATE SOCIAL RESPONSIBILITY

As part of New Hoong Fatt's corporate culture, the Group believes in positively impacting the community through its corporate social responsibility programmes. The Group has been involved in several internal and external programmes in 2010.

The Group began the year with the signing of a Memorandum of Understanding ("MoU") with the Road Safety Department, Ministry of Transport Malaysia, in January 2010. The signing of this MoU demonstrates our commitment to promote road safety amongst our employees and their families and even their communities.

Aimed at reducing road accidents involving employees, the MoU consisted of New Hoong Fatt employees taking a pledge to practise safe driving, educational talks and exhibitions on road safety habits. In addition, road safety equipments such as SIRIM approved motorcycle helmets and reflective jackets were distributed to the employees.

Engaging the community, the Group conducted its yearly blood donation and health awareness drive in collaboration with Hospital Tengku Ampuan Rahimah, Klang in April. Themed, "I donate blood, I save life", this year's event saw a record number of 279 participants, with over 140 blood donors. The event was open to all, which included New Hoong Fatt staff and their family members, neighbouring businesses and the general public.

Towards the end of the year, New Hoong Fatt's student work experience programme was conducted over a duration of three (3) weeks. This year, we mentored 16 students from nearby communities in a hands-on approach internship. Students rotated between various departments and were supervised by our own in-house engineers and management team, teaching them a mixture of theoretical and practical skills that we hope will benefit them in the future.

As we continue into a new decade, we hope to forge new relationships and strengthen existing partnerships with our community.

### ACKNOWLEDGEMENT

We would like to acknowledge our valued shareholders, suppliers, partners, the authorities, customers and financiers for their unwavering support towards the Group throughout the years. I would also like to express my sincere appreciation to the Board of Directors for their continued support and guidance in steering the company to achieve its milestones.

On behalf of the Board of Directors, I would also like to recognise our management and staff for their valuable effort and contribution in continuously helping the Company to grow. Thank you for being a part of us.

**KAM FOONG KENG**  
Executive Chairman

## SURAT KEPADA PEMEGANG SAHAM

*Para pemegang saham sekalian,*

*Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan New Hoong Fatt Holdings Berhad (“New Hoong Fatt”) bagi tahun kewangan berakhir 31 Disember 2010.*

### **TINJAUAN INDUSTRI**

Industri automotif global telah menyaksikan pertumbuhan yang ketara sepanjang 2010 dengan ekonomi Amerika dan Eropah yang masih lagi dalam peringkat pemulihan. Namun begitu, pasaran-pasaran automotif ASEAN, termasuklah Malaysia, telah berkembang untuk mencapai rekod dalam penjualan automotif. Menurut Persatuan Automotif Malaysia (“MAA”), angka jualan automotif kebangsaan telah mengatasi unjuran awal dengan pertumbuhan di luar jangkaan sebanyak 12.7 peratus dan jumlah jualan industri (“TIV”) sebanyak 605,156 unit. Dengan itu, industri automotif Malaysia pada tahun ini telah berakhir dengan hasil yang menggalakkan, dengan hasil jualan tinggi yang disebabkan oleh insentif-insentif daripada kerajaan dan juga keyakinan daripada konsumer yang semakin meningkat.

Melangkah ke tahun 2011, tinjauan untuk industri automotif tempatan dilihat akan kekal positif dengan peningkatan ekonomi yang berterusan, di mana ia masih lagi merupakan faktor penentu untuk prestasi industri ini. MAA telah meramalkan bahawa jualan automotif akan berada pada paras 618,000 unit dengan kadar pertumbuhan sebanyak 2 peratus di mana model-model baru dijangka akan diperkenalkan ke dalam pasaran sepanjang tahun 2011.

Secara globalnya, industri-industri automotif dijangka akan merekodkan pertumbuhan yang sedikit pada tahun 2011. Negara China, yang mempunyai perkembangan pasaran automotif yang paling pesat di dunia mendahului negara-negara lain sebagai negara utama, dengan kadar pertumbuhan yang diramalkan sebanyak 10 hingga 15 peratus pada tahun 2011. Sementara itu, pasaran ASEAN juga dijangka kekal kompetitif dengan pasaran automotif serantau yang utama merekodkan pertumbuhan dalam jualan kenderaan pada tahun 2010. New Hoong Fatt berharap untuk mengambil peluang melalui insentif-insentif perdagangan serantau dan menggunakannya untuk perniagaan eksport dan serantaunya.

### **TINJAUAN KEWANGAN**

Bagi tahun kewangan yang berakhir 31 Disember 2010, hasil konsolidasi Kumpulan telah meningkat sebanyak 9.4% kepada RM222.5 juta, berbanding dengan RM203.3 juta pada tahun 2009. Peningkatan dalam hasil pendapatan ini adalah akibat daripada peningkatan dalam permintaan di dalam pasaran tempatan dan juga pasaran eksport.

Kumpulan telah merekodkan keuntungan sebelum cukai sebanyak RM31.3 juta, di mana ia telah menunjukkan peningkatan sebanyak 21.8% daripada RM25.7 juta pada tahun 2009. Peningkatan dalam keuntungan boleh dikatakan adalah disebabkan oleh peningkatan dalam hasil berbanding dengan tahun kewangan sebelumnya dan keuntungan daripada nilai wajar hartanah pelaburan yang berjumlah RM2.4 juta. Keuntungan bersih selepas kepentingan minoriti telah

meningkat sebanyak 24.1% kepada RM27.3 juta berbanding dengan RM22.0 juta pada tahun 2009.

Perolehan sesaham telah meningkat kepada 36.26 sen bagi tahun kewangan ini berbanding dengan 29.24 sen pada tahun kewangan sebelumnya.

Hasilnya, aset bersih sesaham yang boleh diagihkan kepada pemegang-pemegang ekuiti biasa telah meningkat kepada RM3.32 dari RM3.08 pada tahun 2009.

### **DIVIDEN-DIVIDEN**

Berdasarkan keuntungan yang diperolehi bagi tempoh sembilan bulan yang berakhir 30 September 2010, Lembaga Pengarah telah mengumumkan dividen interim satu peringkat sebanyak 3 sen sesaham biasa berharga RM1.00 sesaham bagi tahun kewangan yang berakhir 31 Disember 2010. Dividen interim ini, yang berjumlah RM2,254,698, telah dibayar pada 17 Disember 2010.

Sebagai tambahan, Lembaga juga telah mencadangkan dividen akhir satu peringkat sebanyak 8 sen, bersama dengan dividen akhir satu peringkat khas sebanyak 2 sen sesaham, yang berjumlah RM7,515,660 untuk diluluskan oleh pemegang saham pada Mesyuarat Agung Tahunan yang akan datang. Ini telah membawa kepada jumlah dividen satu peringkat yang dicadangkan dan diisytiharkan kepada 13 sen bagi tahun kewangan yang ditinjau.

Dividen-dividen ini adalah dibayar dan dicadangkan sejajar dengan polisi New Hoong Fatt demi memastikan bahawa para pemegang sahamnya diberi pembayaran dividen yang berterusan, manakala menyimpan wang yang secukupnya untuk pelaburan semula yang perlu supaya meningkatkan keuntungan masa hadapan.

### **TINJUAN PERNIAGAAN**

Sebagai sebahagian daripada strategi untuk memperluaskan perniagaan kami, Kumpulan telah menumpukan perhatian yang agresif ke arah memperluaskan pasaran eksport dan menjadikan perniagaan Kumpulan sebagai perniagaan tanpa sempadan.

New Hoong Fatt juga telah melakar kejayaan di China dengan menyertai dua pameran antarabangsa di sana, iaitu “2010 Beijing International Automotive Exhibition” dan “Automechanika Shanghai 2010”. Ini membenarkan Kumpulan membuat kedudukannya merasai di kalangan pelanggan-pelanggan yang sedia ada dan yang baru. Untuk negara-negara lain di dunia, Kumpulan telah mempamerkan keupayaannya di dalam pasaran eksport di mana ia telah mencapai 17% pertumbuhan bagi tahun yang ditinjau.

## Surat Kepada Pemegang Saham (sambungan)

Setelah meletakkan kami sendiri dalam pertumbuhan masa hadapan, kami kini berada di atas landasan yang betul untuk mengambil peluang di dalam pasaran bagi memastikan bahawa kami mempunyai kemampuan untuk berkembang secara global.

### PROSPEK MASA HADAPAN

New Hoong Fatt mempunyai tinjauan yang optimistik bagi tahun 2011. Ekonomi Malaysia kekal teguh, dengan projek-projek di bawah Program Transformasi Ekonomi dan Rancangan Malaysia Kesepuluh yang merupakan kuasa-kuasa penggerak ekonomi Malaysia bagi tahun-tahun yang akan datang. New Hoong Fatt akan terus berusaha untuk menyumbang secara proaktif kepada industri ini dengan menjadi satu suara di dalam lingkungan pengeluar-pengeluar alat-alat gantian automotif. Kami akan terus berusaha ke arah mempertingkatkan hubungan kami dengan para pelanggan, dengan memastikan bahawa layanan nilai tambahan disediakan untuk mereka.

Penerusan liberalisasi di Kawasan Perdagangan Bebas Asean yang dilaksanakan pada awal tahun 2010 akan menyumbang kepada kemudahan bagi urusanniaga perniagaan dan proses-prosesnya. Penyingkiran duti-duti import telah memperluaskan lagi skop peluang-peluang perniagaan kami, di mana ia memberi peluang kepada kami untuk menjelajahi negara-negara jiran seperti Indonesia. Untuk memberi perkhidmatan yang lebih baik kepada pelanggan-pelanggan di Indonesia, pada Januari 2011, New Hoong Fatt telah menubuhkan sebuah subsidiari yang dimiliki sepenuhnya olehnya di Jakarta, bernama PT. NHF Auto Supplies Indonesia, di mana ia fokus pada pemasaran, pengedaran dan perniagaan alat-alat gantian automotif. Kami berharap untuk mengukuhkan kehadiran kami di negara itu, dengan harapan untuk menawan jualan pasaran kenderaan bermotor di situ, di mana lebih daripada 3.1 juta unit kereta dan trak-trak yang kini berada di atas jalan sehingga akhir tahun 2010. Dengan angka-angka jualan automotif yang dipamerkan di Indonesia yang bertambah pesat, pada tahun 2010 sahaja, sebanyak 764,710 unit telah dijual dan ini merupakan satu rekod.

Semenjak New Hoong Fatt bermula pada tahun 1977, kami telah mengamalkan satu rangka kerja yang berdaya saing. Ini membolehkan kami berkembang dengan ketara. Sebagai pemimpin di dalam industri, pengeluar dan pemborong alat-alat gantian automotif, kami juga melihat ke arah melaksanakan strategi-strategi pengurusan bakat untuk memastikan bahawa para pekerja kami bersedia untuk perkembangan pada masa hadapan.

Cabaran-cabaran seperti pergolakan politik dan bencana alam dunia yang berlaku akan memberi kesan kepada harga-harga komoditi dan bahan mentah secara tidak langsung, dan juga menjejaskan perubahan di dalam ekonomi dunia. Tekanan kenaikan kos dan himpitan margin akan kekal sebagai cabaran untuk Kumpulan. Namun begitu, oleh kerana kami melihat ini sebagai perkembangan yang semulajadi, New Hoong Fatt akan mengumpulkan semua pengalamannya sepanjang 30 tahun untuk mengatasi sebarang cabaran yang akan datang.

### TANGGUNGJAWAB KORPORAT SOSIAL

Sebagai sebahagian daripada budaya korporat New Hoong Fatt, Kumpulan yakin dalam mempengaruhi komuniti secara positif melalui program-program tanggungjawab sosial korporatnya. Kumpulan telah melibatkan diri dalam beberapa program dalaman dan juga luaran pada tahun 2010.

Kumpulan telah memulakan tahun 2010 dengan menandatangani satu Memorandum Persefahaman ("MoU") dengan Jabatan Keselamatan Jalan Raya, Kementerian Pengangkutan Malaysia, pada Januari 2010. Penandatanganan MoU ini telah membuktikan komitmen kami untuk mengalakkan keselamatan di jalan raya di kalangan para pekerja kami, keluarga dan juga komuniti mereka.

Dalam usaha untuk mengurangkan kemalangan jalan raya yang melibatkan para pekerja, MoU tersebut juga mengandungi jaminan daripada para pekerja New Hoong Fatt untuk mengamalkan pemanduan yang selamat, rundingan pendidikan dan pameran berkenaan tabiat keselamatan jalan raya. Selain itu, peralatan-peralatan keselamatan jalan raya seperti topi keledar yang diluluskan oleh SIRIM dan jaket-jaket reflektif telah diagihkan kepada para pekerja.

Dengan melibatkan komuniti, Kumpulan telah melaksanakan kempen derma darah dan kesedaran kesihatannya dengan kerjasama Hospital Tengku Ampuan Rahimah, Klang pada bulan April. Bertemakan, "Saya derma darah, saya menyelamatkan nyawa", acara tahun ini telah merekodkan sejumlah 279 orang peserta, dengan 140 daripadanya adalah penderita darah. Acara ini telah dibuka kepada semua, termasuklah para pekerja New Hoong Fatt dan ahli keluarga mereka, perniagaan-perniagaan berdekatan dan juga orang awam.

Menjelang hujung tahun, program pengalaman kerja pelajar di New Hoong Fatt telah dijalankan selama tempoh tiga (3) minggu. Pada tahun ini, kami telah mentor seramai 16 orang pelajar daripada komuniti berdekatan dengan menjalani latihan pengalaman kerja sendirinya. Para pelajar telah mengambil giliran di kalangan pelbagai jabatan kami dan telah diselia oleh jurutera-jurutera dalaman dan juga pasukan pengurusan kami, dengan mengajar mereka kemahiran-kemahiran teori dan praktikal yang diharap akan memberi faedah kepada mereka pada masa hadapan.

Dalam menuju ke dekad baru, harapan kami adalah untuk mewujudkan hubungan-hubungan baru dan juga mengukuhkan lagi perkongsian yang sedia ada dengan komuniti kami.

### PENGHARGAAN

Kami ingin mengucapkan terima kasih kepada para pemegang saham yang dihargai, pembekal-pembekal, rakan-rakan kongsi, pihak berkuasa, para pelanggan dan pembiaya kewangan di atas sokongan mereka yang tidak berbelah bagi terhadap Kumpulan sepanjang tahun. Saya juga ingin menyampaikan penghargaan ikhlas saya kepada Lembaga Pengarah di atas sokongan mereka yang berterusan dan bimbingan dalam mengemudi syarikat dalam pencapaiannya.

Bagi pihak Lembaga Pengarah, saya juga ingin memberi pengiktirafan kepada pihak pengurusan dan kakitangan kami di atas usaha dan sumbangan yang berterusan daripada mereka dalam membantu Syarikat untuk terus berkembang. Terima kasih kerana menjadi sebahagian daripada kami.

### KAM FOONG KENG

Pengerusi Eksekutif

## FIVE – YEAR GROUP FINANCIAL SUMMARY

### RINGKASAN KEWANGAN LIMA TAHUN KUMPULAN

	2010	2009	2008	2007	2006
Revenue (RM'000) <i>Hasil (RM'000)</i>	<b>222,473</b>	203,315	168,902	156,757	156,904
Profit Before Taxation (RM'000) <i>Keuntungan Sebelum Cukai (RM'000)</i>	<b>31,304</b>	25,730	21,601	24,891	30,688
Profit After Taxation (RM'000) <i>Keuntungan Selepas Cukai (RM'000)</i>	<b>27,254*</b>	21,973*	18,281	23,003	26,900
Total Assets (RM'000) <i>Jumlah Aset (RM'000)</i>	<b>331,614</b>	305,547	295,210	278,914	260,878
Total Borrowings (RM'000) <i>Jumlah Pinjaman (RM'000)</i>	<b>46,953</b>	38,011	51,665	41,278	39,982
Shareholders' Fund (RM'000) <i>Dana Pemegang Saham (RM'000)</i>	<b>249,604</b>	231,368	217,663	207,649	192,322
Basic Earnings Per Share <i>Perolehan Asas Sesaham</i>	<b>36.26 sen</b>	29.24 sen	24.32 sen	30.61 sen	35.79 sen
Net Assets Per Share <i>Aset Bersih Sesaham</i>	<b>RM3.32</b>	RM3.08	RM2.90	RM2.76	RM2.56
Dividend Per Share <i>Dividen Sesaham</i>	<b>13 sen<sup>1</sup></b>	12 sen <sup>1</sup>	11 sen <sup>1</sup>	11 sen <sup>2</sup>	3 sen <sup>2</sup> and/ <i>dan</i> 11 sen <sup>3</sup>

<sup>1</sup> Single tier dividend / *Dividen satu peringkat*

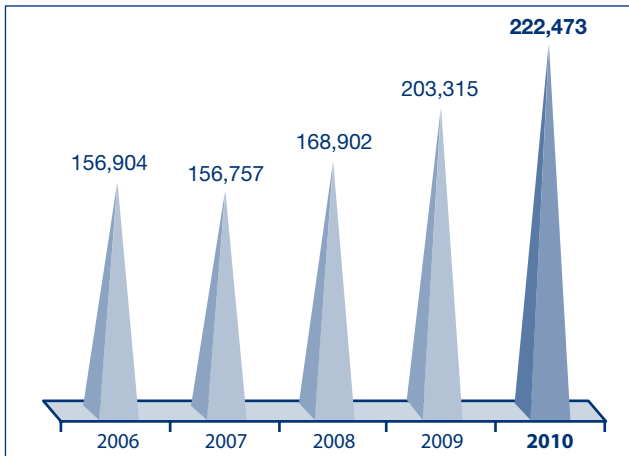
<sup>2</sup> Tax exempt dividend / *Dividen dikecualikan cukai*

<sup>3</sup> Dividend less 27% tax / *Dividen tolak 27% cukai*

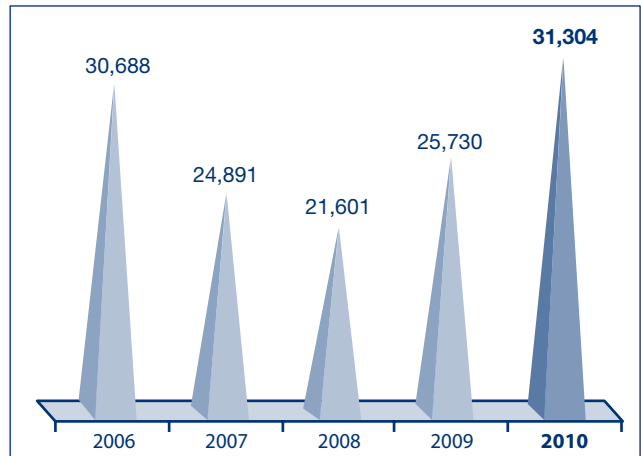
\* After minority interest / *Selepas kepentingan minoriti*

**Five – Year Group Financial Summary (continued)**  
*Ringkasan Kewangan Lima Tahun Kumpulan (sambungan)*

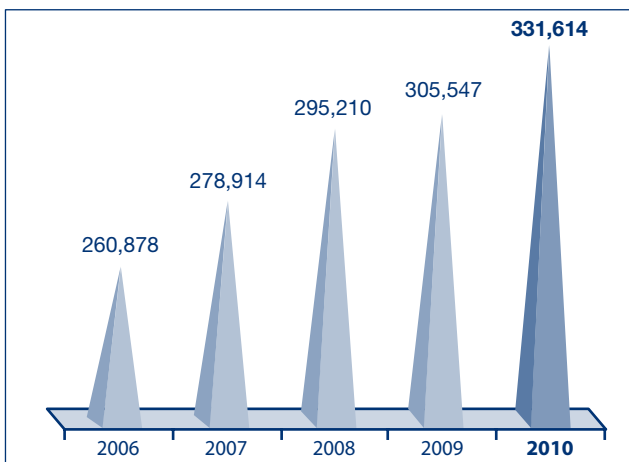
**Revenue (RM'000)**  
*Hasil (RM'000)*



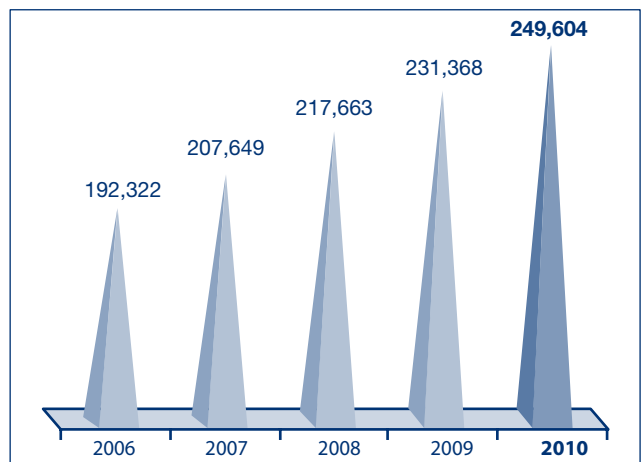
**Profit Before Tax (RM'000)**  
*Keuntungan Sebelum Cukai (RM'000)*



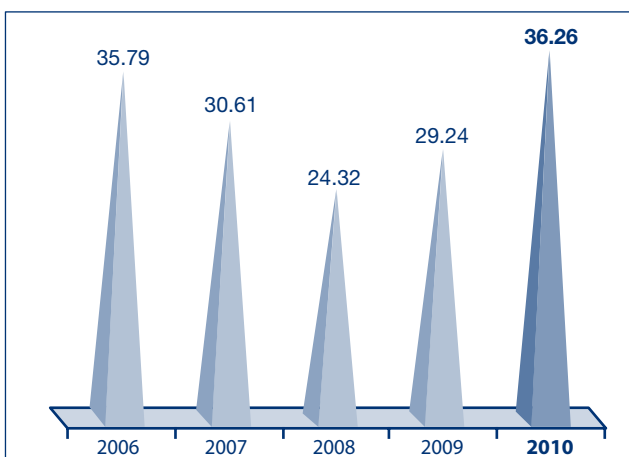
**Total Assets (RM'000)**  
*Jumlah Aset (RM'000)*



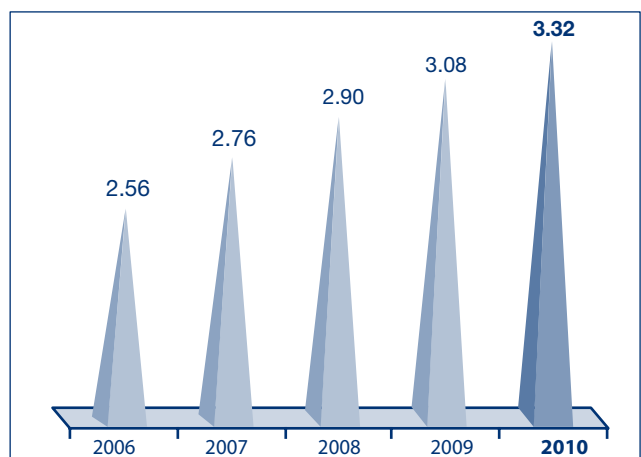
**Shareholders' Fund (RM'000)**  
*Dana Pemegang Saham (RM'000)*



**Basic Earnings Per Share (Sen)**  
*Perolehan Asas Sesaham (Sen)*



**Net Assets Per Share (RM)**  
*Aset Bersih Sesaham (RM)*



# FINANCIAL CALENDAR / TAKWIM KEWANGAN

For The Financial Year Ended 31 December 2010 / Untuk Tahun Kewangan Berakhir 31 Disember 2010

Activities / Aktiviti-Aktiviti	Date / Tarikh
<b>Announcement of Results</b> <b>Pengumuman Keputusan</b>	
Unaudited results for first quarter ended 31 March 2010 <i>Keputusan belum diaudit bagi suku pertama berakhir 31 Mac 2010</i>	13 May 2010 13 Mei 2010
Unaudited results for second quarter ended 30 June 2010 <i>Keputusan belum diaudit bagi suku kedua berakhir 30 Jun 2010</i>	29 July 2010 29 Julai 2010
Unaudited results for third quarter ended 30 September 2010 <i>Keputusan belum diaudit bagi suku ketiga berakhir 30 September 2010</i>	28 October 2010 28 Oktober 2010
Unaudited results for fourth quarter ended 31 December 2010 <i>Keputusan belum diaudit bagi suku ke-empat berakhir 31 Disember 2010</i>	28 February 2011 28 Februari 2011
<b>Interim Dividend</b> <b>Dividen Interim</b>	
- Declaration <i>Pengisytiharan</i>	28 October 2010 28 Oktober 2010
- Entitlement <i>Kelayakan</i>	19 November 2010 19 November 2010
- Payment <i>Pembayaran</i>	17 December 2010 17 Disember 2010
<b>Final Dividend</b> <b>Dividen Akhir</b>	
- Recommendation <i>Cadangan</i>	28 February 2011 28 Februari 2011
- Entitlement <i>Kelayakan</i>	31 May 2011 31 Mei 2011
- Payment <i>Pembayaran</i>	23 June 2011 23 Jun 2011
<b>Issuance of Annual Report 2010</b> <b>Penerbitan Laporan Tahunan 2010</b>	<b>26 April 2011</b> 26 April 2011
<b>Fourteenth (14<sup>th</sup>) Annual General Meeting</b> <b>Mesyuarat Agung Tahunan yang ke-Empatbelas (14)</b>	<b>19 May 2011</b> 19 Mei 2011

# DIRECTORS' PROFILE

## PROFIL PENGARAH

### **Kam Foong Keng**

Aged 47, Executive Chairman

Madam Kam was appointed on 8 April 1998, as Executive Director of the Group and was re-designated as Deputy Managing Director on 25 October 2007 and finally as Executive Chairman on 15 May 2008. She also serves as a member of Remuneration Committee. She holds a Bachelor Degree in Business from South Australia Institute of Technology [now known as University of South Australia], Australia.

She has been a key person in the Group's management and organisation since graduation. As Executive Chairman, she is responsible to oversee the strategic direction, overall performance and business development of the Group and that the operations are managed in line with the Company's mission and vision. Currently, she sits on the Boards of the subsidiaries of the New Hoong Fatt ("NHF") Group.

Madam Kam is the spouse of Chin Jit Sin, sibling of Kam Foong Sim, both are Directors of the Company, and daughter of Wong Ah Moy @ Wong Yoke Len, a major shareholder of the Company.

She has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors and shareholders in the audited financial statements.

*Berusia 47 tahun, Pengerusi Eksekutif*

*Puan Kam telah dilantik sebagai Pengarah Eksekutif Kumpulan pada 8 April 1998 dan ditukarkan jawatan kepada Timbalan Pengarah Urusan pada 25 Oktober 2007 dan seterusnya sebagai Pengerusi Eksekutif pada 15 Mei 2008. Beliau juga merupakan ahli Jawatankuasa Ganjaran. Beliau memiliki Ijazah Sarjana Muda dalam bidang Perniagaan dari South Australia Institute of Technology [sekarang dikenali sebagai University of South Australia], Australia.*

*Beliau merupakan seorang penggerak utama dalam pengurusan dan organisasi Kumpulan semenjak memperolehi ijazahnya. Sebagai Pengerusi Eksekutif, beliau bertanggungjawab mengawasi arah strategik, prestasi keseluruhan dan perkembangan perniagaan Kumpulan serta operasinya adalah dikendalikan sejajar dengan misi dan visi Syarikat. Ketika ini, beliau merupakan ahli Lembaga Pengarah bagi subsidiari-subsidiari Kumpulan New Hoong Fatt ("NHF").*

*Puan Kam adalah isteri kepada Chin Jit Sin, kakak kepada Kam Foong Sim, kedua-dua merupakan Pengarah-pengarah Syarikat, dan anak kepada Wong Ah Moy @ Wong Yoke Len, seorang pemegang saham utama Syarikat.*

*Beliau tidak mempunyai percanggahan kepentingan yang mustahak dengan Kumpulan ini, selain daripada yang telah dikemukakan kepada Lembaga Pengarah dan pemegang-pemegang saham di dalam penyata kewangan yang diaudit.*

## Directors' Profile (continued)

### Profil Pengarah (sambungan)

#### Chin Jit Sin

Aged 49, Managing Director

Mr Chin was appointed as Executive Director on 8 April 1998 and was re-designated as Managing Director on 25 October 2007. As the Managing Director, he acts as Chief Executive Officer of the Group. He holds a Bachelor of Economics (Hon) degree (major in Business Administration) from University of Malaya.

Mr Chin was attached to banking institution prior to joining NHF. His experience covers a variety of industries including banking and financial institutions, manufacturing and trading. As the Managing Director of NHF, he also oversees the strategic planning and operational management of the Group, particularly in operational effectiveness and efficiency and ensuring adherence to the Group's policies and procedures. Currently, he sits on the Board of the subsidiaries of the NHF Group.

He is also a director in another public company, namely the Malaysian Automotive Component Parts Manufacturers where he serves as an Executive Committee.

Mr Chin is the spouse of Kam Foong Keng, the Executive Chairman and major shareholder of the Company, and is therefore related to members of her family. He has no direct conflict of interest with the Group.

*Berusia 49 tahun, Pengarah Urusan*

*Encik Chin dilantik sebagai Pengarah Eksekutif pada 8 April 1998 dan ditukarkan jawatannya kepada Pengarah Urusan pada 25 Oktober 2007. Sebagai Pengarah Urusan, beliau bertindak sebagai Ketua Pegawai Eksekutif untuk Kumpulan ini. Beliau memperolehi Ijazah Sarjana Muda Ekonomi (Kepujian) dalam bidang Pentadbiran Perniagaan dari Universiti Malaya.*

*Encik Chin pernah menyertai institut perbankan sebelum menyertai NHF. Pengalaman beliau merangkumi pelbagai industri termasuk perbankan dan institusi kewangan, perkilangan dan perdagangan. Sebagai Pengarah Urusan NHF, beliau turut mengawasi rancangan strategik dan pengurusan operasi Kumpulan terutamanya dalam keberkesanan dan kecekapan operasi dan memastikan pematuhan terhadap polisi dan prosedur Kumpulan. Ketika ini, beliau merupakan ahli Lembaga Pengarah bagi subsidiari-subsidiari Kumpulan NHF.*

*Beliau juga merupakan Pengarah di sebuah syarikat awam yang lain, iaitu "Malaysian Automotive Component Parts Manufacturers", dimana beliau sebagai seorang Jawatankuasa Eksekutif.*

*Encik Chin adalah suami kepada Kam Foong Keng, seorang Pengerusi Eksekutif dan pemegang saham utama Syarikat, dan oleh yang demikian, mempunyai hubungan dengan ahli keluarganya. Beliau tidak mempunyai sebarang percanggahan kepentingan yang terus dengan Kumpulan ini.*

**Directors' Profile** (continued)  
*Profil Pengarah* (sambungan)

**Kam Foong Sim**

Aged 46, Non-Independent Executive Director

Ms Kam was appointed as Executive Director on 17 May 2001. She holds a Bachelor Degree in Economics (major in Accounting) from University of Adelaide, Australia. She is an accountant by profession and a member of the Certified Practising Accountants Australia and the Malaysian Institute of Accountants.

She had several years of experience in accounting firms and in the commercial sector before joining the NHF Group in 1991, where she oversees finance and accounts. Currently, she sits on the Board of several subsidiaries of the NHF Group.

Ms Kam is the daughter of Wong Ah Moy @ Wong Yoke Len, sibling of Kam Foong Keng and sibling-in-law of Chin Jit Sin, who are Directors and/or major shareholders of the Company. She has no direct conflict of interest with the Group.

*Berusia 46 tahun, Pengarah Eksekutif Bukan Bebas*

*Cik Kam telah dilantik sebagai Pengarah Eksekutif pada 17 Mei 2001. Beliau memegang Ijazah Sarjana Muda Ekonomi dalam bidang perakaunan dari University of Adelaide, Australia. Beliau merupakan seorang akauntan yang berkecualan serta ahli Certified Practising Accountants Australia dan Institut Akauntan Malaysia.*

*Beliau mempunyai pengalaman sepanjang beberapa tahun di firma-firma perakaunan dan di sektor komersil sebelum menyertai Kumpulan NHF pada 1991, dimana beliau mengawasi bahagian kewangan dan akaun. Ketika ini, beliau merupakan ahli Lembaga Pengarah bagi beberapa subsidiari Kumpulan NHF.*

*Cik Kam adalah anak kepada Wong Ah Moy @ Wong Yoke Len, adik kepada Kam Foong Keng dan adik ipar kepada Chin Jit Sin, yang merupakan Pengarah-pengarah dan/atau pemegang saham utama Syarikat. Beliau tidak mempunyai percanggahan kepentingan yang terus dengan Kumpulan ini.*

## Directors' Profile (continued)

### Profil Pengarah (sambungan)

#### Wong Yoke Nyen

Aged 52, Independent Non-Executive Director

Mr Wong was appointed as Independent Non-Executive Director on 16 May 2008. He also serves as a member of the Audit Committee, Nomination and Remuneration Committees. With effect from 30 October 2008, he was appointed Chairman of the Audit Committee.

He is a graduate of The Wharton Advance Management Program from the Wharton Business School of the University of Pennsylvania, USA. He also earned his Bachelor Degree in Accountancy from City of London Polytechnic, United Kingdom.

Mr Wong is a seasoned investment banker with more than 20 years of dedicated corporate finance and investment banking experience. He was previously the Executive Vice President cum Head of Corporate Finance Division in Aseambankers Malaysia Berhad [now known as Maybank Investment Bank Berhad].

Mr Wong holds directorships in two (2) other public listed companies, namely XiDeLang Holdings Ltd and Benalec Holdings Berhad, and one (1) public non-listed company, Focus Lumber Berhad, as well as several private limited companies.

Mr Wong does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Group.

*Berusia 52 tahun, Pengarah Bebas Bukan Eksekutif*

*Encik Wong telah dilantik sebagai Pengarah Bebas Bukan Eksekutif pada 16 Mei 2008. Beliau juga merupakan ahli Jawatankuasa-Jawatankuasa Audit, Ganjaran dan Pencalonan. Berkuatkuasa dari 30 Oktober 2008, beliau di lantik sebagai Pengerusi Jawatankuasa Audit.*

*Beliau berkelulusan "Wharton Advance Management Program" dari Wharton Business School, University of Pennsylvania, USA. Beliau juga memperolehi Ijazah Sarjana Muda dalam Perakaunan dari City of London Polytechnic, United Kingdom.*

*Encik Wong merupakan seorang pengurus bank pelaburan yang berpengalaman, dengan memiliki lebih daripada 20 tahun pengalaman di dalam bidang kewangan korporat dan perbankan pelaburan. Dahulu, beliau pernah memegang jawatan Timbalan Presiden Eksekutif serta Ketua Bahagian Kewangan Korporat di Aseambankers Malaysia Berhad [sekarang dikenali sebagai Maybank Investment Bank Berhad].*

*Encik Wong merupakan Pengarah bagi dua (2) syarikat awam yang lain, iaitu, XiDeLang Holdings Ltd dan Benalec Holdings Berhad, dan satu (1) syarikat awam tidak tersenarai, Focus Lumber Berhad, serta beberapa buah syarikat swasta.*

*Encik Wong tiada hubungan kekeluargaan dengan mana-mana Pengarah dan/atau pemegang saham utama Syarikat. Beliau tidak mempunyai sebarang percanggahan kepentingan dengan Kumpulan ini.*

## Directors' Profile (continued)

### Profil Pengarah (sambungan)

#### **Datuk Dr. Anis bin Ahmad**

Aged 65, Independent Non-Executive Director

Datuk Dr. Anis was appointed as Independent Non-Executive Director on 2 December 2002. He also serves as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee.

He holds a Ph.D. in Pharmacology from University of Bath, United Kingdom, a Master of Science in Pharmaceutical Technology from University of London and a Bachelor of Pharmacy from University of Singapore.

Datuk Dr. Anis started his career with the Ministry of Health ("MoH") in 1968 and served the Malaysian Government in various capacities, namely as Lecturer and Head of Department of Pharmacology in Universiti Kebangsaan Malaysia, Director of the National Pharmaceutical Control Bureau ("NPCB") of MoH, Secretary of the Drug Control Authority of MoH, Deputy Director of the Pharmacy Division of MoH and Deputy Director of Health (Pharmacy) for the Department of Health, Johor. He was promoted to Director of NPCB and then Director of Pharmacy of MoH, where he served until his retirement in 2001.

Currently, Datuk Dr. Anis acts as the Chairman of the Board of Directors of Y.S.P. Southeast Asia Holding Berhad. He is also a Director of several private limited companies.

Datuk Dr. Anis does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Group.

*Berusia 65 tahun, Pengarah Bebas Bukan Eksekutif*

*Datuk Dr. Anis telah dilantik sebagai Pengarah Bebas Bukan Eksekutif pada 2 Disember 2002. Beliau juga merupakan Pengerusi Jawatankuasa Ganjaran dan ahli Jawatankuasa Audit dan Jawatankuasa Pencalonan.*

*Beliau memiliki Falsafah Kedoktoran ("Ph.D.") dalam Ilmu Khasiat Ubat dari University of Bath, United Kingdom, Ijazah Sarjana dalam Ilmu Perubatan Teknologi dari University of London dan Sarjana Muda Perubatan dari University of Singapore.*

*Datuk Dr. Anis memulakan kerjayanya dengan Kementerian Kesihatan ("MoH") pada 1968 dan berkhidmat dengan Kerajaan Malaysia dalam pelbagai jawatan sebagai Pensyarah dan Ketua Jabatan Ilmu Khasiat Ubat di Universiti Kebangsaan Malaysia, Pengarah kepada National Pharmaceutical Control Bureau ("NPCB") di MoH, Setiausaha di Penguasaan Kawalan Ubat ("Drug Control Authority") di MoH, Naib Pengarah di Bahagian Perubatan di MoH dan Naib Pengarah Kesihatan (Perubatan) bagi Jabatan Kesihatan, Johor. Beliau dinaikkan pangkat kepada Pengarah NPCB dan seterusnya Pengarah Perubatan bagi MoH, dimana beliau berkhidmat sehingga persaraannya pada 2001.*

*Ketika ini, Datuk Dr. Anis adalah Pengerusi bagi Lembaga Pengarah di Y.S.P. Southeast Asia Holding Berhad. Beliau juga sebagai pengarah di beberapa buah syarikat swasta.*

*Datuk Dr. Anis tiada hubungan kekeluargaan dengan mana-mana Pengarah dan/atau pemegang saham utama Syarikat. Beliau tidak mempunyai sebarang percanggahan kepentingan dengan Kumpulan ini.*

## Directors' Profile (continued)

### Profil Pengarah (sambungan)

#### Danny Ng Siew L'Leong

Aged 52, Independent Non-Executive Director

Mr Ng was appointed as Independent Non-Executive Director on 20 April 1998. He also serves as the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee.

He graduated with a Bachelor Degree in Agribusiness (Hon) majoring in Financial Management from Universiti Pertanian Malaysia [now known as Universiti Putra Malaysia], Malaysia in 1982. He started his career in the banking and finance industry with United Malayan Banking Corporation Berhad [now known as RHB Bank Berhad] from 1982 to 1994.

He holds directorships in public listed companies, namely, SMIS Corporation Berhad and AHB Holdings Berhad, and several private limited companies.

Mr Ng does not have any family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Group.

*Berusia 52 tahun, Pengarah Bebas Bukan Eksekutif*

*Encik Ng telah dilantik sebagai Pengarah Bebas Bukan Eksekutif pada 20 April 1998. Beliau merupakan Pengerusi Jawatankuasa Pencalonan dan ahli Jawatankuasa Audit dan Jawatankuasa Ganjaran.*

*Beliau berkelulusan Ijazah Sarjana Muda Perniagaan Tani (Kepujian) dari Universiti Pertanian Malaysia [sekarang dikenali sebagai Universiti Putra Malaysia], Malaysia, dalam bidang Pengurusan Kewangan pada 1982. Beliau memulakan kerjayanya dalam bidang perbankan dan kewangan di United Malayan Banking Corporation Berhad [sekarang dikenali sebagai RHB Bank Berhad] dari 1982 hingga 1994.*

*Beliau juga merupakan Pengarah syarikat awam yang tersenarai iaitu, SMIS Corporation Berhad dan AHB Holdings Berhad serta beberapa buah syarikat swasta.*

*Encik Ng tiada hubungan kekeluargaan dengan mana-mana Pengarah dan/atau pemegang saham utama Syarikat. Beliau tidak mempunyai sebarang percanggahan kepentingan dengan Kumpulan ini.*

#### Notes to Directors' Profile / Nota-nota kepada Profil Pengarah

1. All of the Directors of New Hoong Fatt Holdings Berhad are Malaysians.  
*Semua Pengarah New Hoong Fatt Holdings Berhad adalah warganegara Malaysia.*
2. None of the Directors have any conviction for offences within the past ten (10) years, other than traffic offences, if any.  
*Tiada Pengarah pernah disabitkan dengan kesalahan undang-undang dalam tempoh sepuluh (10) tahun yang lalu, selain dari kesalahan undang-undang trafik, jikalau ada.*

# CALENDAR OF EVENTS 2010

## TAKWIM PERISTIWA 2010

Date	Events
28 January	Signing of Memorandum of Understanding with the Road Safety Department to promote road safety programmes for NHF's employees.
11 February	Launching of Road Safety Campaign by NHF together with Safety Talk by Road Safety Department
6 March	NHF Annual Dinner 2009/2010
2-4 March	Group Division Training on Talent Management System
18 April	4th Annual Blood Donation and Health Check Campaign
23-27 April	Participation in the 2010 Beijing International Automotive Exhibition (Auto China 2010)
13 May	Thirteenth (13th) Annual General Meeting
20 June	Bowling Tournament
5-6 July	Group Division Training on improving process capability for Customer Satisfaction
10 August	Visit by students and teachers from Sri KDU, Kota Damansara, Selangor
1 October	DeepaRaya Festival celebration amongst NHF employees
28-30 September	Group Division Training on Optimizing Human Capital Performance
10 October	"Super Sunday" race, an outdoor sports activity for NHF employees
9-11 November	Group Division Training on Communicating for Impact
29 November - 17 December	NHF's Industrial Training programme IV for Form 4 students
5 December	Futsal Tournament
8-11 December	Participation in Automechanika Shanghai Exhibition

# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“Board”) of New Hoong Fatt Holdings Berhad (“NHF” or “the Company”) remain firmly committed to the principles and best practices of the Malaysian Code on Corporate Governance (revised 2007) (“the Code”) being applied within the Group to safeguard the interests of its shareholders and enhance shareholders value. The Board is pleased to report on how the Company and the Group have complied with the Code throughout the financial year ended 31 December 2010.

## A. THE BOARD OF DIRECTORS

### 1. Board Balance and its Role

The Board retains effective control of the NHF Group and is responsible for reviewing and adopting a strategic plan for the Group. The Board is fully responsible to oversee the Group’s business and financial performance, to identify and manage the Group’s risks, succession planning, the remuneration of the Board, to enhance investor relations, and to review the adequacy and integrity of the Group’s internal control systems and management information systems.

Throughout the financial year ended 31 December 2010, the Board size remained at six (6) members, comprising the Executive Chairman, Managing Director and an Executive Director and the remaining three (3) Directors are independent non-executive members. The composition reflects a balance of Executive Directors and Non-Executive Directors which fairly reflect the investment of the minority shareholders. The Directors with their wide and varied range of expertise provide a collective mix of skills and experience required for the successful direction of the Group. A brief description on the background of each Director is presented in the Directors’ Profile in this Annual Report.

There is a clear division of responsibilities between the Chairman and Managing Director, thus reflecting a balance of power and authority.

The executive members of the Board are responsible for managing the business and operations, implementing policies and monitoring the Group’s business and hence, the resulting financial performance.

The Independent Directors are independent of management and major shareholders. They are persons of calibre and credibility and possess the necessary skills and experience to bring independent judgment to bear on the issues of strategy, performance and resources, including key appointments and standards of conduct.

As in previous years, after duly reviewed by the Nomination Committee, Mr. Danny Ng Siew L’Leong remains the Company’s Senior Independent Non-Executive Director to whom concerns of shareholders may be conveyed. There

were no queries from shareholders directed to him during the financial year.

### 2. Re-election

In accordance with the Company’s Articles of Association, one-third (1/3) of the Directors, including the Managing Director, are subject to retirement by rotation at every Annual General Meeting (“AGM”) but shall be eligible for re-election.

Details of the Directors seeking re-election are set out in the Notice of AGM in this Annual Report.

### 3. Board Meetings and Supply of Information to the Board

Board meetings are planned in advance to maximize attendance by Directors. During the financial year ended 31 December 2010, four (4) Board meetings were conducted and attendance at the meetings is as follows:

Name of Director	No. of Meetings Attended
(a) Kam Foong Keng	4/4
(b) Chin Jit Sin	4/4
(c) Kam Foong Sim	4/4
(d) Wong Yoke Nyen	4/4
(e) Danny Ng Siew L’Leong	3/4
(f) Datuk Dr. Anis bin Ahmad	3/4
(g) Wong Kwan @ Wong Kwong Kwan (demised on 3 April 2010)	1/1

The Board has adopted a formal schedule of matters specifically reserved to itself for decision and approval to ensure that overall control of the Group lies firmly in its hands. These include approval of corporate proposals, appointment of directors and major acquisitions and disposals.

All Directors and respective Committee members receive appropriate and timely information which enables them to discharge their responsibilities. Board papers containing relevant financial and operational information are provided to the Directors well in advance of each Board meeting to facilitate informed decision making. Where necessary, Senior Management will be called upon by the Board for clarification of any agenda on the Board papers.

Minutes of every Board meeting records deliberations, discussions and decisions on the issues discussed and resolved during the meeting. These minutes are circulated to all Directors for their perusal prior to its confirmation at the following Board meeting.

In between Board meetings, matters requiring the approval or sanction of the Board are approved by way of circular resolutions enclosing relevant information to enable the

## Statement On Corporate Governance (continued)

Board to make informed decisions. All circular resolutions approved by the Board will be tabled for notation at the next Board meeting. The Board is also notified of any disclosures or announcements made to Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, where applicable.

### 4. Company Secretary

All Directors have full access to the advice and services of the Company Secretaries who ensure compliance with Bursa Securities' Main Market Listing Requirements ("Listing Requirements"), statutory and regulatory requirements. The Board is regularly updated and advised by the Company Secretaries who assist the Board on good governance, administrative and corporate compliances.

The Directors may also obtain external professional advice if so required by them at the Company's expense.

### 5. Board Committees

The Board has established the following Board Committees:

#### a. Audit Committee

The Audit Committee consists of the following:

- (a) Wong Yoke Nyen (Chairman)
- (b) Danny Ng Siew L'Leong
- (c) Datuk Dr. Anis bin Ahmad

The Audit Committee Report for 2010 is set out separately in this Annual Report.

#### b. Nomination Committee

The Nomination Committee comprises entirely of Independent Non-Executive Directors. The Committee meets as and when required, at least once a year. During the financial year under review, one (1) meeting was carried out, with attendance as follows:

Name of Director	No. of Meetings Attended
(a) Danny Ng Siew L'Leong (Chairman)	0/1
(b) Datuk Dr. Anis bin Ahmad	1/1
(c) Wong Yoke Nyen	1/1

The Nomination Committee has been charged with identifying and recommending new nominees to the Board as well as to the Board Committees. In making its recommendations, the Committee should consider:

- the candidate's skills, knowledge, expertise, experience, professionalism and integrity;

- in the case of an independent non-executive director, the candidate's ability to discharge such responsibilities/functions expected from independent non-executive directors; and
- candidates proposed by the Executive Chairman and Managing Director and within the bounds of practicability, by any other senior executive or any director or shareholder.

All appointments are undertaken by the Board as a whole after considering the recommendations of the Nomination Committee. Thereafter, the Committee will ensure that the newly appointed Director undergoes the Director Induction Programme to facilitate their understanding of the Group's operations, products and services. The Company Secretaries ensure all appointments are properly made and all necessary information is obtained.

The Committee monitors and oversees succession planning. Its other duties include reviewing annually the mix of skills, experience and other qualities of the existing Board and reviewing the performance of retiring Directors who are subject to re-election.

Annually, it assesses the effectiveness of the Board as a whole and the contribution of individual Directors. It reviews the size of the Board against the size of the Group and the complexity of its business to determine impact of the number upon its effectiveness.

All assessments and evaluations carried out at the meetings are properly minuted and documented and are reported to the Board after each meeting.

#### c. Remuneration Committee

The composition of the Remuneration Committee and the attendance of the Members at the meeting held in 2010 is as follows:

Name of Director	No. of Meetings Attended
(a) Datuk Dr. Anis bin Ahmad (Chairman)	1/1
(b) Danny Ng Siew L'Leong	0/1
(c) Wong Yoke Nyen	1/1
(d) Kam Foong Keng	1/1

The Remuneration Committee meets as and when required, at least once a year, to recommend to the Board the remuneration of the Executive Directors. The determination of the remuneration of Non-Executive Directors is a matter for the Board as a whole with the Director concerned abstaining from participation in deliberations and decisions regarding their respective remuneration packages. In making its recommendation, the Remuneration Committee also seeks comparative information on the remuneration of the Directors.

## Statement On Corporate Governance (continued)

The details of the remuneration of the Directors of the Board (not including directors of the subsidiaries) during the year under review are as follows:

	Salaries and Other Emoluments (RM)	Fees (RM)	Attendance Allowance (RM)
Executive Directors	1,276,080	275,000*	15,000
Non-Executive Directors	-	126,000	27,000

\* This amount includes fees paid by the subsidiaries.

The estimated monetary value of benefits-in-kind received by the Executive Directors of the Company amounted to RM63,045.

Range of Remuneration per annum	Executive Directors	Non-Executive Directors
Below RM50,000	-	1
RM50,000 to RM100,000	-	2
RM200,000 to RM250,000	1	-
RM500,000 to RM550,000	1	-
RM550,000 to RM600,000	1	-

Pursuant to their respective service contracts with the Group's subsidiaries, the remuneration packages of the Executive Directors include a compensation for loss of office amounting up to six (6) months of that Directors' last drawn salary.

*(For security reasons, details of individual Directors' remuneration are not shown. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors' remuneration are appropriately served by the disclosures made above.)*

### 6. Continuing Education of Directors

The Board members continued to keep themselves abreast on the latest regulatory updates, changes in the market and business environment and the state of the local and global economy. All Directors had previously attended the Mandatory Accreditation Programme as prescribed by Bursa Securities. In addition, the Directors identify and determine their training needs on an ongoing basis to enable themselves to be better equipped to discharge their duties as Directors.

During the year 2010, the Directors had attended various training programmes. Particulars of the seminars, courses and workshop attended are as follows:

No.	Type of Training	Title	Duration
1	Seminar	Global Currency Markets Outlook	½ day
2	Seminar	The 6th Asia Pacific Audit & Governance Summit 2010	2 days
3	Seminar	Activate Asia "Vietnam in View"	½ day
4	Course	Invest Malaysia 2010 – Powering Global Excellence	2 days
5	Course	Pricing Strategies and Profit Optimisation	2 days
6	Course	The Regulatory Framework and Directors Duties 2010 "What Directors Need To Know"	1 day
7	Course	The Non-Executive Director Development Series (NEDDS) – Is It worth The Risk? Ensuring Compliance & Protecting Asset Value	1 day
8	Workshop	Forum Moderator Development	2 days
9	Workshop	Recent Trends in Valuation	1 day

### B. SHAREHOLDERS AND INVESTOR RELATIONS

The Board maintains a communication policy that enables both the Board and management to communicate effectively with its shareholders, stakeholders and the public.

The Board communicates information on the Group to its shareholders through the following:

- (i) the Annual Report, which contains information such as a review of the Group's business, financial statements, and various reports on the Audit Committee, Corporate Governance and Internal Control;
- (ii) various announcements made to Bursa Securities, which include timely release of financial results on a quarterly basis. Concurrently with these releases, the Company practices a policy to issue public announcements to major newspapers and public media;
- (iii) regular dialogues with analysts and fund managers representing individual and institutional shareholders;
- (iv) attending to shareholders' and investors' emails and phone enquiries; and
- (v) the Company's website at [www.newhoongfatt.com.my](http://www.newhoongfatt.com.my) which houses annual reports, quarterly report announcements, press releases, slide presentations from analyst briefings and other corporate information on NHF.

## Statement On Corporate Governance (continued)

The Company uses the AGM as the principal forum of dialogue with shareholders, who are provided with ample opportunity to raise questions pertaining to issues in the Annual Report, developments in the NHF Group and the resolutions being proposed.

### C. ACCOUNTABILITY AND AUDIT

#### 1. Audit Committee and Financial Reporting

In presenting the annual financial statements and quarterly announcement of results, the Directors aim to present a balanced and understandable assessment of the Group's financial position and prospects. Each financial report and the information to be disclosed are reviewed by the Audit Committee and approved by the Board prior to its release to Bursa Securities and Securities Commission.

Full details of the composition, activities, internal audit function and terms of reference of the Audit Committee is set out in the Audit Committee Report in this Annual Report.

#### 2. Statement of Directors' Responsibility in respect of the Financial Statements

The Directors strive to ensure that annual financial statements give a true and fair view of the state of affairs, and of the results of the operations of the Group and of the Company for the financial year then ended. As required by the Companies Act, 1965 and the Listing Requirements, the financial statements have been prepared in accordance with applicable approved accounting standards in Malaysia.

In preparing the financial statements, the Directors have applied appropriate accounting policies on a consistent basis and made judgements and estimates that are reasonable and prudent. The financial statements had been prepared on a going concern basis.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and of the Company.

The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other such irregularities.

#### 3. Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's operations and assets in compliance with the relevant laws and regulations as well as internal procedures and guidelines. Further information is presented in the Group's Statement of Internal Control set out separately in this Annual Report.

#### 4. Relationship with Auditors

The role of the Audit Committee in relation to the Auditors is set out in the Audit Committee Report in this Annual Report.

Through the Audit Committee, the Board has established a transparent relationship with its Auditors, both internal and external. Whenever the need arises, the Auditors would highlight to both the Audit Committee and the Board, matters that would require their attention and response, especially those pertaining to the area of risk management and any significant defects in the Group's system of internal controls and compliance. During the financial year, the Audit Committee met twice with the external auditors without any executive or management present.

### D. OTHER INFORMATION

#### 1. Material Contracts involving Directors and/or Major Shareholders

Other than those disclosed in the financial statements of the Group and of the Company for the financial year ended 31 December 2010, there were no material contracts entered into or subsisting between the Company and/or its subsidiaries involving Directors and major shareholders' interest during the financial year.

#### 2. Imposition of Sanctions and/or Penalties

Other than penalties imposed by the Klang Sessions Court, Selangor Darul Ehsan and the Department of Environment on its subsidiaries both in relation to non-compliance with waste water discharge, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

#### 3. Non-Audit Fees

The non-audit fees incurred for services rendered to the Company or its subsidiaries paid to a firm or the affiliated company of the external auditors, for the financial year ended 31 December 2010 amounted to RM2,000.

### STATEMENT OF COMPLIANCE WITH THE CODE

The Board is pleased to report to shareholders that the Group is substantially in compliance with the Best Practices of the Code on Corporate Governance. The Board is committed and will continue to enhance compliance with the best practices in corporate governance.

This Statement on Corporate Governance is made with the approval of the Board of Directors.

# PENYATA TADBIR URUS KORPORAT

Lembaga Pengarah ("Lembaga") New Hoong Fatt Holdings Berhad ("NHF" atau "Syarikat ini") kekal komited dengan kukuhnya untuk mengguna pakai prinsip-prinsip dan amalan-amalan terbaik dalam Kod Tadbir Urus Korporat Malaysia (pindaan 2007) ("Kod ini") di dalam Kumpulan untuk melindungi kepentingan pemegang saham dan mempertingkatkan nilai pemegang saham. Dengan sukacitanya, Lembaga melaporkan bagaimana Syarikat dan Kumpulan ini telah memenuhi Kod ini sepanjang tahun kewangan berakhir 31 Disember 2010.

## A. LEMBAGA PENGARAH

### 1. Keseimbangan Lembaga Dan Perannya

Lembaga mengekalkan kawalan yang berkesan terhadap Kumpulan NHF dan bertanggungjawab untuk menyemak dan memiliki satu rancangan strategik untuk Kumpulan. Lembaga bertanggungjawab sepenuhnya untuk mengawasi perniagaan Kumpulan dan pencapaian kewangan, mengenal pasti dan menguruskan risiko Kumpulan, rancangan penggantian berturut-turut, ganjaran Lembaga Pengarah, memperkembangkan perhubungan pelabur dan menilai kecukupan dan integriti sistem kawalan dalaman Kumpulan dan sistem pengurusan informasi.

Sepanjang tahun kewangan berakhir 31 Disember 2010, saiz Lembaga ini tetap pada enam (6) ahli, yang terdiri daripada Pengerusi Eksekutif, Pengarah Urusan dan seorang Pengarah Eksekutif serta tiga (3) orang Pengarah yang lain yang merupakan pengarah bebas bukan eksekutif. Komposisi ini menunjukkan keseimbangan antara Pengarah Eksekutif dengan Pengarah Bukan Eksekutif yang jelas menggambarkan pelaburan pemegang saham minoriti. Pengarah-pengarah ini dengan kepakaran mereka yang meluas dan dalam pelbagai bidang membekalkan gabungan kemahiran dan pengalaman yang diperlukan untuk menuju ke arah kejayaan untuk Kumpulan. Huraian ringkas mengenai latar belakang setiap Pengarah dibentangkan di dalam Profil Pengarah dalam Laporan Tahunan ini.

Tanggungjawab antara Pengerusi dan Pengarah Urusan adalah jelas berasingan, dengan demikian mencerminkan keseimbangan kuasa dan autoriti.

Ahli Eksekutif Lembaga Pengarah adalah bertanggungjawab terhadap pengurusan perniagaan dan operasi, pelaksanaan polisi dan mengawasi prestasi perniagaan Kumpulan dan justeru itu, memberi kesan terhadap prestasi kewangan.

Pengarah-pengarah Bebas adalah bebas dari pihak Pengurusan dan pemegang saham utama. Mereka merupakan orang yang berkaliber dan berkepujian tinggi dan memiliki kemahiran dan pengalaman yang diperlukan untuk memberi pertimbangan yang bebas dalam pertimbangan mengenai isu-isu strategi, prestasi dan sumber, termasuk perlantikan utama dan kelakuan yang berpiawai.

Seperti tahun yang lalu, selepas penilaian yang sewajarnya oleh Jawatankuasa Pencalonan, Encik Danny Ng Siew L'Leong kekal sebagai Pengarah Bebas Bukan Eksekutif Kanan Syarikat dimana pemegang saham boleh menyalurkan segala kerisauan kepada beliau. Sepanjang tahun kewangan, tidak ada sebarang pertanyaan yang dikemukakan kepada beliau.

### 2. Pemilihan Semula

Menurut Tataurus Syarikat, satu pertiga (1/3) daripada Pengarah, termasuk Pengarah Urusan, adalah tertakluk pada persaraan mengikut giliran di setiap Mesyuarat Agung Tahunan tetapi berkecualan untuk dipilih semula.

Butir-butir Pengarah untuk pemilihan semula dibentangkan di Notis Mesyuarat Agung Tahunan di dalam Laporan Tahunan ini.

### 3. Mesyuarat Lembaga Pengarah dan Penyampaian Maklumat kepadanya

Mesyuarat Lembaga Pengarah adalah dirancang terlebih dahulu untuk memaksimumkan kehadiran Pengarah-pengarah. Semasa tahun kewangan berakhir 31 Disember 2010, empat (4) Mesyuarat Lembaga telah diadakan dan kehadiran mesyuarat adalah seperti berikut:

Nama Pengarah	Bilangan Mesyuarat Dihadiri
(a) Kam Foong Keng	4/4
(b) Chin Jit Sin	4/4
(c) Kam Foong Sim	4/4
(d) Wong Yoke Nyen	4/4
(e) Danny Ng Siew L'Leong	3/4
(f) Datuk Dr. Anis bin Ahmad	3/4
(g) Wong Kwan @ Wong Kwong Kwan (meninggal dunia pada 3 April 2010)	1/1

Lembaga Pengarah telah mengkhususkan dengan rasmi perkara-perkara yang perlu diputuskan dan diluluskan olehnya bagi memastikan keseluruhan kawalan terhadap Syarikat terletak dengan kukuh di tangannya. Ini termasuk kelulusan untuk cadangan korporat, perlantikan Pengarah dan perolehan dan penjualan yang utama.

Semua Pengarah dan ahli jawatankuasanya menerima maklumat yang sesuai dan tepat pada masanya supaya mereka boleh menjalankan tanggungjawab mereka. Kertas kerja Lembaga Pengarah yang meliputi maklumat berkenaan dengan kewangan dan operasi diberikan kepada Pengarah jauh lebih dahulu sebelum setiap mesyuarat Lembaga bagi memudahkan keputusan yang bermaklumat diambil. Sekiranya perlu, Pengurusan Kanan akan dipanggil oleh Lembaga Pengarah untuk penjelasan sebarang agenda dalam kertas kerja Lembaga Pengarah.

Minit-minit setiap mesyuarat Lembaga, merekodkan segala pertimbangan, perbincangan dan keputusan isu-isu yang telah dibincangkan dan ditetapkan semasa mesyuarat. Minit-minit ini diedarkan kepada semua Pengarah untuk penelitan mereka sebelum pengesahan di mesyuarat Lembaga yang berikutnya.

Di antara mesyuarat-mesyuarat Lembaga, perkara-perkara yang memerlukan kelulusan atau izin daripada Lembaga Pengarah diluluskan melalui edaran resolusi yang meliputi maklumat berkaitan yang membolehkan Lembaga Pengarah membuat keputusan yang bermaklumat. Kesemua edaran resolusi yang diluluskan oleh Lembaga Pengarah akan dibentangkan untuk notasi di mesyuarat Lembaga yang seterusnya. Lembaga

## Penyata Tadbir Urus Korporat (sambungan)

Pengarah juga akan diberitahu mengenai pendedahan atau pengumuman yang dibuat kepada Bursa Malaysia Securities Berhad ("Bursa Sekuriti") dan sebarang pihak berkuasa yang berkaitan, di mana yang berkenaan.

### 4. Setiausaha Syarikat

Semua Pengarah mempunyai akses sepenuhnya terhadap nasihat dan perkhidmatan Setiausaha-setiausaha Syarikat yang memastikan pematuhan dengan Syarat-syarat Penyenaian Pasaran Utama, Bursa Sekuriti ("Syarat-syarat Penyenaian"), keperluan-keperluan statutori dan peraturan. Lembaga Pengarah sentiasa diberi maklumat terkini dan dinasihatkan oleh Setiausaha-setiausaha Syarikat, yang membantu Lembaga atas tadbir urus yang baik, pentadbiran dan pematuhan korporat.

Pengarah-pengarah boleh juga mendapat nasihat profesional luaran, sekiranya diperlukan, atas tanggungan Syarikat.

### 5. Jawatankuasa Lembaga

Lembaga Pengarah telah menubuhkan Jawatankuasa Lembaga berikut:

#### a. Jawatankuasa Audit

Ahli-ahli Jawatankuasa Audit terdiri daripada yang berikut:

- (a) Wong Yoke Nyen (Pengerusi)
- (b) Danny Ng Siew L'Leong
- (c) Datuk Dr. Anis bin Ahmad

Laporan Jawatankuasa Audit untuk 2010 adalah terbentang secara berasingan dalam Laporan Tahunan ini.

#### b. Jawatankuasa Pencalonan

Jawatankuasa Pencalonan secara seluruhnya terdiri daripada Pengarah Bebas Bukan Eksekutif. Jawatankuasa ini akan bermesyuarat apabila perlu, sekurang-kurangnya setahun sekali. Sepanjang tahun kewangan dalam tinjauan, satu (1) mesyuarat telah diadakan dengan kehadiran seperti berikut:

Nama Pengarah	Bilangan Mesyuarat Dihadiri
(a) Danny Ng Siew L'Leong (Pengerusi)	0/1
(b) Datuk Dr. Anis bin Ahmad	1/1
(c) Wong Yoke Nyen	1/1

Jawatankuasa Pencalonan telah ditugaskan untuk mengenal pasti dan mencadangkan calon-calon baru kepada Lembaga Pengarah serta kepada Jawatankuasa Lembaga. Dalam membuat cadangan-cadangan, Jawatankuasa dikehendaki mempertimbangkan:

- kemahiran, pengetahuan, kepakaran, pengalaman, profesionalisme dan integriti calon;

- untuk perlantikan pengarah bebas bukan eksekutif, keupayaan calon untuk menjalankan tanggungjawab/fungsi yang diharapkan dari seorang pengarah bebas bukan eksekutif; dan
- calon-calon yang dicadangkan oleh Pengerusi Eksekutif dan Pengarah Urusan dan dalam batasan praktikalnya, oleh mana-mana eksekutif kanan, pengarah atau pemegang saham yang lain.

Semua perlantikan adalah dijalankan oleh Lembaga Pengarah secara menyeluruh setelah mempertimbangkan cadangan Jawatankuasa Pencalonan. Selepas itu, Jawatankuasa akan memastikan Pengarah yang baru dilantik menjalani Program Induksi Pengarah untuk memudahkan pemahaman beliau mengenai operasi, produk dan perkhidmatan Kumpulan. Setiausaha-setiausaha Syarikat memastikan kesemua perlantikan dijalankan dengan betul dan segala maklumat yang diperlukan telah diperolehi.

Jawatankuasa ini mengawasi dan menyelia rancangan penggantian berturut-turut. Tugas-tugas yang lain termasuk penilaian tahunan berkenaan dengan gabungan kemahiran dan pengalaman serta lain-lain kebolehan Lembaga Pengarah semasa dan menilai prestasi Pengarah-pengarah yang akan bersara dan tertakluk kepada pemilihan dan/atau perlantikan semula.

Setiap tahun, Jawatankuasa ini juga menilai keberkesanan Lembaga Pengarah secara menyeluruh dan sumbangan dari Pengarah individu. Ia mengkaji saiz Lembaga Pengarah selaras dengan saiz Kumpulan dan kesulitan perniagaannya untuk menentukan impak bilangannya terhadap keberkesanan Lembaga.

Semua anggaran dan penilaian yang dijalankan semasa mesyuarat adalah diminitkan dan didokumenkan dengan betul dan dilaporkan kepada Lembaga Pengarah selepas setiap mesyuarat.

#### c. Jawatankuasa Ganjaran

Komposisi Jawatankuasa Ganjaran dan kehadiran ahli-ahli di mesyuarat yang diadakan pada 2010 adalah seperti berikut:

Nama Pengarah	Bilangan Mesyuarat Dihadiri
(a) Datuk Dr. Anis bin Ahmad (Pengerusi)	1/1
(b) Danny Ng Siew L'Leong	0/1
(c) Wong Yoke Nyen	1/1
(d) Kam Foong Keng	1/1

Jawatankuasa Ganjaran bermesyuarat apabila perlu, sekurang-kurangnya setahun sekali untuk mengesyorkan ganjaran Pengarah Eksekutif kepada Lembaga Pengarah. Penentuan ganjaran bagi Pengarah Bukan Eksekutif adalah urusan Lembaga Pengarah secara seluruh dengan Pengarah yang terlibat mengecualikan diri dari mengambil bahagian dalam pertimbangan dan keputusan mengenai pakej ganjaran mereka masing-masing. Dalam membuat cadangan, Jawatankuasa Ganjaran juga akan meminta maklumat perbandingan yang berkenaan dengan ganjaran bagi Pengarah-pengarah.

## Penyata Tadbir Urus Korporat (sambungan)

Butiran ganjaran bagi Pengarah-pengarah Lembaga (tidak termasuk Pengarah-pengarah subsidiari) untuk tahun kewangan dalam tinjauan adalah seperti berikut:

	Gaji dan Lain-lain Emolumen (RM)	Yuran (RM)	Yuran Kehadiran (RM)
Pengarah Eksekutif	1,276,080	275,000*	15,000
Pengarah Bukan Eksekutif	-	126,000	27,000

\* Amaun ini termasuk yuran yang dibayar oleh subsidiari-subsidiari.

Anggaran nilai kewangan untuk manfaat yang diterima oleh Pengarah Eksekutif untuk Syarikat bernilai sebanyak RM63,045.

Lingkungan bagi Ganjaran Setahun	Pengarah Eksekutif	Pengarah Bukan Eksekutif
Di bawah RM50,000	-	1
RM50,000 to RM100,000	-	2
RM200,000 ke RM250,000	1	-
RM500,000 ke RM550,000	1	-
RM550,000 ke RM600,000	1	-

Menurut kontrak perkhidmatan mereka dengan subsidiari Kumpulan, pakej ganjaran Pengarah Eksekutif termasuk gantirugi untuk kehilangan jawatan yang bernilai sehingga enam (6) bulan gaji yang terakhir Pengarah tersebut.

(Bagi tujuan keselamatan, butiran bagi ganjaran Pengarah individu tidak ditunjukkan. Lembaga Pengarah berpendapat bahawa ganjaran yang dibentangkan di atas telah memenuhi aspek ketelusan dan tanggungjawab dibawah tadbir urus korporat mengenai ganjaran Pengarah telah dilayani dengan sepatutnya.)

### 6. Pendidikan Berterusan bagi Pengarah

Ahli-ahli Lembaga Pengarah terus memastikan diri mereka mengikuti kemaskini peraturan-peraturan yang terkini, perubahan dalam persekitaran pasaran dan perniagaan serta keadaan ekonomi tempatan dan seluruh dunia. Sebelum ini, kesemua Pengarah telah pun menghadiri Program Akreditasi Wajib seperti yang disyorkan oleh Bursa Sekuriti. Di samping itu, Pengarah-pengarah mengenal pasti dan menentukan secara berterusan keperluan latihan mereka supaya mereka lebih bersedia untuk melaksanakan tanggungjawab mereka sebagai Pengarah.

Sepanjang tahun 2010 ini, Pengarah-pengarah telah menghadiri pelbagai program latihan. Butir-butir mengenai seminar, kursus dan bengkel kemahiran yang dihadiri adalah seperti berikut:

No.	Jenis Latihan	Tajuk	Tempoh Masa
1	Seminar	Tinjauan Pasaran-Pasaran Mata Wang Seluruh Dunia	½ hari
2	Seminar	Summit Audit & Tadbir Urus Asia Pasifik Ke-6, tahun 2010	2 hari
3	Seminar	Aktifkan Asia "Vietnam dalam Pandangan"	½ hari
4	Kursus	Melabur Malaysia 2010 – Menguasai Kecemerlangan Global	2 hari
5	Kursus	Strategi Penetapan Harga dan Mengoptimalkan Keuntungan	2 hari
6	Kursus	Rangka Kerja Peraturan dan Tugas-Tugas Pengarah 2010 "Apa yang Pengarah-Pengarah Perlu Tahu"	1 hari
7	Kursus	Siri-Siri Perkembangan Pengarah Bukan Eksekutif (NEDDS) – Adakah Risiko Ini Berbaloi? Memastikan Pematuhan & Perlindungan Nilai-Nilai Aset	1 hari
8	Bengkel	Forum Perkembangan Orang Tengah	2 hari
9	Bengkel	Trend-Trend Terbaru Dalam Penilaian	1 hari

### B. PEMEGANG SAHAM DAN PERHUBUNGAN PELABUR

Lembaga Pengarah ini mengekalkan satu polisi komunikasi yang membolehkan kedua-dua pihak Lembaga dan pengurusan untuk berkomunikasi dengan berkesan dengan para pemegang saham, pemegang kepentingan dan orang awam.

Lembaga Pengarah menyampaikan maklumat mengenai Kumpulan kepada pemegang sahamnya melalui berikut:

- Laporan Tahunan, yang mengandungi maklumat seperti penilaian perniagaan, penyata kewangan Kumpulan, dan pelbagai laporan mengenai Jawatankuasa Audit, Tadbir Urus Korporat serta Pengawasan Dalaman;
- pelbagai pengumuman kepada Bursa Sekuriti, termasuk pengumuman yang tepat waktunya mengenai keputusan kewangan setiap suku tahun. Pada masa yang sama, Syarikat mengamalkan satu polisi untuk mengeluarkan pengumuman awam kepada suratkhbar utama dan media awam;
- sering berdialog dengan penganalisa dan pengurus dana yang mewakili pemegang saham individu atau institusi;
- melayani pertanyaan dari para pemegang saham dan pelabur melalui e-mel dan telefon; dan
- laman web Syarikat di [www.newhoongfatt.com.my](http://www.newhoongfatt.com.my), yang mengandungi laporan tahunan, pengumuman laporan kewangan suku tahun, siaran-siaran akhbar, persembahan taklimat untuk penganalisa dan maklumat korporat lain mengenai NHF.

## Penyata Tadbir Urus Korporat (sambungan)

Syarikat menggunakan Mesyuarat Agung Tahunan sebagai forum dialog utama dengan pemegang saham, yang diberikan peluang secukupnya untuk mengemukakan soalan-soalan mengenai isu-isu yang terdapat di dalam Laporan Tahunan, perkembangan di dalam Kumpulan NHF dan resolusi yang dicadangkan.

### C. AKAUNTABILITI DAN AUDIT

#### 1. Jawatankuasa Audit dan Laporan Kewangan

Dalam pengemukaan penyata kewangan tahunan dan pengumuman keputusan suku tahun, Pengarah-pengarah berhasrat untuk membentangkan penilaian kedudukan kewangan serta prospek Kumpulan yang seimbang dan dapat difahami. Setiap laporan kewangan dan maklumat yang akan dikemukakan adalah dipertimbangkan oleh Jawatankuasa Audit dan diluluskan oleh Lembaga sebelum ia dihantarkan ke Bursa Sekuriti dan Suruhanjaya Sekuriti.

Butir-butir penuh mengenai komposisi, aktiviti-aktiviti, fungsi audit dalaman dan terma-terma rujukan Jawatankuasa Audit dibentangkan di dalam Laporan Jawatankuasa Audit di dalam Laporan Tahunan ini.

#### 2. Penyata Tanggungjawab Pengarah-Pengarah berhubung dengan Penyata Kewangan

Pengarah-pengarah berusaha untuk memastikan bahawa penyata-penyata kewangan tahunan memberikan pandangan yang benar dan saksama mengenai hal-ehwal serta keputusan operasi-operasi Kumpulan dan Syarikat bagi tahun kewangan yang baru berakhir. Seperti yang diwajibkan oleh Akta Syarikat, 1965 dan Syarat-syarat Penyenaraian, penyata-penyata kewangan telah disediakan menurut piawaian-piawaian perakaunan yang diluluskan di Malaysia.

Dalam penyediaan penyata-penyata kewangan, Pengarah-pengarah telah menggunakan polisi perakaunan yang sesuai di atas dasar yang konsisten dan membuat keputusan dan anggaran yang munasabah dan berhemat. Penyata-penyata kewangan telah disediakan berasaskan dengan andaian perniagaan berterusan.

Pengarah-pengarah bertanggungjawab untuk memastikan bahawa rekod-rekod perakaunan yang sewajarnya disimpan, di mana ia dapat memberikan maklumat yang tepat dan munasabah mengenai kedudukan kewangan Kumpulan dan Syarikat.

Pengarah-pengarah juga bertanggungjawab untuk mengambil langkah-langkah yang sewajarnya untuk melindungi aset-aset Kumpulan bagi mencegah dan mengesan penipuan serta kepincangan yang lain.

#### 3. Kawalan Dalaman

Lembaga mengenal pasti tanggungjawab keseluruhannya untuk mengekalkan sistem kawalan dalaman yang kukuh untuk melindungi pelaburan pemegang saham serta operasi dan aset Kumpulan yang mematuhi undang-undang dan peraturan-peraturan yang berkenaan serta prosedur dan panduan dalaman. Maklumat yang selanjutnya dibentangkan di dalam Penyata Kawalan Dalaman Kumpulan secara berasingan di dalam Laporan Tahunan ini.

#### 4. Hubungan dengan Juruaudit

Peranan Jawatankuasa Audit berkaitan dengan Juruaudit-juruaudit dibentangkan dalam Laporan Jawatankuasa Audit di dalam Laporan Tahunan ini.

Melalui Jawatankuasa Audit, Lembaga Pengarah telah mewujudkan perhubungan yang telus dengan kedua-dua Juruaudit Luaran dan Dalaman. Apabila diperlukan, Juruaudit-juruaudit akan memberitahu Jawatankuasa Audit dan Lembaga Pengarah, perkara-perkara yang memerlukan perhatian dan tindak balas mereka, terutamanya mengenai pengurusan risiko dan segala kekurangan yang mustahak dalam sistem kawalan dan pematuhan dalaman Kumpulan. Dalam tahun kewangan ini, Jawatankuasa Audit telah mengadakan dua (2) mesyuarat dengan Juruaudit Luaran, tanpa kehadiran Pengarah Eksekutif dan pihak pengurusan.

### D. MAKLUMAT LAIN

#### 1. Kontrak-Kontrak Penting yang melibatkan Pengarah-Pengarah dan/atau Pemegang Saham Utama

Selain daripada yang dikemukakan di penyata-penyata kewangan Kumpulan dan Syarikat untuk tahun kewangan berakhir 31 Disember 2010, Syarikat dan/atau anak-anak syarikatnya tidak memeterai sebarang kontrak mustahak yang melibatkan kepentingan Pengarah-pengarah dan pemegang saham utama.

#### 2. Sekatan dan/atau Penalti-Penalti yang dikenakan

Selain daripada penalti-penalti yang dikenakan oleh Mahkamah Sesyen Klang, Selangor Darul Ehsan dan Jabatan Alam Sekitar terhadap subsidiari-subsidiarinya, kedua-duanya berkaitan dengan ketidakpatuhan dengan penyingkiran sisa air, tiada sebarang sekatan dan/atau penalti-penalti yang dikenakan terhadap Syarikat dan subsidiari-subsidiari, Pengarah-pengarah atau pihak pengurusannya oleh badan-badan perundangan yang berkaitan.

#### 3. Yuran bukan Audit

Bagi tahun kewangan berakhir 31 Disember 2010, yuran bukan audit yang berpunca dari perkhidmatan kepada Syarikat atau subsidiarinya oleh firma atau pertubuhan yang berkaitan dengan Juruaudit Luaran, adalah sebanyak RM2,000.

### PENYATA PEMATUHAN KOD

Dengan suka citanya, Lembaga melaporkan kepada para pemegang saham bahawa Kumpulan mematuhi Amalan Terbaik untuk Kod Tadbir Urus Korporat pada dasarnya. Lembaga adalah komited dan akan terus meningkatkan pematuhan dengan amalan-amalan terbaik dalam tadbir urus korporat.

Penyata Tadbir Urus Korporat ini telah dibuat menurut kelulusan dari Lembaga Pengarah.

# AUDIT COMMITTEE REPORT

The Board of Directors of New Hoong Fatt Holdings Berhad is pleased to present the report of Audit Committee for the financial year ended 31 December 2010.

## 1. MEMBERSHIP AND MEETINGS

The Audit Committee comprises the following directors and details of their attendance at the Committee meetings during the financial year under review are set out in the table below.

Composition of Committee	No. of Meetings Attended
Wong Yoke Nyen Chairman & Independent Non-Executive Director	4/4
Danny Ng Siew L'Leong Independent Non-Executive Director	3/4
Datuk Dr. Anis bin Ahmad Independent Non-Executive Director	3/4
Wong Kwan @ Wong Kwong Kwan (demised on 3 April 2010) Independent Non-Executive Director	1/1

The composition of the Audit Committee is in compliance with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

## 2. SUMMARY OF ACTIVITIES

During the financial year under review, the Audit Committee carried out the following activities:

- reviewed the external audit plan, scope and nature of statutory audit of the Group's financial statements;
- reviewed the external audit reports and the results of the External Auditors' examination;
- reviewed the External Auditors' recommendations and Management responses in relation thereto;
- reviewed the quarterly financial results of the Group;
- reviewed the audited financial statements of the Company with the External Auditors;

- discussed on the impact and extent of applicability of new or proposed changes in Financial Reporting Standards to the Group with the External Auditors;
- reviewed the risk assessment of the Group;
- reviewed the internal audit plan, internal audit report and internal controls of the Group, together with issues and recommendations arising from each audit cycle and assessed the performance of the Internal Auditors;
- reviewed on quarterly basis related party transactions and conflict of interest situations that may arise within the Group;
- reviewed the Group's financial results against the budget;
- considered the re-appointment of Internal and External Auditors and their respective audit fees;
- met twice with the External Auditors without any executives and senior management present except the Company Secretary; and
- the Chairman of the Audit Committee met with senior management in order to be kept informed of operational matters affecting the Group.

## 3. INTERNAL AUDIT FUNCTION

The Internal Auditors are responsible for the regular review of the process of the internal control functions as well as enhancing the efficiency and effectiveness of the internal control system of the Group by providing constructive and value-added recommendations. The Internal Auditors report directly to the Audit Committee and provide the Committee with independent and objective reports on the state of internal control of the various operating divisions within the Group, and the extent of compliance of the divisions with the Group's established policies and procedures as well as relevant statutory requirements. The internal audit function is outsourced, and therefore, is independent of the activities they audit. Audits are performed impartially and with due professional care.

During the financial year ended 31 December 2010, the Audit Committee reviewed the internal audit plan and internal audit reports generated by the Internal Auditors in connection with the audit works conducted. The Audit Committee also ensured that appropriate actions were taken on the recommendations arose from the audits and implementations were carried out by Management.

## Audit Committee Report (continued)

### 4. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

#### 4.1 Composition

- (a) The Committee shall be appointed from amongst the Board and shall comprise of not less than three (3) members who fulfils the following requirements:
  - (i) all the audit committee members must be non-executive directors, with a majority of them being independent directors; and
  - (ii) have at least one (1) member who is a member of the Malaysian Institute of Accountants or who complies with paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- (b) The Chairman, who shall be elected by the Audit Committee, shall be an Independent Director.
- (c) In the event of any vacancy resulting in non-compliance with the terms of reference hereof, the vacancy must be filled within three (3) months.
- (d) The term of office and performance of the Audit Committee and each of its members must be reviewed by the Board of Directors at least once in every three (3) years in order to determine whether the Audit Committee and members have carried out their duties in accordance with their terms of reference.

#### 4.2 Functions and Duties

- (a) To review with the External Auditors on:
  - (i) the audit plan, its scope and nature;
  - (ii) the audit report;
  - (iii) the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
  - (iv) the problems and reservations arising from the interim and final audits, and any matter the Auditors may wish to discuss (in the absence of Management, where necessary).

- (b) To review with Management on:
  - (i) audit reports and management letter issued by the External Auditors and the implementation of audit recommendations;
  - (ii) interim financial information; and
  - (iii) the assistance given by the officers of the Company to the External Auditors.
- (c) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:
  - (i) changes in or implementation of major accounting policy and practices;
  - (ii) significant adjustments arising from the audit;
  - (iii) the going concern assumption; and
  - (iv) compliance with accounting standards and other legal requirements.
- (d) To consider the appointment (or re-appointment as the case may be) of the Internal and External Auditors, the audit fee and any question of resignation or dismissal.
- (e) To do the following, in relation to the internal audit function:
  - (i) review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - (ii) review the internal audit plan and the results of the internal audit process and, where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
  - (iii) review any appraisal or assessment of the performance of members of the internal audit function; and
  - (iv) where the internal audit function is in-house, approve any appointment or termination of senior staff members and take cognisance of resignations of its staff members, providing them an opportunity to submit reasons for resigning.

## Audit Committee Report (continued)

- (f) To consider the major findings of internal audit and Management's response.
- (g) To review any related party transaction and conflict of interest that may arise within the Company or the Group.
- (h) To submit to the Board a report on the summary of activities of the Audit Committee in the discharge of its functions and duties in respect of each financial year.

### 4.3 Rights

The Audit Committee shall:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Group;
- (d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity;
- (e) have the right to obtain independent professional or other advice at the Company's expense;
- (f) have the right to convene meetings with the Internal and External Auditors, without the attendance of the other Directors or employees of the Group, whenever deemed necessary; and
- (g) promptly report to the Bursa Malaysia Securities Berhad matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

### 4.4 Meetings

- (a) The Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.
- (b) The Company Secretary shall be the Secretary of the Committee.
- (c) The Chairman shall upon request of the Internal and External Auditors convene a meeting of the Audit Committee to consider any matter the Auditors believe should be brought to the attention of the Directors or Shareholders.
- (d) The External Auditors, the head of finance and the head of Internal Audit have the right to appear at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee.
- (e) The Committee should meet with the External Auditors without Executive Directors present at least twice a year.
- (f) The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the Chairman of the Board, the Managing Director, the head of finance, the head of internal audit and the External Auditors in order to be kept informed of matters affecting the Company.

# LAPORAN JAWATANKUASA AUDIT

Lembaga Pengarah New Hoong Fatt Holdings Berhad dengan sukacitanya membentangkan Laporan Jawatankuasa Audit untuk tahun kewangan berakhir 31 Disember 2010.

## 1. KEAHLIAN DAN MESYUARAT

Ahli-ahli Jawatankuasa Audit terdiri daripada Pengarah-pengarah yang berikut dan butir-butir kehadiran mereka di mesyuarat jawatankuasa sepanjang tahun kewangan adalah seperti senarai dibawah.

<b>Komposisi Jawatankuasa</b>	<b>Bilangan Mesyuarat Dihadiri</b>
Wong Yoke Nyen Pengerusi Jawatankuasa Audit & Pengarah Bebas Bukan Eksekutif	4/4
Danny Ng Siew L'Leong Pengarah Bebas Bukan Eksekutif	3/4
Datuk Dr. Anis bin Ahmad Pengarah Bebas Bukan Eksekutif	3/4
Wong Kwan @ Wong Kwong Kwan (meninggal dunia pada 3 April 2010) Pengarah Bebas Bukan Eksekutif	1/1

Komposisi Jawatankuasa Audit adalah memenuhi Perenggan 15.09, Syarat-Syarat Penyenaraian Pasaran Utama, Bursa Malaysia Securities Berhad.

## 2. RINGKASAN KEGIATAN

Sepanjang tahun kewangan dalam kajian, Jawatankuasa Audit telah melaksanakan kegiatan seperti berikut:

- menyemak perancangan audit luaran, skop dan dasar audit berkanun ke atas penyata kewangan Kumpulan;
- menyemak laporan audit dari Juruaudit Luaran dan keputusan pemeriksaan Juruaudit Luaran;
- menyemak saranan dari Juruaudit Luaran dan tindak balas dari pihak Pengurusan sehubungan dengan itu;
- menyemak keputusan kewangan Kumpulan setiap suku tahun;
- menyemak bersama dengan Juruaudit Luaran penyataan kewangan yang diaudit;

- berbincang dengan Juruaudit Luaran mengenai kesan dan takat penerapan dari Piawaian Laporan Kewangan yang baru terhadap Kumpulan;
- menyemak penilaian risiko Kumpulan;
- menyemak perancangan audit dalaman dan laporan Juruaudit Dalaman, bersama dengan isu-isu dan saranan yang timbul dari setiap audit kitaran dan menilai prestasi Juruaudit Dalaman;
- setiap suku tahun, menyemak urus niaga pihak berkaitan dan percanggahan faedah yang mungkin timbul dalam Kumpulan;
- menyemak keputusan kewangan Kumpulan berbanding dengan belanjawan;
- mempertimbangkan perlantikan semula Juruaudit-juruaudit Dalaman dan Luaran serta yuran audit mereka;
- bertemu dengan Juruaudit Luaran dua kali tanpa kehadiran eksekutif-eksekutif dan pengurusan kanan kecuali Setiausaha Syarikat; dan
- pengerusi bagi Jawatankuasa Audit bertemu dengan pengurusan kanan untuk dimaklumkan perkara-perkara operasi yang mempengaruhi Syarikat.

## 3. FUNGSI AUDIT DALAMAN

Juruaudit Dalaman bertanggungjawab untuk mengkaji proses fungsi kawalan dalaman secara teratur serta mempertingkatkan kecekapan dan keberkesanan sistem kawalan dalaman Kumpulan dengan memberi saranan yang membina dan menambah nilai. Juruaudit Dalaman melapor terus kepada Jawatankuasa Audit dan memberi Jawatankuasa laporan yang bebas dan objektif mengenai keadaan kawalan dalaman di bahagian-bahagian operasi tersebut kepada polisi dan prosedur yang ditubuhkan oleh Kumpulan serta syarat-syarat berkanun berkaitan. Fungsi Audit Dalaman adalah sumber luaran, oleh itu, ia adalah bebas dari aktiviti-aktiviti yang mereka mengaudit. Audit dijalankan secara adil dan dengan perhatian berprofesional yang wajar.

Sepanjang tahun kewangan berakhir 31 Disember 2010, Jawatankuasa Audit menyemak rancangan audit dalaman dan laporan audit dalaman yang diterbitkan oleh Juruaudit Dalaman yang berkaitan dengan kerja audit yang dijalankan. Jawatankuasa Audit juga memastikan bahawa tindakan yang sesuai telah diambil ke atas saranan yang timbul dari audit dan pelaksanaan telah dijalankan oleh pihak Pengurusan.

## Laporan Jawatankuasa Audit (sambungan)

### 4. TERMA-TERMA RUJUKAN JAWATANKUASA AUDIT

#### 4.1 Komposisi

(a) Jawatankuasa ini hendaklah dilantik dari kalangan Lembaga Pengarah dan seharusnya terdiri tidak kurang daripada tiga (3) orang ahli yang memenuhi syarat-syarat berikut:

(i) kesemua ahli jawatankuasa audit mestilah pengarah bukan eksekutif; dengan majoriti ahlinya mestilah pengarah bebas; dan

(ii) sekurang-kurangnya seorang ahli adalah ahli Institut Akauntan Malaysia atau beliau mestilah seorang yang mematuhi Perenggan 15.09 dari Syarat-Syarat Penyenaraian Pasaran Utama, Bursa Malaysia Securities Berhad atau memenuhi syarat-syarat lain atau yang diluluskan oleh Bursa Malaysia Securities Berhad.

(b) Pengerusi mestilah dilantik oleh Jawatankuasa Audit dan seharusnya seorang Pengarah Bebas.

(c) Sekiranya terdapat kekosongan jawatan yang menyebabkan ketidakpatuhan sebarang terma-terma rujukan ini, pengantiannya mesti dilantik dalam masa tiga (3) bulan.

(d) Terma pejabat dan pencapaian Jawatankuasa Audit dan setiap ahlinya mestilah dinilai oleh Lembaga Pengarah sekurang-kurangnya sekali setiap tiga (3) tahun supaya menentukan samaada Jawatankuasa Audit dan ahlinya menjalankan tugas mereka menurut terma-terma rujukan ini.

#### 4.2 Fungsi dan Tugas

(a) Untuk menyemak bersama dengan Juruaudit Luaran perkara-perkara berikut:

(i) perancangan audit, skop dan dasarnya;

(ii) laporan audit;

(iii) keputusan daripada penilaian terhadap polisi perakaunan dan sistem kawalan dalaman perakaunan dalam Kumpulan; dan

(iv) masalah-masalah dan perkara-perkara yang tidak selesai yang timbul dari audit perantaraan dan audit yang terakhir, dan sebarang perkara yang Juruaudit ingin bincangkan (dengan ketidakhadiran pihak Pengurusan, dimana perlu).

(b) Untuk menyemak bersama dengan pihak Pengurusan perkara-perkara berikut:

(i) laporan audit dan surat pihak Pengurusan yang dikeluarkan oleh Juruaudit Luaran dan pelaksanaan saranan audit;

(ii) maklumat interim kewangan; dan

(iii) bantuan yang diberi oleh pegawai Syarikat kepada Juruaudit Luaran.

(c) Untuk menyemak laporan suku tahun atas keputusan kewangan yang disatukan dan penyata kewangan tahunan sebelum penyerahan kepada Lembaga Pengarah, yang mana fokus utamanya adalah:

(i) perubahan atau pelaksanaan polisi perakaunan yang utama dan amalannya;

(ii) penyelerasan utama yang timbul dari audit;

(iii) andaian kemajuan; dan

(iv) pematuhan terhadap piawaian perakaunan dan lain-lain tuntutan undang-undang.

(d) Untuk mempertimbangkan perlantikan (atau perlantikan semula yang mana berlaku) Juruaudit-juruaudit Dalaman dan Luaran, yuran audit dan sebarang persoalan mengenai perletakan jawatan atau pemecatan.

(e) Untuk membuat perkara mengenai fungsi audit dalaman seperti berikut:

(i) menyemak kecukupan skop, fungsi, kecekapan dan sumber untuk fungsi audit dalaman, dan samada ia mempunyai kuasa yang diperlukan untuk menjayakan kerjanya;

(ii) menyemak perancangan audit dalaman dan keputusan dari proses audit dalaman dan, dimana perlu, memastikan tindakan yang sesuai diambil ke atas saranan fungsi audit dalaman;

(iii) menyemak sebarang penilaian atau penaksiran ke atas prestasi ahli-ahli fungsi audit dalaman; dan

(iv) dimana fungsi audit dalaman adalah dibawah pengurusan sendiri, meluluskan segala perlantikan atau penamatan ahli pegawai kanan dan mengambil perhatian dalam perletakan jawatan ahli pekerjanya, sementara memberi mereka peluang untuk menjelaskan alasan perletakan jawatan.

## Laporan Jawatankuasa Audit (sambungan)

- (f) Untuk mempertimbangkan hasil utama dari audit dalaman dan tindak balas pihak Pengurusan.
- (g) Untuk menyemak sebarang urusan pihak berkaitan dan percanggahan faedah yang mungkin timbul dalam Syarikat atau Kumpulan.
- (h) Untuk menyerahkan kepada Lembaga Pengarah laporan mengenai ringkasan kegiatan Jawatankuasa Audit di dalam pelaksanaan fungsi dan tugas mereka untuk setiap tahun kewangan.

### 4.3 Hak-Hak

Jawatankuasa Audit seharusnya:

- (a) mempunyai kuasa untuk menyasiat sebarang perkara di dalam terma-terma rujukannya;
- (b) mempunyai sumber-sumber yang diperlukan untuk menjalankan tugasnya;
- (c) mempunyai akses sepenuhnya kepada semua maklumat mengenai Kumpulan;
- (d) mempunyai saluran komunikasi terus dengan Juruaudit Luaran dan orang-orang yang menjalankan fungsi atau aktiviti audit dalaman;
- (e) berhak untuk mendapatkan sebarang nasihat profesional atau selain daripadanya di atas perbelanjaan Syarikat;
- (f) berhak untuk mengadakan mesyuarat dengan Juruaudit-juruaudit Dalaman dan Luaran, tanpa kehadiran Pengarah-pengarah yang lain atau pekerja Kumpulan, bila diperlukan; dan
- (g) melaporkan segera kepada Bursa Malaysia Securities Berhad sebarang urusan yang belum diselesaikan dengan memuaskan oleh Lembaga Pengarah, menyebabkan pengabaian terhadap Syarat-Syarat Penyenaraian Pasaran Utama, Bursa Malaysia Securities Berhad.

### 4.4 Mesyuarat

- (a) Jawatankuasa ini mesti mengadakan mesyuarat sekurang-kurangnya empat (4) kali setiap tahun kewangan. Koram mesyuarat mestilah terdiri daripada dua (2) orang ahli, dimana kebanyakan ahli yang menghadiri mesyuarat tersebut mestilah pengarah bebas.
- (b) Setiausaha Syarikat akan menjadi Setiausaha Jawatankuasa.
- (c) Atas permintaan Juruaudit-juruaudit Dalaman dan Luaran, Pengerusi Jawatankuasa Audit akan mengadakan mesyuarat Jawatankuasa Audit untuk mempertimbangkan sebarang perkara yang Juruaudit fikir perlu dimaklumkan kepada para Pengarah atau pemegang saham.
- (d) Juruaudit Luaran, ketua bahagian kewangan dan ketua bahagian audit dalaman berhak untuk hadir di mana-mana mesyuarat Jawatankuasa Audit dan mesti hadir apabila dikehendaki oleh Jawatankuasa.
- (e) Jawatankuasa ini sepatutnya bertemu dengan Juruaudit Luaran tanpa kehadiran Pengarah Eksekutif sekurang-kurangnya dua (2) kali setahun.
- (f) Pengerusi Jawatankuasa Audit sepatutnya menumpukan perhatian berterusan dengan pengurusan kanan, seperti Pengerusi Lembaga Pengarah, Pengarah Urusan, ketua bahagian kewangan, ketua bahagian audit dalaman dan Juruaudit Luaran supaya dimaklumkan perkara-perkara yang mempengaruhi Syarikat.

# STATEMENT ON INTERNAL CONTROL

The Board of Directors (“the Board”) is pleased to present its Statement on Internal Control for the financial year ended 31 December 2010.

The Board is committed to maintaining a sound system of internal controls to safeguard shareholders’ investment, the interest of stakeholders, and the Group’s assets. The Board acknowledges its overall responsibility for the Group’s system of internal controls and for reviewing its adequacy and integrity. The system covers financial controls, operational controls, and Management Information Systems, including compliance with relevant laws, regulations, rules and guidelines.

However, it should be noted that the system of internal controls is designed to manage rather than eliminate risks. The process can only provide reasonable but not absolute assurance against material misstatement or loss, or fraud. The Executive Directors’ and Management’s roles in this is to enable the implementation and compliance of those internal control procedures at the operational level.

The New Hoong Fatt Group has adopted a risk management framework which was established to enable a systematic and on-going process of identification, evaluation and management of significant risks faced by the Group. Management is responsible for implementing the processes for identifying and evaluating the significance of each risk applicable to their business together with the implementation of suitable internal controls.

The Group had out-sourced the Internal Audit function to a professional firm of consultants, which is independent of the activities it audits. The Internal Auditors prepared its internal audit plan based on the risk profile of the Group’s operations as assessed by the Management. The Internal Auditors review the audit areas set out in the plan

approved by the Board on the recommendation of the Audit Committee. The review provides an objective and independent assessment of the system of internal controls in order to provide reasonable assurance that the system continues to operate satisfactorily. The Internal Auditors report directly to the Audit Committee, which receives reports of issues and recommendations arising from each review and subsequently reports to the Board. The Group’s annual professional fee for services rendered by the out-sourced Internal Auditors to manage the internal audit function was RM39,480.

The External Auditors have reviewed this Statement on Internal Control for the inclusion in the Annual Report of the Group for the financial year ended 31 December 2010 in accordance with the Recommended Practice Guide 5, Guidance for Auditors on the Review of Directors’ Statement on Internal Control (“RPG5”) issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process of internal control adopted by the Board.

This Statement on Internal Control is made in accordance with the Main Market Listing Requirements and the “Statement on Internal Control - Guidance for Directors of Public Listed Companies” issued by the Institute of Internal Auditors and adopted by Bursa Malaysia Securities Berhad, and with the approval of the Board of Directors.

**The Board of Directors  
New Hoong Fatt Holdings Berhad**

## PENYATA KAWALAN DALAMAN

Dengan sukacitanya, Lembaga Pengarah ("Lembaga ini") mengemukakan Penyata Kawalan Dalaman bagi tahun kewangan berakhir 31 Disember 2010.

Lembaga ini komited untuk mengekalkan suatu sistem kawalan dalaman untuk melindungi pelaburan pemegang-pemegang saham, kepentingan bagi pihak-pihak yang berkenaan, dan harta-harta Kumpulan. Lembaga mengakui tanggungjawabnya dengan keseluruhannya ke atas sistem kawalan dalaman Kumpulan dan penilaian kecukupan dan integriti sistemnya. Sistem ini meliputi kawalan-kawalan kewangan, kawalan operasi dan Pengurusan Sistem Informasi, termasuk pematuhan dengan undang-undang yang berkenaan, peraturan-peraturan dan garis panduan.

Bagaimanapun, ia sepatutnya diperhatikan bahawa sistem kawalan dalaman ini adalah direka untuk mengurus risiko-risiko dan bukan untuk menghapuskannya. Proses tersebut hanya dapat memberi jaminan yang munasabah dan bukan jaminan yang menyeluruh terhadap sebarang salah penyataan atau kerugian ketara, mahupun penipuan. Peranan Pengarah-pengarah Eksekutif dan Pihak Pengurusan disini adalah membolehkan penubuhan dan kepatuhan urusan kawalan dalaman pada taraf operasi.

Kumpulan New Hoong Fatt telah mengamalkan suatu rangka kerja pengurusan risiko yang didirikan untuk membolehkan proses yang sistematik dan yang berterusan bagi pengenalanpastian, penilaian dan pengurusan bagi risiko-risiko yang utama yang dihadapinya. Pihak Pengurusan bertanggungjawab ke atas pelaksanaan proses-proses yang mengenal pasti dan menilai kepentingan setiap risiko ke atas perniagaan mereka bersama dengan pelaksanaan kawalan dalaman yang sesuai.

Kumpulan telah menyerahkan fungsi Audit Dalaman kepada suatu firma penasihat profesional, yang bebas dari aktiviti-aktiviti yang diaudit. Audit Dalaman ini menyediakan rancangan audit dalaman berdasarkan profil risiko operasi Kumpulan yang dinilai oleh Pengurusan. Audit Dalaman

ini menyemak bahagian audit seperti yang disenaraikan di rancangan audit yang diliuluskan oleh Lembaga Pengarah atas cadangan dari Jawatankuasa Audit. Penyemakan ini memberikan satu matlamat dan penilaian berkecuali dalam sistem audit dalaman untuk memberi jaminan yang berpatutan supaya sistem ini dapat terus beroperasi dengan memuaskan. Audit Dalaman melapor terus kepada Jawatankuasa Audit, yang menerima laporan mengenai perkara-perkara dan cadangan-cadangan yang timbul dari setiap audit dan kemudiannya melapor kepada Lembaga. Yuran tahunan bagi penasihat profesional luar untuk perkhidmatan Audit Dalaman supaya mengurus fungsi audit dalaman bagi Kumpulan adalah sebanyak RM39,480

Juruaudit Luaran telah menyemak Penyata Kawalan Dalaman ini untuk dimasukkan ke dalam Laporan Tahunan Kumpulan bagi tahun kewangan berakhir 31 Disember 2010 menurut Panduan Pengamalan 5 yang Disyorkan, Garis Panduan kepada Juruaudit dalam Penyemakan Penyata Kawalan Dalaman yang dikeluarkan oleh Pengarah, yang diterbitkan oleh Institut Akauntan Malaysia. Berdasarkan semakan mereka, tidak ada apa-apa yang dapat dijumpai yang boleh menyebabkan mereka mempercayai bahawa penyata ini adalah tidak konsisten dengan pemahaman mereka terhadap proses kawalan dalaman yang diamalkan oleh Lembaga.

Penyata Audit Dalaman ini adalah dibuat menurut Syarat-syarat Penyenaaraan Pasaran Utama dan "Penyata Kawalan Dalaman - Garis Panduan untuk Pengarah-pengarah Syarikat Awam Tersenarai" yang diterbitkan oleh Institut Juruaudit Dalaman dan diamalkan oleh Bursa Malaysia Securities Berhad, dengan kelulusan dari Lembaga Pengarah.

**Lembaga Pengarah  
New Hoong Fatt Holdings Berhad**

# FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

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# DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of the principal activities of the Company and of its subsidiaries during the financial year.

## RESULTS

	Group RM	Company RM
Profit for the financial year attributable to:		
Owners of the parent	27,254,276	9,117,224
Minority interest	385,079	-
	<hr/> 27,639,355	<hr/> 9,117,224

## DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	RM
In respect of the financial year ended 31 December 2009:	
Final single tier dividend of 8 sen and a special final single tier dividend of 1 sen per ordinary share, paid on 17 June 2010	6,764,094
In respect of the financial year ended 31 December 2010:	
An interim single tier dividend of 3 sen per ordinary share, paid on 17 December 2010	2,254,698
	<hr/> 9,018,792

The Directors proposed a final single tier dividend of 8 sen and a special final single tier dividend of 2 sen per ordinary share, amounting to RM7,515,660 in respect of the financial year ended 31 December 2010, which are subject to the approval of the members at the forthcoming Annual General Meeting.

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

## Directors' Report (continued)

### OPTIONS GRANTED OVER UNISSUED SHARES

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

### DIRECTORS

The Directors who held office since the date of the last report are:

Chin Jit Sin  
Kam Foong Keng  
Danny Ng Siew L'Leong  
Kam Foong Sim  
Datuk Dr Anis Bin Ahmad  
Wong Yoke Nyen  
Wong Kwan @ Wong Kwong Kwan (demised on 3 April 2010)

In accordance with Article 78 of the Company's Articles of Association, Datuk Dr Anis Bin Ahmad and Madam Kam Foong Keng retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

### DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares in the Company and of its related corporations during the financial year ended 31 December 2010 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

	Number of ordinary shares of RM1.00 each			Balance at 31.12.2010
	Balance at 1.1.2010	Bought	Sold	
<b>Shares in the Company</b>				
<b>Direct interests</b>				
Kam Foong Keng	25,620,942	-	-	25,620,942
Chin Jit Sin	838,200	-	-	838,200
Kam Foong Sim	1,807,425	-	-	1,807,425
Wong Yoke Nyen	10,000	-	-	10,000
<b>Indirect interests</b>				
Wong Yoke Nyen <sup>#</sup>	17,000	-	-	17,000

<sup>#</sup> Deemed interested through spouse's shareholdings pursuant to Section 134(12)(c) of the Companies Act, 1965

By virtue of their interests in the ordinary shares of the Company, Madam Kam Foong Keng, Mr. Chin Jit Sin and Ms. Kam Foong Sim are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares and options over ordinary shares in the Company or ordinary shares, options over ordinary shares and debentures of its related corporations during the financial year.

## Directors' Report (continued)

### DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the following:

- (a) Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which siblings of certain Directors have substantial financial interests; and
- (b) certain Directors who received remunerations from the subsidiaries as directors of the subsidiaries.

The details of the above transactions are disclosed in Note 32 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

#### (I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the statements of comprehensive income and statements of financial positions of the Group and of the Company were made out, 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 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 any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations 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.

#### (II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
  - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; and
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## Directors' Report (continued)

### OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

#### (II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT (continued)

- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) 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.

#### (III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) On 2 March 2010, the Company acquired for two (2) ordinary shares of RM1.00 each representing 100% equity interest in Auto Global Parts Industries Sdn. Bhd., a company incorporated in Malaysia, which intends to engage in the manufacturing and marketing of automotive parts and provision of injection services for plastic automotive parts, for a cash consideration of RM2. The acquisition does not have any significant impact to the Group's financial statements.
- (ii) On 30 July 2010, the Group acquired for two (2) ordinary shares of RM1.00 each representing 100% equity interest in Advance Auto Supplies Sdn. Bhd., a company incorporated in Malaysia, which intends to engage in trading of motor vehicle parts and accessories, for a cash consideration of RM2. The acquisition does not have significant impact to the Group's financial statements.
- (iii) On 15 December 2010, the Group announced that Advancesoft ICT Sdn Bhd, its wholly owned subsidiary had commenced the member's voluntary winding up pursuant to section 254(1)(b) of the Companies Act, 1965. The voluntary winding up will not have any financial or operational effect on the Group.

### AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

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

**Kam Foong Keng**

Director

**Chin Jit Sin**

Director

Kuala Lumpur  
15 March 2011

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 43 to 110 have been drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

**Kam Foong Keng**

Director

**Chin Jit Sin**

Director

Kuala Lumpur

15 March 2011

## STATUTORY DECLARATION

40

I, Kam Foong Sim, being the Director primarily responsible for the financial management of New Hoong Fatt Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 43 to 110 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly                    )  
declared by the abovenamed at        )  
Kuala Lumpur this                         )  
15 March 2011                               )     **Kam Foong Sim**

Before me:

**S. Ideraju**

W-451

Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

To The Members Of New Hoong Fatt Holdings Berhad

## Report on the Financial Statements

We have audited the financial statements of New Hoong Fatt Holdings Berhad, which comprise the statements of financial positions as at 31 December 2010 of the Group and of the Company, and the statements of 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 a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 110.

## Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

# INDEPENDENT AUDITORS' REPORT

to the members of New Hoong Fatt Holdings Berhad (continued)

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## Other Reporting Responsibilities

The supplementary information set out in Note 17(c) to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

### **BDO**

AF : 0206

Chartered Accountants

### **Hiew Kim Loong**

2858/08/12 (J)

Chartered Accountants

Kuala Lumpur

15 March 2011

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	7	172,223,358	151,139,538	-	-
Investments in subsidiaries	8	-	-	77,669,800	80,751,951
Investment properties	9	8,300,000	5,866,360	-	-
Prepaid lease payments for land	10	1,519,523	1,604,334	-	-
Other investments	11	-	83,000	-	-
Available-for-sale financial assets	11	83,000	-	-	-
Intangible asset - Goodwill	12	15,338,886	20,218,886	-	-
		<b>197,464,767</b>	178,912,118	<b>77,669,800</b>	80,751,951
<b>Current assets</b>					
Inventories	13	41,867,921	35,963,337	-	-
Trade and other receivables	14	58,950,410	56,108,677	5,521,806	2,409,375
Current tax assets		3,113	40,164	3,113	850
Cash and cash equivalents	15	33,327,770	34,522,842	172,059	186,945
		<b>134,149,214</b>	126,635,020	<b>5,696,978</b>	2,597,170
<b>TOTAL ASSETS</b>		<b>331,613,981</b>	305,547,138	<b>83,366,778</b>	83,349,121
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	16	75,156,600	75,156,600	75,156,600	75,156,600
Reserves	17	174,447,104	156,211,620	8,003,521	7,905,089
		<b>249,603,704</b>	231,368,220	<b>83,160,121</b>	83,061,689
<b>Minority interest</b>		<b>2,597,674</b>	2,272,595	-	-
<b>TOTAL EQUITY</b>		<b>252,201,378</b>	233,640,815	<b>83,160,121</b>	83,061,689
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings (interest bearing)	18	11,903,283	4,329,879	-	-
Deferred tax liabilities	20	14,209,954	14,247,749	-	-
		<b>26,113,237</b>	18,577,628	-	-
<b>Current liabilities</b>					
Trade and other payables	21	17,782,572	19,019,952	206,657	287,432
Borrowings (interest bearing)	18	35,050,132	33,680,939	-	-
Current tax liabilities		466,662	627,804	-	-
		<b>53,299,366</b>	53,328,695	<b>206,657</b>	287,432
<b>TOTAL LIABILITIES</b>		<b>79,412,603</b>	71,906,323	<b>206,657</b>	287,432
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>331,613,981</b>	305,547,138	<b>83,366,778</b>	83,349,121

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

# STATEMENTS OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Revenue	24	<b>222,473,416</b>	203,314,719	<b>12,768,000</b>	9,610,000
Cost of sales	25	<b>(162,133,205)</b>	(149,110,759)	-	-
Gross profit		<b>60,340,211</b>	54,203,960	<b>12,768,000</b>	9,610,000
Other operating income		<b>10,381,093</b>	6,314,798	-	-
Selling and distribution expenses		<b>(9,793,818)</b>	(7,207,175)	-	-
Administrative expenses		<b>(23,214,931)</b>	(20,800,462)	<b>(562,596)</b>	(449,095)
Other operating expenses		<b>(4,880,000)</b>	(5,300,000)	<b>(3,082,153)</b>	-
Finance costs	26	<b>(1,528,718)</b>	(1,481,364)	-	-
Profit before tax	27	<b>31,303,837</b>	25,729,757	<b>9,123,251</b>	9,160,905
Tax expense	28	<b>(3,664,482)</b>	(3,484,277)	<b>(6,027)</b>	-
Profit for the financial year/ Total comprehensive income		<b>27,639,355</b>	22,245,480	<b>9,117,224</b>	9,160,905
Total comprehensive income attributable to:					
Owners of the parent		<b>27,254,276</b>	21,972,885	<b>9,117,224</b>	9,160,905
Minority interest		<b>385,079</b>	272,595	-	-
		<b>27,639,355</b>	22,245,480	<b>9,117,224</b>	9,160,905
Earnings per ordinary share attributable to equity holders of the Company (sen)	29	<b>36.26</b>	29.24		

*The accompanying notes form an integral part of the financial statements.*

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

Group	Share capital RM	Share premium RM	Revaluation reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Minority interest RM	Total equity RM
<b>Balance as at 31 December 2008</b>	75,156,600	4,210,070	13,512,861	124,783,030	217,662,561	-	217,662,561
Total comprehensive income	-	-	-	21,972,885	21,972,885	272,595	22,245,480
Transactions with owners							
Ordinary shares subscribed by minority shareholders of a subsidiary (Note 8(c))	-	-	-	-	-	2,000,000	2,000,000
Final single tier dividend for financial year ended 31 December 2008 (Note 30)	-	-	-	(6,012,528)	(6,012,528)	-	(6,012,528)
Interim single tier dividend for financial year ended 31 December 2009 (Note 30)	-	-	-	(2,254,698)	(2,254,698)	-	(2,254,698)
Total transactions with owners	-	-	-	(8,267,226)	(8,267,226)	2,000,000	(6,267,226)
<b>Balance as at 31 December 2009</b>	75,156,600	4,210,070	13,512,861	138,488,689	231,368,220	2,272,595	233,640,815
Total comprehensive income	-	-	-	27,254,276	27,254,276	385,079	27,639,355
Transactions with owners							
Dividends paid to minority interest of a subsidiary	-	-	-	-	-	(60,000)	(60,000)
Final single tier dividend for financial year ended 31 December 2009 (Note 30)	-	-	-	(6,764,094)	(6,764,094)	-	(6,764,094)
Single tier dividend for financial year ended 31 December 2010 (Note 30)	-	-	-	(2,254,698)	(2,254,698)	-	(2,254,698)
Total transactions with owners	-	-	-	(9,018,792)	(9,018,792)	(60,000)	(9,078,792)
<b>Balance as at 31 December 2010</b>	<b>75,156,600</b>	<b>4,210,070</b>	<b>13,512,861</b>	<b>156,724,173</b>	<b>249,603,704</b>	<b>2,597,674</b>	<b>252,201,378</b>

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

## STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2010 (continued)

Company	Share capital RM	Share premium RM	Retained earnings RM	Total equity RM
<b>Balance as at 31 December 2008</b>	75,156,600	4,210,070	2,801,340	82,168,010
Total comprehensive income	-	-	9,160,905	9,160,905
Transactions with owners				
Final single tier dividend for financial year ended 31 December 2008 (Note 30)	-	-	(6,012,528)	(6,012,528)
Interim single tier dividend for financial year ended 31 December 2009 (Note 30)	-	-	(2,254,698)	(2,254,698)
Total transactions with owners	-	-	(8,267,226)	(8,267,226)
<b>Balance as at 31 December 2009</b>	75,156,600	4,210,070	3,695,019	83,061,689
Total comprehensive income	-	-	9,117,224	9,117,224
Transactions with owners				
Final single tier dividend for financial year ended 31 December 2009 (Note 30)	-	-	(6,764,094)	(6,764,094)
Interim single tier dividend for financial year ended 31 December 2010 (Note 30)	-	-	(2,254,698)	(2,254,698)
Total transactions with owners	-	-	(9,018,792)	(9,018,792)
<b>Balance as at 31 December 2010</b>	<b>75,156,600</b>	<b>4,210,070</b>	<b>3,793,451</b>	<b>83,160,121</b>

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		<b>31,303,837</b>	25,729,757	<b>9,123,251</b>	9,160,905
Adjustments for:					
Amortisation of prepaid lease payments for land	10	<b>84,811</b>	84,811	-	-
Bad debts written off		<b>11,293</b>	-	-	-
Depreciation of property, plant and equipment	7	<b>16,996,001</b>	17,391,641	-	-
Dividend income		-	-	<b>(12,384,000)</b>	(9,250,000)
Fair value adjustment on investment properties	9	<b>(2,433,640)</b>	-	-	-
Gain on disposal of property, plant and equipment		<b>(229,492)</b>	(644,907)	-	-
Impairment losses on:					
- investments in a subsidiary	8	-	-	<b>3,082,153</b>	-
- goodwill	12	<b>4,880,000</b>	5,300,000	-	-
- trade and other receivables	14(g)	<b>50,212</b>	261,449	-	-
Interest expense	26	<b>1,528,718</b>	1,481,364	-	-
Interest income		<b>(664,821)</b>	(496,037)	-	-
Property, plant and equipment written off	7	<b>26,901</b>	128,773	-	-
Reversal of impairment loss on trade and other receivables	14(g)	<b>(16,135)</b>	(25,140)	-	-
Unrealised loss on foreign exchange translations		<b>214,493</b>	37,780	-	-
Operating profit/(loss) before working capital changes		<b>51,752,178</b>	49,249,491	<b>(178,596)</b>	(89,095)
Increase in inventories		<b>(5,904,584)</b>	(2,133,545)	-	-
(Increase)/Decrease in trade and other receivables		<b>(3,101,596)</b>	(12,632,364)	<b>87,569</b>	1,498,134
(Decrease)/Increase in trade and other payables		<b>(1,237,380)</b>	8,164,433	<b>(80,775)</b>	(69,828)
Cash generated from/(used in) operations		<b>41,508,618</b>	42,648,015	<b>(171,802)</b>	1,339,211
Dividend received		-	-	<b>9,184,000</b>	6,850,000
Tax (paid)/refunded		<b>(3,826,368)</b>	(3,673,851)	<b>(8,290)</b>	1,275
Net cash from operating activities		<b>37,682,250</b>	38,974,164	<b>9,003,908</b>	8,910,486

## Statements Of Cash Flows

for the financial year ended 31 December 2010 (continued)

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from disposal of property, plant and equipment		<b>975,839</b>	1,917,429	-	-
Purchase of property, plant and equipment	7	<b>(38,853,069)</b>	(13,337,187)	-	-
Acquisition of a subsidiary		-	-	(2)	(2)
Interest received		<b>664,821</b>	496,037	-	-
Net cash used in investing activities		<b>(37,212,409)</b>	(10,923,721)	(2)	(2)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Interest paid		<b>(1,528,718)</b>	(1,481,364)	-	-
Repayments of bankers' acceptances		<b>(1,218,892)</b>	(1,498,110)	-	-
Repayments of revolving credits		-	(5,000,000)	-	-
Ordinary shares subscribed by minority shareholders of a subsidiary	8	-	2,000,000	-	-
Dividends paid to ordinary shareholders of the Company	30	<b>(9,018,792)</b>	(8,267,226)	<b>(9,018,792)</b>	(8,267,226)
Dividends paid to minority shareholders		<b>(60,000)</b>	-	-	-
Repayments of hire purchase creditors		<b>(77,222)</b>	(50,229)	-	-
Drawdown of term loans		<b>13,034,232</b>	-	-	-
Repayments of term loans		<b>(2,795,521)</b>	(7,356,997)	-	-
Net cash used in financing activities		<b>(1,664,913)</b>	(21,653,926)	<b>(9,018,792)</b>	(8,267,226)
Net (decrease)/increase in cash and cash equivalents		<b>(1,195,072)</b>	6,396,517	<b>(14,886)</b>	(76,742)
Cash and cash equivalents at beginning of financial year		<b>34,522,842</b>	28,126,325	<b>186,945</b>	263,687
Cash and cash equivalents at end of financial year	15	<b>33,327,770</b>	34,522,842	<b>172,059</b>	186,945

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur.

The principal place of business of the Company is located at Lot 5043, 5½ Mile, Jalan Meru, 41050 Klang, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 15 March 2011.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of the principal activities of the Company and of its subsidiaries during the financial year.

## 3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ('FRSs') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 17(c) to the financial statements has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent 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 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

### 4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the financial year using the purchase method of accounting.

Under the purchase method of accounting, the cost of a business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

# Notes To The Financial Statements

31 December 2010 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.2 Basis of consolidation (continued)

At the acquisition date, the cost of business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill (see Note 4.7 to the financial statements on goodwill). If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

- (a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and
- (b) recognise immediately in profit or loss any excess remaining after that reassessment.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Subsidiaries are consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to control the subsidiaries. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently convertible or exercisable are taken into consideration.

Intragroup balances, transactions and unrealised gains and losses on intra-group transactions are eliminated in full. Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated statement of comprehensive income.

Minority interest is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group. It is measured at the minority's share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiaries' equity since that date.

Where losses applicable to the minority in a subsidiary exceed the minority's interest in the equity of that subsidiary, the excess and any further losses applicable to the minority are allocated against the Group's interest except to the extent that the minority has a binding obligation and is able to make additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

Minority interest is presented in the consolidated statement of financial position within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to owners of the Company.

Minority interest in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the total profit or loss for the financial year between minority interest and owners of the Company.

Transactions with minority interests are treated as transactions with parties external to the Group. Disposal to minority interests result in gains and losses for the Group that are recorded in the profit or loss. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary.

# Notes To The Financial Statements

31 December 2010 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment except for freehold land and buildings are stated at cost less any accumulated depreciation and any impairment losses.

Land and buildings are stated at valuation, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Land and buildings are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve, net of deferred tax, if any, and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit will be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

Depreciation is calculated to write off the cost or valuation of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods and rates are as follows:

Buildings	10 - 50 years
Long term leasehold land	62 years
Plant and machinery	12.5% - 20%
Tools, equipment and air-conditioners	10%
Moulds and dies	10% - 20%
Motor vehicles	20%
Furniture, fittings and office equipment	10% - 33%

Freehold land has unlimited useful life and is not depreciated. Buildings under construction and tools and dies under development are stated at costs. Buildings under construction will be depreciated upon completion, on the same basis as buildings. Tools and dies development costs represent costs incurred in developing tools and dies for future production purposes. Tools and dies under development is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.8 to the financial statements on impairment of non-financial assets).

# Notes To The Financial Statements

31 December 2010 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.3 Property, plant and equipment and depreciation (continued)

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss and the revaluation surplus related to those assets, if any, is transferred directly to retained earnings.

### 4.4 Leases and hire purchase

#### (a) Finance lease and hire purchase

Assets acquired under finance leases and hire purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire purchase liabilities.

#### (b) Operating lease

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

#### (c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as lease of other assets.

The minimum lease payment including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

# Notes To The Financial Statements

31 December 2010 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.4 Leases and hire purchase (continued)

#### (c) Leases of land and buildings (continued)

Following the adoption of Amendment to FRS 117 *Leases* contained in the Improvements to FRSs (2009), the Group reassessed the classification of land elements of unexpired leases on the basis of information existing at the inception of those leases. Consequently, the Group retrospectively reclassified certain prepaid lease payments for land as finance leases as disclosed in Notes 10 and 37 to the financial statements.

### 4.5 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value. The fair value of investment properties are the prices at which the properties could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value of investment properties reflect market conditions at the end of the reporting period, without any deduction for transaction costs that may be incurred on sale or other disposal.

Fair value of investment properties are arrived at by reference to market evidence of transaction prices for similar properties.

A gain or loss arising from a change in the fair value of investment properties is recognised in profit or loss for the period in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceed, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of retirement or disposal.

### 4.6 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company has power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

### 4.7 Goodwill

Goodwill acquired in a business combination is recognised as an asset at the acquisition date and is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

# Notes To The Financial Statements

31 December 2010 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.8 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investment in subsidiaries), inventories and investment properties measured at fair value, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill that has an indefinite useful life is tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not probable to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Following the adoption of FRS 8 *Operating Segments* as disclosed in Note 4.19 to the financial statements, the consequential amendment to FRS 136 *Impairment of Assets* is also mandatory for financial periods beginning on or after 1 July 2009. This amendment requires goodwill acquired in a business combination to be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with FRS 8.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to profit or loss.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss except for the reversal of an impairment loss on a revalued asset where the reversal of the impairment loss is treated as a revaluation increase and credited to the revaluation reserve account of the same asset. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

# Notes To The Financial Statements

31 December 2010 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.9 Inventories

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

Cost is determined on a weighted average basis. The cost of raw materials and consumables comprises all costs of purchase plus the cost of bringing the inventories to their present condition and location. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

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.

### 4.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

#### (a) Financial assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

##### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

# Notes To The Financial Statements

31 December 2010 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.10 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivable are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and cash equivalents include cash and bank balances, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

# Notes To The Financial Statements

31 December 2010 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.10 Financial instruments (continued)

#### (b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:

#### (i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

#### (ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, 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.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of every reporting period, the Group shall assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

# Notes To The Financial Statements

31 December 2010 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.10 Financial instruments (continued)

#### (c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Dividends to shareholders are recognised in equity in the period in which they are declared.

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

Following the adoption of FRS 139 during the financial year, the Group reassessed the classification and measurement of financial assets and financial liabilities as at 1 January 2010. Consequently, the Group reclassified and remeasured financial assets and financial liabilities as disclosed in Note 5.1(d) and Note 11 to the financial statements.

### 4.11 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

#### (a) Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables are reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

# Notes To The Financial Statements

31 December 2010 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.11 Impairment of financial assets (continued)

#### (b) Available-for-sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

### 4.12 Borrowing costs

Borrowing cost that are directly attributable to the acquisition, construction or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 4.13 Income taxes

Income taxes include all domestic taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes and real property gains taxes payable on disposal of properties.

Taxes in the statements of comprehensive income comprise current tax and deferred tax.

#### 4.13.1 Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the end of the reporting period.

#### 4.13.2 Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

# Notes To The Financial Statements

31 December 2010 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.13 Income taxes (continued)

#### 4.13.2 Deferred tax (continued)

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either :

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax will be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting period.

### 4.14 Provisions

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

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provision are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

### 4.15 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

# Notes To The Financial Statements

31 December 2010 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.16 Employee benefits

#### 4.16.1 Short term employee benefits

Wages, salaries, paid sick leave, social security contributions, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group.

Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

#### 4.16.2 Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to statutory provident fund and recognise as a liability after deducting contributions already paid and as an expense in the period in which the employees render their services.

### 4.17 Foreign currencies

#### 4.17.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

#### 4.17.2 Foreign currency translation and balances

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into Ringgit Malaysia at rates of exchange ruling at that date unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they are arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

### 4.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the Company, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's and Company's activities as follows:

#### Company

- (i) Revenue from management fees for management services rendered to subsidiaries is recognised in profit or loss upon performance of services.
- (ii) Dividend income is recognised when right to receive payment is established.

# Notes To The Financial Statements

31 December 2010 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.18 Revenue recognition (continued)

#### Group

- (i) Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with delivery of goods and acceptance by customers.
- (ii) Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as a reduction of rental income over the lease term on a straight line basis.
- (iii) Interest income is recognised as it accrues, using the effective interest method.

### 4.19 Operating segments

During the previous financial year, segment reporting was presented based on business segments and geographical segments of the Group. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Following the adoption of FRS 8 *Operating Segments* during the current financial year, operating segments are defined as components of the Group that:

- (a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:
  - (i) the combined reported profit of all operating segments that did not report a loss; and
  - (ii) the combined reported loss of all operating segments that reported a loss.
- (c) Its assets are ten (10) per cent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five (75) percent of the Group's revenue.

# Notes To The Financial Statements

31 December 2010 (continued)

## 5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

### 5.1 New FRSs adopted during the financial year

- (a) FRS 8 and the consequential amendments resulting from FRS 8 are mandatory for annual financial periods beginning on or after 1 July 2009.

FRS 8 sets out the requirements for the disclosure of information on the Group's operating segments, products and services, the geographical areas in which it operates and its customers.

The requirements of this Standard are based on the information about the components of the Group that management uses to make decisions about operating matters. This Standard requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and assess its performance, as elaborated in Note 4.19 to the financial statements.

The Group's segment reporting has been presented based on the internal reporting to the chief operating decision maker who makes decision on the allocation of resources and assess the performance of the reportable segments.

The Group concluded that the operating segments defined by the Group under FRS 8 were the same as the business segments defined previously under FRS 114<sub>2004</sub>. Likewise, the measures used to assess the performance of the segments correspond to those previously presented under FRS 114<sub>2004</sub>. Consequently, the adoption of FRS 8 has no significant impact on the presentation of the Group's reportable segments and impairment on cash-generating units based on the new definition of operating segments.

- (b) FRS 7 *Financial Instruments: Disclosures* and the consequential amendments resulting from FRS 7 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 7 replaces the disclosure requirements of the existing FRS 132 *Financial Instruments: Disclosure and Presentation*.

This Standard applies to all risks arising from a wide array of financial instruments and requires the disclosure of the significance of financial instruments for the Group's financial position and performance.

- (c) FRS 123 *Borrowing Costs* and the consequential amendments resulting from FRS 123 are mandatory for annual periods beginning on or after 1 January 2010.

This Standard removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. However, capitalisation of borrowing costs is not required for assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive basis, even if they take a substantial period of time to get ready for use or sale.

There is no impact upon adoption of this Standard during the financial year.

- (d) FRS 139 *Financial Instruments: Recognition and Measurement* and the consequential amendments resulting from FRS 139 are mandatory for annual financial periods beginning on or after 1 January 2010.

This Standard establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted.

The impact upon adoption of this Standard to the financial statements are as follows:

#### Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, available for sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

# Notes To The Financial Statements

31 December 2010 (continued)

## 5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

### 5.1 New FRSs adopted during the financial year (continued)

- (d) FRS 139 *Financial Instruments: Recognition and Measurement* and the consequential amendments resulting from FRS 139 are mandatory for annual financial periods beginning on or after 1 January 2010 (continued)

#### Financial assets (continued)

- (i) Loans and receivables

Prior to 1 January 2010, loans and receivables were stated at gross receivables less allowance for doubtful debts. Upon adoption of FRS 139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method. Gains and losses arising from the derecognition of the loans and receivables, amortisation and impairment losses are recognised in profit or loss.

- (ii) Available for sale

Prior to 1 January 2010, non-current unquoted shares were classified as other investments and were stated at cost less permanent diminution in value. Upon adoption of FRS 139, unquoted shares were classified as available for sale financial assets and are measured at fair value as disclosed in Note 11 to the financial statement. Gains and losses arising from the changes in the fair value are recognised directly in other comprehensive income except for impairment losses and foreign exchange gains and losses (see Note 4.10(a)(iv) to the financial statement).

The Group's financial assets include available for sale financial asset, cash and short term deposits, receivables, deposits and prepayments.

#### Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables, loans and borrowings, and are initially measured at fair value and subsequently at amortised cost using effective interest rate method.

- (e) Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations* are mandatory for annual financial periods beginning on or after 1 January 2010.

These amendments clarify that vesting conditions comprise service conditions and performance conditions only. Cancellations by parties other than the Group are accounted for in the same manner as cancellations by the Group itself and features of a share-based payment that are non-vesting conditions are included in the grant date fair value of the share-based payment.

There is no impact upon adoption of these amendments during the financial year.

- (f) Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* is mandatory for annual periods beginning on or after 1 January 2010.

These amendments allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The cost method of accounting for an investment has also been removed pursuant to these amendments.

There is no impact upon adoption of these amendments during the financial year.

# Notes To The Financial Statements

31 December 2010 (continued)

## 5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

### 5.1 New FRSs adopted during the financial year (continued)

- (g) IC Interpretation 9 *Reassessment of Embedded Derivatives* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the subsequent reassessment of embedded derivatives unless there is a change in the terms of the host contract that significantly modifies the cash flows that would otherwise be required by the host contract.

There is no impact upon adoption of this IC Interpretation during the financial year.

- (h) IC Interpretation 10 *Interim Financial Reporting and Impairment* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

There is no impact upon adoption of this IC Interpretation during the financial year.

- (i) IC Interpretation 11 *FRS 2 – Group and Treasury Share Transactions* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires share-based payment transactions in which the Company receives services from employees as consideration for its own equity instruments to be accounted for as equity-settled, regardless of the manner of satisfying the obligations to the employees.

If the Company grants rights to its equity instruments to the employees of its subsidiaries, this Interpretation requires the Company to recognise the equity reserve for the obligation to deliver the equity instruments when needed whilst the subsidiaries shall recognise the remuneration expense for the services received from employees.

If the subsidiaries grant rights to equity instruments to the Company to its employees, this Interpretation requires the Company to account for the transaction as cash-settled, regardless of the manner the subsidiaries obtain the equity instruments to satisfy its obligations.

There is no impact upon adoption of this IC Interpretation during the financial year.

The Company would like to draw attention to the withdrawal of this Interpretation for annual periods beginning on or after 1 January 2011 as disclosed in Note 5.2(1) to the financial statements.

- (j) IC Interpretation 13 *Customer Loyalty Programmes* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires the separation of award credits as a separately identifiable component of sales transactions involving the award of free or discounted goods or services in the future. The fair value of the consideration received or receivable from the initial sale shall be allocated between the award credits and the other components of the sale.

If the Group supplies the awards itself, the consideration allocated to the award credits shall only be recognised as revenue when the award credits are redeemed. If a third party supplies the awards, the Group shall assess whether it is acting as a principal or agent in the transaction.

If the Group is acting as the principal in the transaction, it shall measure its revenue as the gross consideration allocated to the award credits. If the Group is acting as an agent, it shall measure its revenue as the net amount retained on its own account, and recognise the net amount as revenue when the third party becomes obliged to supply the awards and entitled to receive the consideration for doing so.

There is no impact upon adoption of this IC Interpretation during the financial year.

# Notes To The Financial Statements

31 December 2010 (continued)

## 5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

### 5.1 New FRSs adopted during the financial year (continued)

- (k) IC Interpretation 14 *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits. This Interpretation clarifies that an economic benefit is available if the Group can realise it at some point during the life of the plan or when the plan liabilities are settled, and that it does not depend on how the Group intends to use the surplus.

A right to refund is available to the Group in stipulated circumstances and the economic benefit available shall be measured as the amount of the surplus at the end of the reporting period less any associated costs. If there are no minimum funding requirements, the economic benefit available shall be determined as a reduction in future contributions as the lower of the surplus in the plan and the present value of the future service cost to the Group. If there is a minimum funding requirement for contributions relating to the future accrual of benefits, the economic benefit available shall be determined as a reduction in future contributions at the present value of the estimated future service cost less the estimated minimum funding required in each financial year.

There is no impact upon adoption of this IC Interpretation during the financial year.

- (l) FRS 101 *Presentation of Financial Statements* is mandatory for annual periods beginning on or after 1 January 2010.

FRS 101 sets out the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

This Standard introduces the titles 'statement of financial position' and 'statement of cash flows' to replace the current titles 'balance sheet' and 'cash flow statement' respectively. A new statement known as the 'statement of comprehensive income' is also introduced in this Standard whereby all non-owner changes in equity are required to be presented in either one statement of comprehensive income or in two statements (i.e. a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

This Standard also introduces a new requirement to present a statement of financial position as at the beginning of the earliest comparative period if there are applications of retrospective restatements that are defined in FRS 108, or when there are reclassifications of items in the financial statements.

Additionally, FRS 101 requires the disclosure of reclassification adjustments and income tax relating to each component of other comprehensive income, and the presentation of dividends recognised as distributions to owners together with the related amounts per share in the statement of changes in equity or in the notes to the financial statements.

This Standard introduces a new requirement to disclose information on the objectives, policies and processes for managing capital based on information provided internally to key management personnel as defined in FRS 124 *Related Party Disclosures*. Additional disclosures are also required for puttable financial instruments classified as equity instruments.

Following the adoption of this Standard, the Group has reflected the new format of presentation and additional disclosures warranted in the primary financial statements and relevant notes to the financial statements.

# Notes To The Financial Statements

31 December 2010 (continued)

## 5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

### 5.1 New FRSs adopted during the financial year (continued)

- (m) Amendments to FRS 139, FRS 7 and IC Interpretation 9 are mandatory for annual periods beginning on or after 1 January 2010.

These amendments permit reclassifications of non-derivative financial assets (other than those designated at fair value through profit or loss upon initial recognition) out of the fair value through profit or loss category in rare circumstances. Reclassifications from the available-for-sale category to the loans and receivables category are also permitted provided there is intention and ability to hold that financial asset for the foreseeable future. All of these reclassifications shall be subjected to subsequent reassessments of embedded derivatives.

These amendments also clarifies the designation of one-sided risk in eligible hedged items and streamlines the terms used throughout the Standards in accordance with the changes resulting from FRS 101.

There is no impact upon adoption of these amendments during the financial year.

- (n) Amendments to FRS 132 *Financial Instruments: Presentation* is mandatory for annual periods beginning on or after 1 January 2010.

These amendments require certain puttable financial instruments, and financial instruments that impose an obligation to deliver to counterparties a pro rata share of the net assets of the entity only on liquidation to be classified as equity.

Puttable financial instruments are defined as financial instruments that give the holder the right to put the instrument back to the issuer for cash, or another financial asset, or are automatically put back to the issuer upon occurrence of an uncertain future event or the death or retirement of the instrument holder.

There is no impact upon adoption of these amendments during the financial year.

- (o) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010.

Amendment to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* clarifies that the disclosure requirements of this Standard specifically apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 8 clarifies the consistency of disclosure requirement for information about profit or loss, assets and liabilities. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 107 *Statement of Cash Flows* clarifies the classification of cash flows arising from operating activities and investing activities. Cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale, and the related cash receipts, shall be classified as cash flows from operating activities. Expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 108 clarifies that only Implementation Guidance issued by the MASB that are integral parts of FRSs is mandatory. There is no impact upon adoption of this amendment during the financial year.

# Notes To The Financial Statements

31 December 2010 (continued)

## 5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

### 5.1 New FRSs adopted during the financial year (continued)

- (o) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010 (continued)

Amendment to FRS 110 *Events after the Reporting Period* clarifies the rationale for not recognising dividends declared after the reporting period but before the financial statements are authorised for issue. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 116 *Property, Plant and Equipment* removes the definition pertaining the applicability of this Standard to property that is being constructed or developed for future use as investment property but do not yet satisfy the definition of 'investment property' in FRS 140 *Investment Property*. This amendment also replaces the term 'net selling price' with 'fair value less costs to sell', and clarifies that proceeds arising from routine sale of items of property, plant and equipment shall be recognised as revenue in accordance with FRS 118 *Revenue* rather than FRS 5. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 117 *Leases* removes the classification of leases of land and of buildings, and instead, requires assessment of classification based on the risks and rewards of the lease itself. The reassessment of land elements of unexpired leases shall be made retrospectively in accordance with FRS 108. As at 1 January 2010, the Group has carrying amount of prepaid lease payments for land of RM2,987,193 (see Note 37 to the financial statements) that has been reclassified as land held in accordance with FRS 116 upon adoption of this amendment.

Amendment to FRS 118 clarifies reference made on the term 'transaction costs' to the definition in FRS 139. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 119 *Employee Benefits* clarifies the definitions in this Standard by consistently applying settlement dates within twelve (12) months in the distinction between short-term employee benefits and other long-term employee benefits. This amendment also provides additional explanations on negative past service cost and curtailments. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 120 *Accounting for Government Grants and Disclosure of Government Assistance* streamlines the terms used in this Standard in accordance with the new terms used in FRS 101. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 123 clarifies that interest expense calculated using the effective interest rate method described in FRS 139 qualifies for recognition as borrowing costs. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 127 *Consolidated and Separate Financial Statements* clarifies that investments measured at cost shall be accounted for in accordance with FRS 5 when they are held for sale in accordance with FRS 5. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 128 *Investments in Associates* clarifies that investments in associates held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on the nature and extent of any significant restrictions on the ability of associates to transfer funds to the investor in the form of cash dividends, or repayment of loans or advances. This amendment also clarifies that impairment loss recognised in accordance with FRS 136 *Impairment of Assets* shall not be allocated to any asset, including goodwill, that forms the carrying amount of the investment. Accordingly, any reversal of that impairment loss shall be recognised in accordance with FRS 136. There is no impact upon adoption of this amendment during the financial year.

# Notes To The Financial Statements

31 December 2010 (continued)

## 5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

### 5.1 New FRSs adopted during the financial year (continued)

- (o) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010 (continued)

Amendment to FRS 129 *Financial Reporting in Hyperinflationary Economies* streamlines the terms used in this Standard in accordance with the new terms used in FRS 101. This amendment also clarifies that assets and liabilities that are measured at fair value are exempted from the requirement to apply historical cost basis of accounting. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 131 *Interests in Joint Ventures* clarifies that venturers' interests in jointly controlled entities held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on related capital commitments. This amendment also clarifies that a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities shall be made. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 136 clarifies the determination of allocation of goodwill to each cash-generating unit whereby each unit shall not be larger than an operating segment as defined in FRS 8 before aggregation. This amendment also requires additional disclosures if the fair value less costs to sell is determined using discounted cash flow projections. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 138 *Intangible Assets* clarifies the examples provided in this Standard in measuring the fair value of an intangible asset acquired in a business combination. This amendment also removes the statement on the rarity of situations whereby the application of the amortisation method for intangible assets results in a lower amount of accumulated amortisation than under the straight line method. There is no impact upon adoption of this amendment during the financial year.

Amendment to FRS 140 clarifies that properties that are being constructed or developed for future use as investment property are within the definition of 'investment property'. This amendment further clarifies that if the fair value of such properties cannot be reliably determinable but it is expected that the fair value would be readily determinable when construction is complete, the properties shall be measured at cost until either its fair value becomes reliably determinable or construction is completed, whichever is earlier. There is no impact upon adoption of this amendment during the financial year.

- (p) Amendments to FRS 132 is mandatory for annual periods beginning on or after 1 January 2010 in respect of the transitional provisions in accounting for compound financial instruments.

These amendments remove the transitional provisions in respect of accounting for compound financial instruments issued before 1 January 2003 pursuant to FRS 132<sub>2004</sub> *Financial Instruments: Disclosure and Presentation*. Such compound financial instruments shall be classified into its liability and equity components when FRS 139 first applies.

There is no impact upon adoption of these amendments during the financial year.

- (q) Amendments to FRS 139 is mandatory for annual periods beginning on or after 1 January 2010.

These amendments remove the scope exemption on contracts for contingent consideration in a business combination. Accordingly, such contracts shall be recognised and measured in accordance with the requirements of FRS 139.

There is no impact upon adoption of these amendments during the financial year.

# Notes To The Financial Statements

31 December 2010 (continued)

## 5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

### 5.2 New FRSs that have been issued, but not yet effective and not yet adopted

- (a) Amendments to FRS 132 is mandatory for annual periods beginning on or after 1 March 2010 in respect of classification of right issues.

The amendments clarify that rights, options or warrants to acquire a fixed number of the Group's own equity instruments for a fixed amount of any currency shall be classified as equity instruments rather than financial liabilities if the Group offers the rights, options or warrants pro rata to all of its own existing owners of the same class of its own non-derivative equity instruments.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

- (b) FRS 1 *First-time Adoption of Financial Reporting Standards* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 1 and shall be applied when the Group adopts FRSs for the first time via the explicit and unreserved statement of compliance with FRSs. An opening FRS statement of financial position shall be prepared and presented at the date of transition to FRS, whereby:

- (i) All assets and liabilities shall be recognised in accordance with FRSs;
- (ii) Items of assets and liabilities shall not be recognised if FRSs do not permit such recognition;
- (iii) Items recognised in accordance with previous GAAP shall be reclassified in accordance with FRSs; and
- (iv) All recognised assets and liabilities shall be measured in accordance with FRSs.

All resulting adjustments shall therefore be recognised directly in retained earnings at the date of transition to FRSs.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

- (c) FRS 3 *Business Combinations* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 3 and now includes business combinations involving mutual entities and those achieved by way of contract alone. Any non-controlling interest in an acquiree shall be measured at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The time limit on the adjustment to goodwill due to the arrival of new information on the crystallisation of deferred tax benefits shall be restricted to the measurement period resulting from the arrival of the new information. Contingent liabilities acquired arising from present obligations shall be recognised, regardless of the probability of outflow of economic resources.

Acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred and the services are received. Consideration transferred in a business combination, including contingent consideration, shall be measured and recognised at fair value at acquisition date.

In business combinations achieved in stages, the acquirer shall remeasure its previously held equity interest at its acquisition date fair value and recognise the resulting gain or loss in profit or loss.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

# Notes To The Financial Statements

31 December 2010 (continued)

## 5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

### 5.2 New FRSs that have been issued, but not yet effective and not yet adopted (continued)

- (d) FRS 127 *Consolidated and Separate Financial Statements* is mandatory for annual periods beginning on or after 1 July 2010.

This Standard supersedes the existing FRS 127 and replaces the current term 'minority interest' with a new term 'non-controlling interest' which is defined as the equity in a subsidiary that is not attributable, directly or indirectly, to a parent. Accordingly, total comprehensive income shall be attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. If the Group loses control of a subsidiary, any gains or losses are recognised in profit or loss and any investment retained in the former subsidiary shall be measured at its fair value at the date when control is lost.

As at the end of the reporting period, the Group reports minority interests of RM2,597,674. The Group expects to reclassify this as non-controlling interests and remeasure the non-controlling interests.

- (e) Amendments to FRSs are mandatory for annual periods beginning on or after 1 July 2010.

Amendments to FRS 2 *Share-based Payments* clarifies that transactions in which the Group acquired goods as part of the net assets acquired in a business combination or contribution of a business on the formation of a joint venture are excluded from the scope of this Standard. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 5 clarifies that non-current asset classified as held for distribution to owners acting in their capacity as owners are within the scope of this Standard. The amendment also clarifies that in determining whether a sale is highly probable, the probability of shareholders' approval, if required in the jurisdiction, shall be considered. In a sale plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary shall be classified as held for sale, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale. Discontinued operations information shall also be presented. Non-current asset classified as held for distribution to owners shall be measured at the lower of its carrying amount and fair value less costs to distribute. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 138 clarifies that the intention of separating an intangible asset is irrelevant in determining the identifiability of the intangible asset. In a separate acquisition and acquisition as part of a business combination, the price paid by the Group reflects the expectations of the Group of an inflow of economic benefits, even if there is uncertainty about the timing or the amount of the inflow. Accordingly, the probability criterion is always considered to be satisfied for separately acquired intangible assets. The useful life of a reacquired right recognised as an intangible asset in a business combination shall be the remaining contractual period of the contract in which the right was granted, and do not include renewal periods. In the case of a reacquired right in a business combination, if the right is subsequently reissued to a third party, the related carrying amount shall be used in determining the gain or loss on reissue. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to IC Interpretation 9 clarifies that embedded derivatives in contracts acquired in a business combination, combination of entities or business under common controls, or the formation of a joint venture are excluded from this Interpretation. The Group does not expect any impact financial statements arising from the adoption of these amendments.

# Notes To The Financial Statements

31 December 2010 (continued)

## 5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

### 5.2 New FRSs that have been issued, but not yet effective and not yet adopted (continued)

- (f) IC Interpretation 12 *Service Concession Arrangements* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to operators for public-to-private service concession arrangements, whereby infrastructure within the scope of this Interpretation shall not be recognised as property, plant and equipment of the operator. The operator shall recognise and measure revenue in accordance with FRS 111 *Construction Contracts* and FRS 118 for the services performed. The operator shall also account for revenue and costs relating to construction or upgrade services in accordance with FRS 111.

Consideration received or receivable by the operator for the provision of construction or upgrade services shall be recognised at its fair value. If the consideration consists of an unconditional contractual right to receive cash or another financial asset from the grantor, it shall be classified as a financial asset. Conversely, if the consideration consists of a right to charge users of the public service, it shall be classified as an intangible asset.

The Group does not expect any impact on the financial statements arising from the adoption of this IC Interpretation.

- (g) IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to hedges undertaken on foreign currency risk arising from net investments in foreign operations and the Group wishes to qualify for hedge accounting in accordance with FRS 139.

Hedge accounting is applicable only to the foreign exchange differences arising between the functional currency of the foreign operation and the functional currency of any parent (immediate, intermediate or ultimate parent) of that foreign operation. An exposure to foreign currency risk arising from a net investment in a foreign operation may qualify for hedge accounting only once in the consolidated financial statements.

Hedging instruments designated in the hedge of a net investment in a foreign operation may be held by any companies within the Group, as long as the designation, documentation and effectiveness requirements of FRS 139 are met.

The Group does not expect any impact on the financial statements arising from the adoption of this IC Interpretation.

- (h) IC Interpretation 17 *Distributions of Non-cash Assets to Owners* is mandatory for annual periods beginning on or after 1 July 2010.

This Interpretation applies to non-reciprocal distributions of non-cash assets by the Group to its owners in their capacity as owners, as well as distributions that give owners a choice of receiving either non-cash assets or a cash alternative. This Interpretation also applies to distributions in which all owners of the same class of equity instruments are treated equally.

The liability to pay a dividend shall be recognised when the dividend is appropriately authorised and is no longer at the discretion of the Group. The liability shall be measured at the fair value of the assets to be distributed. If the Group gives its owners a choice of receiving either a non-cash asset or a cash alternative, the dividend payable shall be estimated by considering the fair value of both alternatives and the associated probability of the owners' selection.

At the end of each reporting period, the carrying amount of the dividend payable shall be remeasured and any changes shall be recognised in equity. At the settlement date, any difference between the carrying amounts of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss.

The Group does not expect any impact on the financial statements arising from the adoption of this IC Interpretation.

# Notes To The Financial Statements

31 December 2010 (continued)

## 5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

### 5.2 New FRSs that have been issued, but not yet effective and not yet adopted (continued)

- (i) Amendment to FRS 1 *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters* is mandatory for annual periods beginning on or after 1 January 2011.

This amendment permits a first-time adopter of FRSs to apply the exemption of not restating comparatives for the disclosures required in Amendments to FRS 7.

The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

- (j) Amendments to FRS 1 *Additional Exemptions for First-time Adopters* are mandatory for annual periods beginning on or after 1 January 2011.

These amendments permits a first-time adopter of FRSs to apply the exemption of not restating the carrying amounts of oil and gas assets determined under previous GAAP.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

- (k) Amendments to FRS 7 *Improving Disclosures about Financial Instruments* are mandatory for annual periods beginning on or after 1 January 2011.

These amendments require enhanced disclosures of fair value of financial instruments based on the fair value hierarchy, including the disclosure of significant transfers between Level 1 and Level 2 of the fair value hierarchy as well as reconciliations for fair value measurements in Level 3 of the fair value hierarchy.

By virtue of the exemption provided under paragraph 44G of FRS 7, the impact of applying these amendments on the financial statements upon first adoption of FRS 7 as required by paragraph 30(b) of FRS 108 are not disclosed.

- (l) Amendments to FRS 2 *Group Cash-settled Share-based Payment Transactions* are mandatory for annual periods beginning on or after 1 January 2011.

These amendments clarify the scope and the accounting for group cash-settled share-based payment transactions in the separate financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction.

Consequently, IC Interpretation 8 *Scope of FRS 2* and IC Interpretation 11 have been superseded and withdrawn.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments. The effects of adopting IC Interpretation 11 have been disclosed in Note 5.1(i) to the financial statements.

- (m) IC Interpretation 4 *Determining whether an Arrangement contains a Lease* is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation requires the determination of whether an arrangement is, or contains, a lease based on an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and whether the arrangement conveys a right to use the asset. This assessment shall be made at the inception of the arrangement and subsequently reassessed if certain condition(s) in the Interpretation is met.

The Group does not expect any impact on the financial statements arising from the adoption of this amendment because there are no arrangements dependent on the use of specific assets in the Group.

# Notes To The Financial Statements

31 December 2010 (continued)

## 5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

### 5.2 New FRSs that have been issued, but not yet effective and not yet adopted (continued)

- (n) IC Interpretation 18 *Transfers of Assets from Customers* is mandatory for annual periods beginning on or after 1 January 2011.

This Interpretation applies to agreements in which an entity receives from a customer an item of property, plant and equipment that must be used to either connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. The entity receiving the transferred item is required to assess whether the transferred item meets the definition of an asset set out in the Framework. The credit entry would be accounted for as revenue in accordance with FRS 118.

The Group does not expect any impact on the financial statements arising from the adoption of this IC Interpretation.

- (o) *Improvements to FRSs (2010)* are mandatory for annual periods beginning on or after 1 January 2011.

Amendments to FRS 1 clarify that FRS 108 does not apply to changes in accounting policies made upon adoption of FRSs until after the first FRS financial statements have been presented. If changes in accounting policies or exemptions in this FRS are used, an explanation of such changes together with updated reconciliations shall be made in each interim financial report. Entities whose operations are subject to rate regulation are permitted the use of previously revalued amounts as deemed cost. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 3 clarify that for each business combination, the acquirer shall measure at the acquisition date non-controlling interests that consists of the present ownership interests and entitle holders to a proportionate share of the entity's net assets in the event of liquidation. Un-replaced and voluntarily replaced share-based payment transactions shall be measured using the market-based measurement method in accordance with FRS 2 at the acquisition date. The Group does not expect any impact on the consolidated financial statements arising from the adoption of these amendments.

Amendments to FRS 7 clarify that quantitative disclosures of risk concentrations are required if the disclosures made in other parts of the financial statements are not readily apparent. The disclosure on maximum exposure to credit risk is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk. The Group expects to improve the disclosures on maximum exposure to credit risk upon adoption of these amendments.

Amendments to FRS 101 clarify that a statement of changes in equity shall be presented as part of a complete set of financial statements. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 121 *The Effects of Changes in Foreign Exchange Rates* clarify that the accounting treatment for cumulative foreign exchange differences in other comprehensive income for the disposal or partial disposal of a foreign operation shall be applied prospectively. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 128 clarify that the accounting treatment for the cessation of significant influence over an associate shall be applied prospectively. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 131 clarify that the accounting treatment for the cessation of joint control over an entity shall be applied prospectively. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

# Notes To The Financial Statements

31 December 2010 (continued)

## 5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

### 5.2 New FRSs that have been issued, but not yet effective and not yet adopted (continued)

- (o) *Improvements to FRSs (2010)* are mandatory for annual periods beginning on or after 1 January 2011. (continued)

Amendments to FRS 132 and FRS 139 clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

Amendments to FRS 134 clarify that updated information on significant events and transactions since the end of the last annual reporting period shall be included in the Group's interim financial report. Although the Group does not expect any impact on the financial statements arising from the adoption of these amendments, it is expected that additional disclosures would be made in the quarterly interim financial statements of the Group.

Amendments to IC Interpretation 13 clarify that the fair value of award credits takes into account, amongst others, the amount of the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale. The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

- (p) Amendments to IC Interpretation 14 *FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* are mandatory for annual periods beginning on or after 1 July 2011.

These amendments clarify that if there is a minimum funding requirement for contributions relating to future service, the economic benefit available as a reduction in future contributions shall include any amount that reduces future minimum funding requirement contributions for future service because of the prepayment made.

The Group does not expect any impact on the financial statements arising from the adoption of these amendments.

- (q) IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments* is mandatory for annual periods beginning on or after 1 July 2011.

This Interpretation applies to situations when equity instruments are issued to a creditor to extinguish all or part of a recognised financial liability. Such equity instruments shall be measured at fair value, and the difference between the carrying amount of the financial liability extinguished and the consideration paid shall be recognised in profit or loss.

The Group does not expect any impact on the financial statements arising from the adoption of this IC Interpretation.

- (r) IC Interpretation 15 *Agreements for the Construction of Real Estate* is mandatory for annual periods beginning on or after 1 January 2012.

This Interpretation applies to the accounting for revenue and associated expenses by entities undertaking construction or real estate directly or via subcontractors. Within a single agreement, the Group may contract to deliver goods or services in addition to the construction of real estate. Such an agreement shall therefore, be split into separately identifiable components.

An agreement for the construction of real estate shall be accounted for in accordance with FRS 111 if the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress. Accordingly, revenue shall be recognised by reference to the stage of completion of the contract.

An agreement for the construction of real estate in which buyers only have limited ability to influence the design of the real estate or to specify only minor variations to the basic designs is an agreement for the sale of goods in accordance with FRS 118. Accordingly, revenue shall be recognised by reference to the criteria in paragraph 14 of FRS 118 (e.g. transfer of significant risks and rewards, no continuing managerial involvement nor effective control, reliable measurement, etc.).

The Group does not expect any impact on the financial statements arising from the adoption of this IC Interpretation.

# Notes To The Financial Statements

31 December 2010 (continued)

## 5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (continued)

### 5.2 New FRSs that have been issued, but not yet effective and not yet adopted (continued)

- (s) FRS 124 *Related Party Disclosures* and the consequential amendments to FRS 124 are mandatory for annual periods beginning on or after 1 January 2012.

This revised Standard simplifies the definition of a related party and eliminates certain inconsistencies within the superseded version. In addition to this, transactions and balances with government-related entities are broadly exempted from the disclosure requirements of the Standard.

The Group expects to reduce related party disclosures in respect of transactions and balances with government-related entities upon adoption of this Standard.

## 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the financial statements are continually evaluated by the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 6.1 Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

- (a) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

- (b) Operating lease commitments - the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out as operating leases.

- (c) Contingent liabilities

The determination of treatment of contingent liabilities is based on Directors' and management's view of the expected outcome of the contingencies, after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of the business.

### 6.2 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

# Notes To The Financial Statements

31 December 2010 (continued)

## 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

### 6.2 Key sources of estimation uncertainty (continued)

(a) Impairment of goodwill

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGU on which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in Note 12 to the financial statements.

(b) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within the period as disclosed in Note 4.3 to the financial statements. These are common life expectancies applied in the industry the Group operates. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised.

(c) Valuation of investment properties and property, plant and equipment - land and buildings

The land and buildings are valued using the comparison method. Recent transactions and asking prices of similar property in the locality are analysed for comparison purposes with adjustments made for difference in location, size, age and condition of building, tenure, title restrictions if any and other relevant characteristics to arrive at the market value.

(d) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

(e) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

(f) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

# Notes To The Financial Statements

31 December 2010 (continued)

## 7. PROPERTY, PLANT AND EQUIPMENT

### Group

	Balance as at 1.1.2010, as restated RM	Additions RM	Disposals RM	Depreciation charge for the financial year RM	Written off RM	Reclassi- fications RM	Balance as at 31.12.2010 RM
<b>Carrying amounts</b>							
Freehold land							
- at 2006 valuation	29,862,141	-	-	-	-	-	29,862,141
- at cost	-	79,000	-	-	-	-	79,000
Buildings							
- at 2006 valuation	37,498,535	-	-	(903,662)	-	-	36,594,873
- at cost	6,505,327	537,739	-	(236,077)	-	7,482,116	14,289,105
Long term leasehold land							
- at 2006 valuation	2,987,193	-	-	(52,123)	-	-	2,935,070
Long term leasehold land and building							
- at cost	555,390	9,096,074	(555,390)	(140,839)	-	-	8,955,235
Plant and machinery	16,674,428	2,918,156	(17,503)	(4,275,242)	(17)	-	15,299,822
Tools, equipment and air-conditioners	1,625,488	184,315	-	(309,846)	(17,941)	-	1,482,016
Moulds and dies	47,357,237	7,282,945	(127,729)	(9,661,548)	(44)	9,805,753	54,656,614
Motor vehicles	2,382,989	764,300	(45,725)	(847,251)	-	-	2,254,313
Furniture, fittings and office equipment	1,102,088	767,576	-	(569,413)	(8,899)	-	1,291,352
Buildings under construction	217,813	7,763,706	-	-	-	(7,482,116)	499,403
Tools and dies development costs	4,370,909	9,459,258	-	-	-	(9,805,753)	4,024,414
	<b>151,139,538</b>	<b>38,853,069</b>	<b>(746,347)</b>	<b>(16,996,001)</b>	<b>(26,901)</b>	<b>-</b>	<b>172,223,358</b>

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	At 31.12.2010				
	Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment RM	Carrying amounts RM
Freehold land					
- at 2006 valuation	-	29,862,141	-	-	29,862,141
- at cost	79,000	-	-	-	79,000
Buildings					
- at 2006 valuation	-	40,210,220	(3,615,347)	-	36,594,873
- at cost	15,064,102	-	(774,997)	-	14,289,105
Long term leasehold land					
- at 2006 valuation	-	3,192,018	(256,948)	-	2,935,070
Long term leasehold land and building					
- at cost	9,096,074	-	(140,839)	-	8,955,235
Plant and machinery	62,721,147	-	(47,421,325)	-	15,299,822
Tools, equipment and air-conditioners	3,665,366	-	(2,183,350)	-	1,482,016
Moulds and dies	146,874,272	-	(91,899,669)	(317,989)	54,656,614
Motor vehicles	5,767,260	-	(3,512,947)	-	2,254,313
Furniture, fittings and office equipment	6,030,301	-	(4,738,949)	-	1,291,352
Buildings under construction	499,403	-	-	-	499,403
Tools and dies development costs	4,024,414	-	-	-	4,024,414
	<b>253,821,339</b>	<b>73,264,379</b>	<b>(154,544,371)</b>	<b>(317,989)</b>	<b>172,223,358</b>

## Notes To The Financial Statements

31 December 2010 (continued)

### 7. PROPERTY, PLANT AND EQUIPMENT (continued)

#### Group

	Balance as at 1.1.2009, as restated RM	Additions RM	Disposals RM	Depreciation charge for the financial year RM	Written off RM	Reclassi- fications (Note 9) RM	Balance as at 31.12.2009, as restated RM
<b>Carrying amounts</b>							
Freehold land							
- at 2006 valuation	29,862,141	-	-	-	-	-	29,862,141
Buildings							
- at 2006 valuation	39,487,085	-	-	(927,105)	-	(1,061,445)	37,498,535
- at cost	6,582,489	134,350	-	(211,512)	-	-	6,505,327
Long term leasehold land							
- at 2006 valuation	7,928,072	-	-	(135,964)	-	(4,804,915)	2,987,193
Long term leasehold land and building							
- at cost	-	555,390	-	-	-	-	555,390
Plant and machinery	20,635,852	826,664	(5)	(4,788,083)	-	-	16,674,428
Tools, equipment and air-conditioners	1,694,259	381,997	-	(334,430)	(116,338)	-	1,625,488
Moulds and dies	49,415,729	4,131,256	(973,321)	(9,647,103)	-	4,430,676	47,357,237
Motor vehicles	1,634,159	1,836,302	(298,495)	(788,977)	-	-	2,382,989
Furniture, fittings and office equipment	1,224,771	448,920	(701)	(558,467)	(12,435)	-	1,102,088
Buildings under construction	162,492	55,321	-	-	-	-	217,813
Tools and dies development costs	3,583,598	5,217,987	-	-	-	(4,430,676)	4,370,909
	162,210,647	13,588,187	(1,272,522)	(17,391,641)	(128,773)	(5,866,360)	151,139,538

	<b>At 31.12.2009</b>				
	Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment RM	Carrying amounts RM
Freehold land					
- at 2006 valuation	-	29,862,141	-	-	29,862,141
Buildings					
- at 2006 valuation	-	40,210,220	(2,711,685)	-	37,498,535
- at cost	7,044,247	-	(538,920)	-	6,505,327
Long term leasehold land					
- at 2006 valuation	-	3,192,018	(204,825)	-	2,987,193
Long term leasehold land and building					
- at cost	555,390	-	-	-	555,390
Plant and machinery	60,197,511	-	(43,523,083)	-	16,674,428
Tools, equipment and air-conditioners	3,581,747	-	(1,956,259)	-	1,625,488
Moulds and dies	129,974,375	-	(82,299,149)	(317,989)	47,357,237
Motor vehicles	5,262,971	-	(2,879,982)	-	2,382,989
Furniture, fittings and office equipment	5,741,189	-	(4,639,101)	-	1,102,088
Buildings under construction	217,813	-	-	-	217,813
Tools and dies development costs	4,370,909	-	-	-	4,370,909
	216,946,152	73,264,379	(138,753,004)	(317,989)	151,139,538

# Notes To The Financial Statements

31 December 2010 (continued)

## 7. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) The land and buildings of the Group were revalued by the Directors in 2006 by reference to the indicative market value based on existing use method.

Had the revalued land and buildings been carried at cost less accumulated depreciation, the carrying amounts would have been RM55,601,992 (2009: RM56,968,748).

- (b) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2010 RM	2009 RM
Purchase of property, plant and equipment	38,853,069	13,588,187
Financed by hire purchase arrangements	-	(251,000)
	<b>38,853,069</b>	<b>13,337,187</b>

As at 31 December 2010, the carrying amounts of the property, plant and equipment of the Group under finance leases are as follows:

	Group	
	2010 RM	2009 RM
Motor vehicles	184,992	240,763

Details of the terms and conditions of the finance lease arrangements are disclosed in Note 19 to the financial statements.

- (c) During the financial year, the Group reassessed its long term leases of land in accordance with the Amendment to FRS 117 to be finance leases, where applicable. The classification of prepaid lease payments for land as property, plant and equipment has been accounted for retrospectively. The effects of the reclassification are shown in Note 37 to the financial statements.

## 8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2010 RM	2009 RM
Unquoted equity shares, at cost	80,781,953	80,751,951
Less: Impairment losses	(3,082,153)	-
	<b>77,669,800</b>	<b>80,751,951</b>

## Notes To The Financial Statements

31 December 2010 (continued)

### 8. INVESTMENTS IN SUBSIDIARIES (continued)

The details of the subsidiaries are as follows:

Company name	Interest in equity held by				
	Company		Subsidiaries		
	2010	2009	2010	2009	
New Hoong Fatt Auto Supplies Sdn. Bhd.	100%	100%	-	-	Marketing, distribution and trading of automotive spare parts and accessories
NJ Manufacturing Industries Sdn. Bhd.	100%	100%	-	-	Manufacturing and marketing of automotive parts
Jhi Soon Manufacturing Industries Sdn. Bhd.	100%	100%	-	-	Manufacturing and marketing of automotive parts
Hoeken Industrial Sdn. Bhd.	100%	100%	-	-	Inactive
Advancesoft ICT Sdn. Bhd.	100%	100%	-	-	In voluntary winding up
New Hoong Fatt Industries Sdn. Bhd.	100%	100%	-	-	Inactive
MJ Manufacturing Industries Sdn. Bhd.	100%	100%	-	-	Manufacturing of tools and dies, moulds and dies, metal and plastic automotive parts
Auto Global Parts Industries Sdn. Bhd.	100%	-	-	-	Manufacturing and marketing of automotive parts and provision of injection services for plastic automotive parts
<b>Subsidiary of New Hoong Fatt Auto Supplies Sdn. Bhd.</b>					
New Kean Tat Auto Parts Sdn. Bhd.	-	-	60%	60%	Trading of motor vehicle parts and accessories
<b>Subsidiary of New Kean Tat Auto Parts Sdn. Bhd.</b>					
Advance Auto Supplies Sdn. Bhd.	-	-	100%	-	Inactive

All subsidiaries are audited by BDO.

(a) During the financial year

- (i) On 2 March 2010, the Company acquired for two (2) ordinary shares of RM1.00 each representing 100% equity interest in Auto Global Parts Industries Sdn. Bhd., a company incorporated in Malaysia, which intends to engage in the manufacturing and marketing of automotive parts and provision of injection services for plastic automotive parts, for a cash consideration of RM2. The acquisition does not have significant impact to the Group's financial statements.

## Notes To The Financial Statements

31 December 2010 (continued)

### 8. INVESTMENTS IN SUBSIDIARIES (continued)

- (a) During the financial year (continued)
- (ii) On 30 July 2010, the Group acquired for two (2) ordinary shares of RM1.00 each representing 100% equity interest in Advance Auto Supplies Sdn. Bhd., a company incorporated in Malaysia, which intends to engage in trading of motor vehicle parts and accessories, for a cash consideration of RM2. The acquisition does not have significant impact to the Group's financial statements.
- (iii) On 15 December 2010, the Group announced that Advancesoft ICT Sdn Bhd, its wholly owned subsidiary had commenced the member's voluntary winding up pursuant to section 254(1)(b) of the Companies Act, 1965. The voluntary winding up will not have any financial or operational effect on the Group.
- (b) An impairment loss of RM3,082,153 on investment in a subsidiary, Advancesoft ICT Sdn. Bhd., was recognised during the financial year. This is because the subsidiary is under the process of voluntary winding up and it is unlikely that the Company will fully recover the cost of investment upon completion of the winding up process. The recoverable amount was determined by reference to the underlying net assets of the subsidiary as at the end of the reporting period.
- (c) During the previous financial year
- (i) the Group subscribed 3,000,000 shares representing 60% of the total issued and paid-up share capital of New Kean Tat Auto Parts Sdn. Bhd. ('NKT'), a company incorporated in Malaysia, which is engaged in trading of motor vehicle parts and accessories.
- (ii) the Company acquired the entire issued and paid-up ordinary share capital of MJ Manufacturing Industries Sdn. Bhd., a company incorporated in Malaysia, which intended to engage in manufacturing of tools and dies, mould and dies, metal and plastic automotive parts, for a cash consideration of RM2.

The newly incorporated subsidiary had contributed the following results to the Group during the previous financial year:

	<b>2009 RM</b>
Revenue	45,758,334
Profit for the financial year	<u>681,489</u>

The summary of effects on incorporation of the subsidiary during the previous financial year are as follows:

	<b>Fair value recognised on incorporation of subsidiary RM</b>	<b>Subsidiary's carrying amount RM</b>
Cash and bank balances	5,000,000	5,000,000
Less: Minority interest	(2,000,000)	(2,000,000)
Total cost of subscription by the Group	<u>3,000,000</u>	<u>3,000,000</u>

## Notes To The Financial Statements

31 December 2010 (continued)

### 8. INVESTMENTS IN SUBSIDIARIES (continued)

(c) During the previous financial year (continued)

The cash inflow on the incorporation of a new subsidiary is as follows:

	<b>2009 RM</b>
Subscription price settled in cash	3,000,000
Cash and cash equivalents of subsidiary	(5,000,000)
	<hr/>
Ordinary shares subscribed by minority shareholders	(2,000,000)
	<hr/>

### 9. INVESTMENT PROPERTIES

<b>Group</b>	<b>Balance as at 1.1.2010 RM</b>	<b>Fair value adjustment RM</b>	<b>Balance as at 31.12.2010 RM</b>
<b>Carrying amount</b>			
Long term leasehold land and buildings	5,866,360	2,433,640	8,300,000
			<hr/>

<b>Group</b>	<b>Balance as at 1.1.2009 RM</b>	<b>Reclassifi- cations (Note 7) RM</b>	<b>Balance as at 31.12.2009 RM</b>
<b>Carrying amount</b>			
Long term leasehold land and buildings	-	5,866,360	5,866,360
			<hr/>

During the previous financial year, leasehold land and buildings with carrying amounts of RM5,866,360 were reclassified from prepaid lease payments for land and property, plant and equipment to investment properties following the change in the management's intention for the usage of the properties.

The fair value of the investment properties are estimated by the Directors by reference to market evidence of transaction prices for similar properties.

Direct operating expenses arising from investment properties generating rental income during the financial year are as follows:

	<b>Group</b>	
	<b>2010 RM</b>	<b>2009 RM</b>
Insurance	8,151	6,568
Quit rent and assessment	32,688	32,688
	<hr/>	<hr/>

# Notes To The Financial Statements

31 December 2010 (continued)

## 10. PREPAID LEASE PAYMENTS FOR LAND

Group	Balance as at 1.1.2010, as restated RM	Amortisation charge for the financial year RM	Balance as at 31.12.2010 RM
<b>Carrying amount</b>			
Short term leasehold land	1,604,334	(84,811)	1,519,523
	----- At 31.12.2010 -----		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Short term leasehold land	1,823,429	(303,906)	1,519,523
	----- At 31.12.2009 -----		
Group	Balance as at 1.1.2009, as restated RM	Amortisation charge for the financial year RM	Balance as at 31.12.2009, as restated RM
<b>Carrying amount</b>			
Short term leasehold land	1,689,145	(84,811)	1,604,334
	----- At 31.12.2009 -----		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Short term leasehold land	1,823,429	(219,095)	1,604,334

During the financial year, the Group reassessed its long term leases of land in accordance with the Amendment to FRS 117 to be finance leases, where applicable. The classification of prepaid lease payments for land as property, plant and equipment has been accounted for retrospectively. The effects of the reclassification are shown in Note 37 to the financial statements.

## 11. AVAILABLE-FOR-SALE FINANCIAL ASSETS/OTHER INVESTMENTS

	Group	
	2010 RM	2009 RM
Available-for-sale financial assets		
- Unquoted shares in Malaysia	83,000	-
Other investments - at cost		
- Unquoted shares in Malaysia	-	83,000

Other investments have been classified into available-for-sale financial assets upon adoption of FRS 139 on 1 January 2010.

The comparative figure has not been presented based on the new categorisation of financial assets resulting from the adoption of FRS 139 by virtue of the exemption given in FRS 7.44AA.

Information on the fair value hierarchy is disclosed in Note 34(e) to the financial statements.

## Notes To The Financial Statements

31 December 2010 (continued)

### 12. INTANGIBLE ASSET - GOODWILL

<b>Group</b>	<b>Balance as at 1.1.2010 RM</b>	<b>Impairment loss for the financial year RM</b>	<b>Balance as at 31.12.2010 RM</b>
<b>Carrying amount</b>			
Goodwill	20,218,886	(4,880,000)	15,338,886
	----- <b>At 31.12.2010</b> -----		
	<b>Cost RM</b>	<b>Accumulated impairment RM</b>	<b>Carrying amount RM</b>
Goodwill	31,225,470	(15,886,584)	15,338,886
	----- <b>At 31.12.2009</b> -----		
	<b>Cost RM</b>	<b>Accumulated impairment RM</b>	<b>Carrying amount RM</b>
<b>Group</b>	<b>Balance as at 1.1.2009 RM</b>	<b>Impairment loss for the financial year RM</b>	<b>Balance as at 31.12.2009 RM</b>
<b>Carrying amount</b>			
Goodwill	25,518,886	(5,300,000)	20,218,886
	----- <b>At 31.12.2009</b> -----		
	<b>Cost RM</b>	<b>Accumulated impairment RM</b>	<b>Carrying amount RM</b>
Goodwill	31,225,470	(11,006,584)	20,218,886

For the purpose of impairment testing, goodwill is allocated to the CGU, which represents the lowest level within the Group at which the goodwill is monitored for internal management purpose.

An impairment loss on goodwill amounting to RM4,880,000 has been recognised during the financial year due to declining economic benefits expected from the CGU of which the goodwill were allocated to. This is a result of reducing economic life of the products for which the business operation and assets acquired that can produce.

The recoverable amount was determined based on a value-in-use calculation using cash flow projections based on the management's estimation on revenue that can be generated from the products for which the business operation and assets acquired can produce. The remaining economic lives of the products are estimated for a period of 1 to 8 years and the discount rate applied to the cash flow projections were 13% based on weighted average cost of capital of the Group.

## Notes To The Financial Statements

31 December 2010 (continued)

### 13. INVENTORIES

	Group	
	2010 RM	2009 RM
<b>At cost</b>		
Raw materials	13,934,993	11,211,973
Work-in-progress	1,708,562	1,132,769
Finished goods	24,477,770	22,219,868
Consumables	129,326	83,810
	<b>40,250,651</b>	34,648,420
<b>At net realisable value</b>		
Finished goods	1,617,270	1,314,917
	<b>41,867,921</b>	35,963,337

### 14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
<u>Trade</u>				
Third parties	56,351,981	51,981,236	-	-
Less: Impairment loss	(784,977)	(752,676)	-	-
	<b>55,567,004</b>	51,228,560	-	-
<u>Non-trade</u>				
Amounts owing by subsidiaries	-	-	5,519,306	2,400,000
Other receivables	45,346	241,857	-	-
Deposits	290,491	1,346,401	2,500	2,500
Prepayments	3,047,569	3,291,859	-	6,875
	<b>3,383,406</b>	4,880,117	<b>5,521,806</b>	2,409,375
<b>Total</b>	<b>58,950,410</b>	56,108,677	<b>5,521,806</b>	2,409,375

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 days to 180 days (2009: 30 days to 160 days). They are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (b) Included in trade receivables of the Group are amounts of RM33,468 (2009: RM53,635) owing by companies in which a sibling of certain Directors of the Company has substantial financial interest.
- (c) The amounts owing by subsidiaries of the Company represent mainly dividend receivable in cash and cash equivalents, which is unsecured and payable on demand.
- (d) Included in deposits and prepayments are deposits and advance payments of RM2,803,592 (2009: RM3,709,452) paid to suppliers for the purchase of property, plant and equipment.

## Notes To The Financial Statements

31 December 2010 (continued)

### 14. TRADE AND OTHER RECEIVABLES (continued)

(e) The currency exposure profile of trade and other receivables are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Ringgit Malaysia	52,769,724	51,382,673	5,521,806	2,409,375
US Dollar	6,113,537	4,629,976	-	-
New Taiwan Dollar	67,149	96,028	-	-
	<b>58,950,410</b>	56,108,677	<b>5,521,806</b>	2,409,375

(f) The ageing analysis of trade receivables of the Group are as follows:

	Group	
	2010 RM	2009 RM
Neither past due nor impaired	48,244,846	45,386,455
Past due, not impaired		
1 to 30 days	5,300,849	4,691,754
31 to 60 days	968,851	686,209
61 to 90 days	441,658	167,729
More than 90	610,800	296,413
	<b>7,322,158</b>	5,842,105
Past due and impaired	784,977	752,676
	<b>56,351,981</b>	51,981,236

#### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

#### Receivables that are past due but not impaired

At the end of the reporting period, the Group has trade receivables amounting to RM7,322,158 (2009: RM5,842,105) that are past due but not impaired, which are unsecured in nature. These trade receivables are not impaired because they possess high creditworthiness and good payment records

## Notes To The Financial Statements

31 December 2010 (continued)

### 14. TRADE AND OTHER RECEIVABLES (continued)

- (f) The ageing analysis of trade receivables of the Group are as follows: (continued)

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of the reporting period are as follows:

Group	Individually impaired	
	2010 RM	2009 RM
Trade receivables, gross	784,977	752,676
Less: Impairment loss	(784,977)	(752,676)
	-	-

- (g) The reconciliation of movement in the impairment loss is as follows:

	Group	
	2010 RM	2009 RM
As at 1 January	752,676	516,367
Written off	(1,776)	-
Reversal of impairment loss	(16,135)	(25,140)
Impairment loss	50,212	261,449
As at 31 December	784,977	752,676

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted in payments. These receivables are not secured by any collateral or credit enhancements.

### 15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash and bank balances	11,837,508	9,550,997	172,059	186,945
Short term placements	21,490,262	24,971,845	-	-
	33,327,770	34,522,842	172,059	186,945

## Notes To The Financial Statements

31 December 2010 (continued)

### 15. CASH AND CASH EQUIVALENTS (continued)

- (a) Information on financial risks of cash and cash equivalents are disclosed in Note 35 to the financial statements.
- (b) The currency exposure profile of cash and cash equivalents are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Ringgit Malaysia	30,996,837	33,831,087	172,059	186,945
US Dollar	2,330,933	691,755	-	-
	<b>33,327,770</b>	<b>34,522,842</b>	<b>172,059</b>	<b>186,945</b>

### 16. SHARE CAPITAL

	Group / Company		2009	
	2010 Number of shares	RM	Number of shares	RM
Ordinary shares of RM1.00 each:				
Authorised	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
Balance as at 1 January/31 December	75,156,600	75,156,600	75,156,600	75,156,600

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meeting of the Company. All ordinary shares rank pari passu with regard to the Company's assets.

### 17. RESERVES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
<b>Non-distributable:</b>				
Share premium	4,210,070	4,210,070	4,210,070	4,210,070
Revaluation reserve	13,512,861	13,512,861	-	-
<b>Distributable:</b>				
Retained earnings	156,724,173	138,488,689	3,793,451	3,695,019
	<b>174,447,104</b>	<b>156,211,620</b>	<b>8,003,521</b>	<b>7,905,089</b>

- (a) Revaluation reserve

The asset revaluation reserve is used to record the increase and decrease in the fair value of land and buildings.

# Notes To The Financial Statements

31 December 2010 (continued)

## 17. RESERVES (continued)

### (b) Retained earnings

Effective from 1 January 2008, the Company is given an option to make an irrevocable election to move to a single tier system or to continue to use its tax exempt account or tax credit under Section 108 of Income Tax Act, 1967 for purpose of dividend distribution until it is fully utilised or latest by 31 December 2013.

The Company has made this election and as a result, there are no longer any restrictions on the Company to frank the payment of dividends out of its entire retained earnings as at the end of the reporting period.

### (c) Supplementary information on realised and unrealised profits or losses

The retained earnings as at the end of the reporting period may be analysed as follows:

	2010	
	Group RM	Company RM
Total retained earnings before consolidation adjustments		
- Realised	258,282,927	3,793,451
- Unrealised	(11,242,493)	-
	<b>247,040,434</b>	3,793,451
Less: Consolidation adjustments	(90,316,261)	-
	<b>156,724,173</b>	3,793,451

The above note has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

## 18. BORROWINGS (INTEREST BEARING)

	Group	
	2010 RM	2009 RM
<b>Current liabilities - unsecured</b>		
Bankers' acceptances	30,182,998	31,401,890
Term loans	4,782,839	2,197,684
Hire purchase creditors (Note 19)	84,295	81,365
	<b>35,050,132</b>	33,680,939
<b>Non-current liabilities - unsecured</b>		
Term loans	11,864,029	4,210,473
Hire purchase creditors (Note 19)	39,254	119,406
	<b>11,903,283</b>	4,329,879
	<b>46,953,415</b>	38,010,818

## Notes To The Financial Statements

31 December 2010 (continued)

### 18. BORROWINGS (INTEREST BEARING) (continued)

	Group	
	2010 RM	2009 RM
<b>Total borrowings</b>		
Bankers' acceptances	<b>30,182,998</b>	31,401,890
Term loans	<b>16,646,868</b>	6,408,157
Hire purchase creditors (Note 19)	<b>123,549</b>	200,771
	<b>46,953,415</b>	38,010,818
Repayable as follows:		
- not later than one (1) year	<b>35,050,132</b>	33,680,939
- between one (1) to five (5) years	<b>11,903,283</b>	4,329,879
	<b>46,953,415</b>	38,010,818

- (a) All borrowings are denominated in RM.
- (b) Bankers' acceptance and term loans of the Group are secured by corporate guarantee from the Company.
- (c) Information on financial risks of the borrowings are disclosed in Note 35 to the financial statements.

### 19. HIRE PURCHASE CREDITORS

	Group	
	2010 RM	2009 RM
Minimum hire purchase payments:		
- not later than one (1) year	<b>92,724</b>	92,724
- later than one (1) year but not later than five (5) years	<b>36,968</b>	129,692
Total minimum hire purchases payments	<b>129,692</b>	222,416
Less: Future interest charges	<b>(6,143)</b>	(21,645)
Present value of hire purchases payments	<b>123,549</b>	200,771
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	<b>84,295</b>	81,365
Non-current liabilities		
- later than one (1) year but not later than five (5) years	<b>39,254</b>	119,406
	<b>123,549</b>	200,771

Lease terms range from one (1) to three (3) years with options to purchase at the end of the lease term. Lease terms do not contain restrictions concerning dividends or additional debt. However, certain lease terms entered into by subsidiaries include restrictions on further leasing.

Information on financial risks of hire purchase creditors is disclosed in Note 35 to the financial statements.

## Notes To The Financial Statements

31 December 2010 (continued)

### 20. DEFERRED TAX LIABILITIES

(a) The deferred tax liabilities are made up of the following:

	Group	
	2010 RM	2009 RM
Balance as at 1 January	14,247,749	14,222,958
Recognised in profit or loss:		
- current year (Note 28)		
- excess of capital allowances over corresponding depreciation	603,047	68,294
- crystallised from revaluation of property, plant and equipment	(44,324)	(45,334)
	558,723	22,960
- (over)/under provisions in prior year (Note 28)		
- excess of capital allowance over corresponding depreciation	(596,518)	1,831
Balance as at 31 December	<b>14,209,954</b>	<b>14,247,749</b>

(b) The components of deferred tax liabilities are made up of the following:

	Group	
	2010 RM	2009 RM
Surplus arising from revaluation of buildings	1,797,019	1,841,343
Excess of capital allowances over corresponding depreciation	12,412,935	12,406,406
	<b>14,209,954</b>	<b>14,247,749</b>

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### 21. TRADE AND OTHER PAYABLES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
<u>Trade</u>				
Third parties	10,944,058	12,813,981	-	-
<u>Non-trade</u>				
Other payables	1,208,469	1,398,473	57,657	114,432
Accruals	5,630,045	4,807,498	149,000	173,000
	6,838,514	6,205,971	206,657	287,432
<b>Total</b>	<b>17,782,572</b>	<b>19,019,952</b>	<b>206,657</b>	<b>287,432</b>

## Notes To The Financial Statements

31 December 2010 (continued)

### 21. TRADE AND OTHER PAYABLES (continued)

- (a) Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 days to 120 days (2009: 30 days to 120 days).
- (b) Included in trade payables of the Group are amounts of RM164,440 (2009: RM164,311) owing to companies in which a sibling of certain Directors of the Company has substantial financial interests.
- (c) Information of financial risks of trade and other payables are disclosed in Note 35 to the financial statements.
- (d) The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Ringgit Malaysia	17,607,021	17,219,510	206,657	287,432
US Dollar	175,551	1,800,442	-	-
	<b>17,782,572</b>	<b>19,019,952</b>	<b>206,657</b>	<b>287,432</b>

### 22. COMMITMENTS

- (a) Operating lease commitments

- (i) The Group as lessee

The Group had entered into non-cancellable lease agreements for certain premises and staff housing, resulting in future rental commitments which can, subject to certain terms in the agreements, be reviewed and revised annually.

	Group	
	2010 RM	2009 RM
Not later than one (1) year	189,400	187,200
Later than one (1) year and not later than five (5) years	39,000	151,600
	<b>228,400</b>	<b>338,800</b>

- (b) Capital commitments

	Group	
	2010 RM	2009 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
- Contracted but not provided for	5,338,817	19,587,270

## Notes To The Financial Statements

31 December 2010 (continued)

### 23. CONTINGENT LIABILITIES - UNSECURED

	Company	
	2010 RM	2009 RM
Guarantee in favour of banks for banking facilities utilised by subsidiaries	46,829,866	37,810,047
Guarantee in favour of third parties for supply of goods to subsidiaries	1,618,690	349,493
	<b>48,448,556</b>	<b>38,159,540</b>

The Directors are of the view that it is unlikely that the financial institutions will call upon the corporate guarantees in view of the financial strength of the subsidiaries.

#### Litigation

On 11 December 2008, the Company's wholly owned subsidiary, New Hoong Fatt Auto Supplies Sdn Bhd ("NHFAS") commenced a Civil Suit No. MT4-22-869-2008 in the High Court of Malaya, Johor Bahru ("the Invalidation Action") against Eagle Eyes Auto Lamps Centre Sdn Bhd ("the Defendant") to invalidate the Defendant's registered industrial design applied to Rear Combination Lamps bearing Registration No. MY 07-00783-0101 ("the Registered Design").

Subsequently, on 12 February 2010, the Defendant served on NHFAS a Writ of Summons (Civil Suit No. D22(IP)-45-2009) allegedly claiming that NHFAS is infringing the Registered Design ("the Infringement Action").

The Invalidation Action was then transferred to the High Court of Malaya, Kuala Lumpur and registered as Civil Suit No. D22(IP) -36-2010. The Invalidation Action and the Infringement Action was heard together on 24 and 25 February 2011 and pending for judgement by the Court.

No provision has been made in the financial statements of the Group as the claim from the Defendant does not specify any monetary amount and it is impractical to quantify any consequential effect of the litigation, if any.

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### 24. REVENUE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Sale of goods	222,473,416	203,314,719	-	-
Management fee	-	-	384,000	360,000
Dividends income from subsidiaries	-	-	12,384,000	9,250,000
	<b>222,473,416</b>	203,314,719	<b>12,768,000</b>	9,610,000

# Notes To The Financial Statements

31 December 2010 (continued)

## 25. COST OF SALES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Inventories sold	162,133,205	149,110,759	-	-

## 26. FINANCE COSTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Interest expense on:				
- bankers' acceptances	1,050,431	806,809	-	-
- bank overdrafts	437	-	-	-
- term loans	462,348	512,071	-	-
- revolving credits	-	157,031	-	-
- hire purchase	15,502	5,453	-	-
	1,528,718	1,481,364	-	-

## 27. PROFIT BEFORE TAX

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
This is arrived at after charging:					
Amortisation of prepaid lease payments	10	84,811	84,811	-	-
Auditors' remuneration:					
- statutory		91,500	82,500	13,000	13,000
- non-statutory		2,000	2,000	2,000	2,000
Bad debts written off		11,293	-	-	-
Depreciation of property, plant and equipment	7	16,996,001	17,391,641	-	-
Directors' remunerations					
- fees:					
- payable by the Company		141,000	165,000	141,000	165,000
- payable by subsidiaries		275,000	263,000	-	-
- emoluments other than fees:					
- payable by the Company		42,000	54,000	42,000	54,000
- payable by subsidiaries		2,006,328	1,765,768	-	-
Impairment loss on:					
- investments in a subsidiary	8	-	-	3,082,153	-
- goodwill	13	4,880,000	5,300,000	-	-
- trade and other receivables	14(g)	50,212	261,449	-	-
Property, plant and equipment written off	7	26,901	128,773	-	-
Realised loss on foreign exchange transactions		489,835	106,482	-	-
Rental of factory and premises		644,410	608,050	-	-
Unrealised loss on foreign exchange translations		214,493	37,780	-	-

## Notes To The Financial Statements

31 December 2010 (continued)

### 27. PROFIT BEFORE TAX (continued)

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
And crediting:					
Reversal of impairment loss on trade and other receivables	14(g)	<b>16,135</b>	25,140	-	-
Dividend income from unquoted subsidiaries		-	-	<b>12,384,000</b>	9,250,000
Fair value adjustments of investment properties	9	<b>2,433,640</b>	-	-	-
Gain on disposal of property, plant and equipment		<b>229,492</b>	644,907	-	-
Interest income from short term placements		<b>664,821</b>	496,037	-	-
Management fee from subsidiaries		-	-	<b>384,000</b>	360,000
Rental income from investment properties		<b>360,000</b>	360,729	-	-

### 28. TAX EXPENSE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Current tax expense based on profit for the financial year	<b>3,567,316</b>	3,436,429	<b>6,027</b>	-
Deferred tax liabilities (Note 20)	<b>558,723</b>	22,960	-	-
	<b>4,126,039</b>	3,459,389	<b>6,027</b>	-
Under/(Over) provision in prior years:				
- current tax expense	<b>134,961</b>	23,057	-	-
- deferred tax liabilities (Note 20)	<b>(596,518)</b>	1,831	-	-
	<b>3,664,482</b>	3,484,277	<b>6,027</b>	-

The Malaysian income tax is calculated at the statutory tax rate of 25% (2009: 25%) of the estimated taxable profits for the fiscal year.

## Notes To The Financial Statements

31 December 2010 (continued)

### 28. TAX EXPENSE (continued)

The numerical reconciliation between the applicable tax rate and average effective tax rate are as follows:

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
Applicable tax rate	25.0	25.0	25.0	25.0
Tax effects in respect of:				
Double deduction of certain expenses	(0.1)	(0.1)	-	-
Non-taxable income	(2.6)	(0.2)	(33.9)	(25.3)
Non-allowable expenses	5.0	6.1	9.0	0.3
Reinvestment allowance incentives	(14.1)	(17.4)	-	-
	13.2	13.4	0.1	-
(Over)/under provision in prior years	(1.5)	0.1	-	-
Average effective tax rate	11.7	13.5	0.1	-

### 29. EARNINGS PER SHARE

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the parent of RM27,254,276 (2009: RM21,972,885) by the number of ordinary shares in issue during the financial year of RM75,156,600 (2009: RM75,156,600).

Diluted earnings per ordinary share is not presented as there is no dilutive potential ordinary shares outstanding during the financial year.

### 30. DIVIDENDS PER SHARE

	Group and Company			
	2010		2009	
	Single tier dividend per share Sen	Amount of dividend RM	Single tier dividend per share Sen	Amount of dividend RM
Final dividend in respect of previous financial year	9	6,764,094	8	6,012,528
Interim dividend in respect of current financial year	3	2,254,698	3	2,254,698
	12	9,018,792	11	8,267,226

A final single tier dividend of 8 sen and a special final single tier dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2010 amounting to RM7,515,660 have been proposed by the Directors after the reporting period for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current year do not reflect these proposed dividends. These dividends, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the year ending 31 December 2011.

## Notes To The Financial Statements

31 December 2010 (continued)

### 31. EMPLOYEES BENEFITS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Salaries, wages, overtime, bonuses, allowances and commissions	25,890,094	19,986,427	135,000	135,000
Contributions to defined contribution plan	2,551,290	2,018,608	-	-
Social security contributions	308,023	240,675	-	-
	<b>28,749,407</b>	<b>22,245,710</b>	<b>135,000</b>	<b>135,000</b>

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM2,021,328 (2009: RM1,780,768) and RM15,000 (2009: RM15,000) respectively.

### 32. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Sales to:				
- Pong Codan Marketing Sdn. Bhd.	17,654	13,400	-	-
- Pong Codan Rubber (M) Sdn. Bhd.	83,768	57,977	-	-
Purchases from:				
- Pong Codan Marketing Sdn. Bhd.	1,164,256	1,156,814	-	-
- Pong Codan Rubber (M) Sdn. Bhd.	367,552	359,880	-	-
Rental paid to				
LF Kim Holdings Sdn. Bhd.	108,000	108,000	-	-
Management fee from:				
- New Hoong Fatt Auto Supplies Sdn. Bhd.	-	-	108,000	96,000
- NJ Manufacturing Industries Sdn. Bhd.	-	-	144,000	144,000
- Jhi Soon Manufacturing Industries Sdn. Bhd.	-	-	132,000	120,000
Dividend received and receivable from:				
- NJ Manufacturing Industries Sdn. Bhd.	-	-	-	2,400,000
- Jhi Soon Manufacturing Industries Sdn. Bhd.	-	-	10,000,000	6,300,000
- Hoeken Industrial Sdn. Bhd.	-	-	1,700,000	550,000
- Advancesoft Sdn Bhd	-	-	684,000	-

The related party transactions described above were entered into in the normal course of business and are based on negotiated and mutually agreed terms.

# Notes To The Financial Statements

31 December 2010 (continued)

## 32. RELATED PARTY DISCLOSURES (continued)

- (b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (continued)

The relationships between the Group and the related parties, other than those disclosed elsewhere in the financial statements, are as follows:

Identities of related parties	Relationship with the Group
Pong Codan Marketing Sdn. Bhd.	} Companies in which siblings of two (2) executive directors of the Company have substantial financial interests.
Pong Codan Rubber (M) Sdn. Bhd.	
LF Kim Holdings Sdn. Bhd.	

- (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

The remuneration of key management personnel for the financial year was as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Directors' emoluments payable to:				
Executive Directors:				
- fees	290,000	278,000	15,000	15,000
- Directors' emoluments other than fees	2,021,328	1,780,768	15,000	15,000
	<b>2,311,328</b>	2,058,768	<b>30,000</b>	30,000
Non-executive Directors:				
- fees	126,000	150,000	126,000	150,000
- Directors' emoluments other than fees	27,000	39,000	27,000	39,000
	<b>153,000</b>	189,000	<b>153,000</b>	189,000
	<b>2,464,328</b>	2,247,768	<b>183,000</b>	219,000

The estimated monetary value of benefits-in-kind received by the Directors other than in cash from the Group amounted to RM112,106 (2009: RM91,646).

## 33. OPERATING SEGMENTS

- (a) Business segments

The Group has three (3) reportable segments, 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, business and marketing strategies. The reportable segments are summarised as follows:

Manufacturing	Manufacturing and marketing of automotive parts, tools and dies, and mould and dies.
Trading	Marketing, distribution and trading of automotive spare parts and accessories.
Investment	Investment holding and provision of management services.

# Notes To The Financial Statements

31 December 2010 (continued)

## 33. OPERATING SEGMENTS (continued)

### (a) Business segments (continued)

Other operating segments that do not constitute reportable segments comprise operations related to the provision of computer software, consultancy and management services.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies as disclosed in Note 4.19 to the financial statements.

Segment performance is evaluated based on operating profit which, in certain respect as explained in the table below, is measured differently from operating profit in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment assets exclude assets used primarily for corporate purposes.

Segment liabilities exclude deferred tax liabilities.

2010	Manufacturing RM'000	Trading RM'000	Investment RM'000	Others operation segments RM'000	Total RM'000
<b>Revenue</b>					
Total revenue	129,480	170,232	12,768	90	312,570
Inter-segment revenue	(77,239)	-	(12,768)	(90)	(90,097)
<b>Revenue from external customers</b>	<b>52,241</b>	<b>170,232</b>	<b>-</b>	<b>-</b>	<b>222,473</b>
Interest income	391	269	-	5	665
Finance costs	(587)	(942)	-	-	(1,529)
Net finance expenses	(196)	(673)	-	5	(864)
Depreciation	(15,394)	(1,602)	-	-	(16,996)
Amortisation	-	(85)	-	-	(85)
<b>Segment profit before income tax</b>	<b>24,540</b>	<b>7,672</b>	<b>9,123</b>	<b>15</b>	<b>41,350</b>
Income tax expense	(2,218)	(1,415)	(6)	(25)	(3,664)
Other material non-cash items:					
- fair value gain on investment properties	-	2,434	-	-	2,434
- impairment loss on goodwill	(4,880)	-	-	-	(4,880)
<b>Segment assets</b>	<b>227,258</b>	<b>103,542</b>	<b>178</b>	<b>636</b>	<b>331,614</b>
<b>Segment liabilities</b>	<b>27,475</b>	<b>37,519</b>	<b>207</b>	<b>2</b>	<b>65,203</b>

## Notes To The Financial Statements

31 December 2010 (continued)

### 33. SEGMENTAL INFORMATION (continued)

(a) Business segments (continued)

2009	Manufacturing RM'000	Trading RM'000	Investment RM'000	Others operation segments RM'000	Total RM'000
<b>Revenue</b>					
Total revenue	118,171	158,504	9,610	453	284,338
Inter-segment revenue	(73,360)	-	(9,610)	(453)	(81,023)
<b>Revenue from external customers</b>					
	44,811	158,504	-	-	203,315
Interest income	227	269	-	-	496
Finance costs	(926)	(555)	-	-	(1,481)
Net finance expenses	(699)	(286)	-	-	(985)
Depreciation	(15,915)	(1,463)	-	(14)	(17,392)
Amortisation	-	(85)	-	-	(85)
<b>Segment profit before income tax</b>					
	22,130	4,823	9,161	(23)	36,091
Income tax expense	(2,093)	(1,392)	-	1	(3,484)
Other material non-cash items:					
- impairment loss on goodwill	(5,300)	-	-	-	(5,300)
<b>Segment assets</b>					
	212,201	92,723	198	425	305,547
<b>Segment liabilities</b>					
	25,101	32,218	288	51	57,658

Reconciliation of reportable segment profit or loss and liabilities to the Group's corresponding amounts are as follows:

Profit for the financial year	2010 RM'000	2009 RM'000
Total profit or loss for reportable segments	41,350	36,091
Elimination of inter-segment profits	(10,047)	(10,362)
Profit before tax	31,303	25,729
Income tax expenses	(3,664)	(3,484)
Profit for the financial year	27,639	22,245

# Notes To The Financial Statements

31 December 2010 (continued)

## 33. SEGMENTAL INFORMATION (continued)

### (a) Business segments (continued)

Reconciliation of reportable segment profit or loss and liabilities to the Group's corresponding amounts are as follows (continued):

<b>Liabilities</b>	<b>2010 RM'000</b>	<b>2009 RM'000</b>
Total liabilities for reportable segments	<b>65,203</b>	57,658
Deferred tax liabilities	<b>14,210</b>	14,248
Group's liabilities	<b>79,413</b>	71,906

### (b) Geographical segments

The Group operates mainly in Malaysia, ASEAN and Non ASEAN (such as Middle East, Central and South America, Europe and Africa). The revenue disclosed in geographical segments are based on the geographical location of its customers. Segment assets and segment expenditure are based on the geographical location of assets. The composition of each geographical segment is as follows:

- (i) Malaysia : Manufacturing and marketing of automotive parts and accessories and computer software and management service.
- (ii) Asean : Manufacturing and marketing of automotive parts and accessories.
- (iii) Non Asean : Manufacturing and marketing of automotive parts and accessories.

The following table provides an analysis of the Group's revenue, segment assets and capital expenditure by geographical segment:

	<b>Revenue</b>		<b>Segment assets</b>		<b>Capital expenditure</b>	
	<b>2010 RM'000</b>	<b>2009 RM'000</b>	<b>2010 RM'000</b>	<b>2009 RM'000</b>	<b>2010 RM'000</b>	<b>2009 RM'000</b>
Malaysia	<b>170,673</b>	159,031	<b>325,357</b>	300,821	<b>38,853</b>	13,337
Asean	<b>13,971</b>	12,000	<b>1,110</b>	1,607	-	-
Non Asean	<b>37,829</b>	32,284	<b>5,147</b>	3,119	-	-
	<b>222,473</b>	203,315	<b>331,614</b>	305,547	<b>38,853</b>	13,337

## 34. FINANCIAL INSTRUMENTS

### (a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from financial year ended 31 December 2009.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2010 and 31 December 2009.

# Notes To The Financial Statements

31 December 2010 (continued)

## 34. FINANCIAL INSTRUMENTS (continued)

### (a) Capital management (continued)

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group has a target gearing ratio of 10% to 30% determined as the proportion of net debt to equity. The Group and the Company includes within net debt, loans and borrowings, trade and other payables and current tax liabilities, less cash and bank balances. Capital represents equity attributable to the owners of the parent.

The gearing ratios as at 31 December were as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Borrowings	46,953,415	38,010,818	-	-
Trade and other payables	17,782,572	19,019,952	206,657	287,432
Current tax liabilities	466,662	627,804	-	-
Total liabilities	65,202,649	57,658,574	206,657	287,432
Less: Cash and cash equivalents	(33,327,770)	(34,522,842)	(172,059)	(186,945)
Net debt	31,874,879	23,135,732	34,598	100,487
Total capital	249,603,704	231,368,220	83,160,121	83,061,689
Net debt (A)	31,874,879	23,135,732	34,598	100,487
Total capital plus net debt (B)	281,478,583	254,503,952	82,195,719	83,162,176
Gearing ratio (A)/(B)	11.32%	9.09%	0.04%	0.12%

### (b) Categories of financial instruments

Certain comparative figures have not been presented for 31 December 2009 by virtue of the exemption given in paragraph 44AA of FRS 7.

Group 2010	Loan and receivables RM	Fair value through profit or loss RM	Available for sale RM	Held to maturity RM	Total RM
<b>Financial assets</b>					
Other investments	-	-	83,000	-	83,000
Trade and other receivables	58,950,410	-	-	-	58,950,410
Cash and cash equivalents	33,327,770	-	-	-	33,327,770
	92,278,180	-	83,000	-	92,361,180

# Notes To The Financial Statements

31 December 2010 (continued)

## 34. FINANCIAL INSTRUMENTS (continued)

(b) Categories of financial instruments (continued)

Group 2010	Other financial liabilities RM	Fair value through profit or loss RM	Total RM
<b>Financial liabilities</b>			
Borrowings	46,953,415	-	46,953,415
Trade and other payables	17,782,572	-	17,782,572
	<u>64,735,987</u>	-	<u>64,735,987</u>

Company 2010	Loan and receivables RM	Fair value through profit or loss RM	Available for sale RM	Held to maturity RM	Total RM
<b>Financial assets</b>					
Trade and other receivables	5,521,806	-	-	-	5,521,806
Cash and cash equivalents	172,059	-	-	-	172,059
	<u>5,693,865</u>	-	-	-	<u>5,693,865</u>

Company 2010	Other financial liabilities RM	Fair value through profit or loss RM	Total RM
<b>Financial liabilities</b>			
Trade and other payables	206,657	-	206,657
	<u>206,657</u>	-	<u>206,657</u>

## Notes To The Financial Statements

31 December 2010 (continued)

### 34. FINANCIAL INSTRUMENTS (continued)

(c) Fair value of financial instruments

The fair values of financial instruments that are not carried at fair value and whose carrying amounts do not approximate its fair values are as follows:

2010	Note	Group		Company	
		Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<b>Recognised</b>					
<b>Financial liabilities:</b>					
		123,549	123,718	-	-
		4,207,636	4,189,620	-	-
<hr/>					
<b>Unrecognised</b>					
	23	-	-	-	#
<hr/>					
<b>2009</b>					
<b>Recognised</b>					
<b>Financial liabilities:</b>					
		200,771	208,622	-	-
		6,408,157	6,330,449	-	-
<hr/>					
<b>Unrecognised</b>					
	23	-	-	-	#
<hr/>					

# The fair value of the financial corporate guarantee is negligible in view of the financial strength of the subsidiaries.

(d) Method and assumptions used to estimate fair value

- (i) The carrying amounts of financial assets and liabilities, such as trade and other receivables and trade and other payables, are reasonable approximation of fair value due to relatively short-term maturity of these financial instruments.
- (ii) The fair values of the term loans and hire purchase creditors are estimated by discounting future cash flows at the current market interest rate available to the Group for similar financial instruments.
- (iii) The fair value of the unquoted investments are estimated by reference to the recently transacted prices of similar instruments.

# Notes To The Financial Statements

31 December 2010 (continued)

## 34. FINANCIAL INSTRUMENTS (continued)

### (e) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2010, the Company held the following financial instruments carried at fair values on the statement of financial position:

#### Assets measured at fair value

	31.12.2010 RM	Level 1 RM	Level 2 RM	Level 3 RM
Available-for-sale financial assets				
- Unquoted shares	83,000	-	83,000	-

During the reporting period ended 31 December 2010, there were no transfers between fair value measurement hierarchy.

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instrument. Financial risk management is carried out through risk review programmes, internal control system, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to foreign currency risk, liquidity risk, interest rate risk and credit risk. Information on the management of the related exposures are detailed below.

### (i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk. Such exposures arise from substantial purchases of raw materials and moulds from Taiwan, China, India and South Korea. These purchases are mainly invoiced in New Taiwan Dollar and the US Dollar. The Group also sells to customers in Egypt, Pakistan, Thailand, Taiwan, Middle East and South America. The currencies giving rise to this risk are primarily the US Dollar. As the effect of the foreign currency risk is immaterial, the Group does not enter into any hedging contract as at the end of the reporting period.

# Notes To The Financial Statements

31 December 2010 (continued)

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (i) Foreign currency risk (continued)

The net unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

		Group	
	Note	2010 RM	2009 RM
<b>Financial assets not held in functional currencies</b>			
Cash and cash equivalents	15(b)		
- US Dollar (USD)		<b>2,330,933</b>	691,755
Trade and other receivables	14(e)		
- US Dollar (USD)		<b>6,113,537</b>	4,629,976
- New Taiwan Dollar (TWD)		<b>67,149</b>	96,028
		<b>6,180,686</b>	4,726,005
<b>Financial liabilities not held in functional currencies</b>			
Trade and other payables	21(c)		
- US Dollar (USD)		<b>175,551</b>	1,800,442

### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Group 2010 RM
	Profit net of tax
USD/RM - strengthen by 5%	310,084
- weaken by 5%	(310,084)

Any change in the TWD exchange rate against the respective functional currencies of the Group entities would not have any significant impact to the Group's financial statements.

## Notes To The Financial Statements

31 December 2010 (continued)

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Liquidity and cash flow risk

It is the Group's policy to ensure its ability to service its cash obligation in the future by way of measures and forecasts of its cash commitments, monitoring and maintaining a level of cash and cash equivalents deemed adequate to the Group's operations and development activities. The Group also maintains flexibility in funding by keeping committed credit lines available.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group 2010	Within one year RM	One to five years RM	Over five years RM	Total RM
<b>Financial liabilities</b>				
Trade and other payables	17,782,572	-	-	17,782,572
Borrowings	35,736,759	12,823,496	-	48,560,255
<hr/>				
Total undiscounted financial liabilities	53,519,331	12,823,496	-	66,342,827
<hr/>				
<b>Company 2010</b>				
<b>Financial liabilities</b>				
Trade and other payables	206,657	-	-	206,657
<hr/>				
Total undiscounted financial liabilities	206,657	-	-	206,657
<hr/>				

(iii) Credit risk

Cash deposits and receivables may give rise to credit risk which require the loss to be recognised if a counter party fails to perform as contracted. In order to manage this risk, it is the Group's policy to monitor the financial standing of these counter parties and perform credit evaluation on customers requiring credit.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit, except for new export customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month up to six (6) months. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

In respect of the deposits, cash and bank balances placed with major financial institutions in Malaysia, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

The Group has no significant concentration of credit risk as at the reporting date. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the statements of financial position.

# Notes To The Financial Statements

31 December 2010 (continued)

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (iii) Credit risk (continued)

#### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 14(f) to the financial statement. Deposits with banks that are neither past due nor impaired are placed with financial institutions with high credit ratings and no history of default.

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 14(f) to the financial statement.

### (iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group mitigates its exposure to interest rate risk by ensuring an appropriate mix of fixed and floating rate loan agreements.

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's short-term bank borrowings and term loans. As the Group's income and operating cash flows are substantially independent of changes in market interest rates, the Group does not use derivative financial instruments to hedge its risk.

#### Sensitivity analysis for floating rate instrument

At the reporting date, if interest rate had been 100 basis points lower or higher, with all the variable held constant, the Group's profit for the financial year would have been RM27,065 higher or lower, arising mainly from lower/higher interest expense on floating rate borrowings.

The following tables set out the carrying amounts, the effective interest rates as at the end of the reporting period and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

Group		Effective	Within	1 - 2	2 - 3	3 - 4	5	Total
At 31 December 2010	Note	interest rate	1 year	years	years	years	years	RM
		per annum	RM	RM	RM	RM	RM	
		%						
<b>Fixed rates</b>								
Bankers' acceptances	18	2.46 - 4.05	30,182,998	-	-	-	-	30,182,998
Term loans	18	4.48 - 5.65	2,254,839	1,542,797	410,000	-	-	4,207,636
Hire purchase creditors	19	3.50 - 3.68	84,295	39,254	-	-	-	123,549
<b>Floating rates</b>								
Term loans	18	4.48 - 5.65	2,528,000	2,628,000	2,628,000	2,628,000	2,027,232	12,439,232
<b>At 31 December 2009</b>								
<b>Fixed rates</b>								
Bankers' acceptances	18	2.45 - 3.30	31,401,890	-	-	-	-	31,401,890
Term loans	18	5.40 - 5.65	2,197,684	2,254,419	1,546,054	410,000	-	6,408,157
Hire purchase creditors	19	3.50 - 3.68	81,365	83,081	36,325	-	-	200,771

# Notes To The Financial Statements

31 December 2010 (continued)

## 36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) On 2 March 2010, the Company acquired for two (2) ordinary shares of RM1.00 each representing 100% equity interest in Auto Global Parts Industries Sdn. Bhd., a company incorporated in Malaysia, which intends to engage in the manufacturing and marketing of automotive parts and provision of injection services for plastic automotive parts, for a cash consideration of RM2. The acquisition does not have significant impact to the Group's financial statements.
- (ii) On 30 July 2010, the Group acquired for two (2) ordinary shares of RM1.00 each representing 100% equity interest in Advance Auto Supplies Sdn. Bhd., a company incorporated in Malaysia, which intends to engage in trading of motor vehicle parts and accessories, for a cash consideration of RM2. The acquisition does not have significant impact to the Group's financial statements.
- (iii) On 15 December 2010, the Group announced that Advancesoft ICT Sdn Bhd, its wholly owned subsidiary had commenced the member's voluntary winding up pursuant to section 254(1)(b) of the Companies Act, 1965. The voluntary winding up will not have any financial or operational effect on the Group.

## 37. COMPARATIVES

Certain figures as at 1 January 2009 have been restated due to the effects arising from the adoption of Amendment to FRS 117 Leases, which have resulted in retrospective adjustments. Long term leasehold land held by the Group for own use were reclassified from prepaid lease payments for land as previously reported, to property, plant and equipment – long term leasehold land.

Group	As previously reported RM	Effects on adoption of Amendment to FRS 117 RM	As restated RM
<b>As at 1 January 2009</b>			
<u>Statement of Financial Position</u>			
Property, plant and equipment	154,282,575	7,928,072	162,210,647
Prepaid lease payments for land	9,617,217	(7,928,072)	1,689,145
<hr/>			
<b>As at 31 December 2009</b>			
<u>Statement of Financial Position</u>			
Property, plant and equipment	148,152,345	2,987,193	151,139,538
Prepaid lease payments for land	4,591,527	(2,987,193)	1,604,334
<hr/>			
<b>For the financial year ended 31 December 2009</b>			
<u>Statement of Comprehensive Income</u>			
Depreciation of property, plant and equipment	17,255,677	135,964	17,391,641
Amortisation of prepaid lease payments for land	220,775	(135,964)	84,811
<hr/>			

# LIST OF PROPERTIES / SENARAI HARTANAH

AS AT 31 DECEMBER 2010 / PADA 31 DISEMBER 2010

Location	Description / Existing Use	Land Area / Built-Up Area	Tenure / Approximate Age of Building	Date of Last Revaluation or Acquisition	Net Book Value (RM'000)
Lokasi	Keterangan / Kegunaan	Keluasan Tanah / Luas Kawasan Terbina	Jenis Hakmilik / Anggaran Usia Bangunan	Tarikh Penilaian Semula atau Pembelian	Nilai Buku Bersih (RM'000)
GRN 28195 Lot 6342 Mukim of Setapak District of Kuala Lumpur Wilayah Persekutuan KL	3-storey shop house/ Office and warehouse  <i>Rumah kedai 3 tingkat/ Pejabat dan gudang</i>	152 sq m/ 457 sq m	Freehold/ 42 years  <i>Pegangan bebas/ 42 tahun</i>	21.12.06	546
HS(M) 22101 No. PT 29778 & GM 1827 (Lot 5026-5028) Mukim of Kapar District of Klang Selangor	Industrial land and building/ Office and factory  <i>Tanah perindustrian dan bangunan/ Pejabat dan kilang</i>	31,240 sq m/ 29,034 sq m	Freehold/ 12 – 19 years  <i>Pegangan bebas/ 12 - 19 tahun</i>	21.12.06	24,268
GM 3890 Lot 5043 Mukim of Kapar District of Klang Selangor	Industrial land and building/ Office and warehouse  <i>Tanah perindustrian dan bangunan/ Pejabat dan gudang</i>	10,918 sq m/ 9,486 sq m	Freehold/ 8 years  <i>Pegangan bebas/ 8 tahun</i>	21.12.06	8,287
GM 1672 Lot 5044 Mukim of Kapar District of Klang Selangor	Industrial land and building/ Warehouse  <i>Tanah perindustrian dan bangunan/ Gudang</i>	10,031 sq m/ 17,756 sq m	Freehold/ 8 years  <i>Pegangan bebas/ 8 tahun</i>	21.12.06	10,283
HS(M)35401 No. PT 54723 (Lot 5045) Mukim of Kapar District of Klang Selangor	Industrial land and building/ Factory  <i>Tanah perindustrian dan bangunan/ Kilang</i>	10,085 sq m/ 6,786 sq m	Freehold/ 10 years  <i>Pegangan bebas/ 10 tahun</i>	21.12.06	7,068
GM 1859 Lot 5046 Mukim of Kapar District of Klang Selangor	Industrial land and building/ Office and factory  <i>Tanah perindustrian dan bangunan/ Pejabat dan kilang</i>	10,669 sq m/ 7,237 sq m	Freehold/ 8 years  <i>Pegangan bebas/ 8 tahun</i>	21.12.06	7,249

## List Of Properties / Senarai Hartanah

As At 31 December 2010 / Pada 31 Disember 2010 (continued / sambungan)

Location	Description / Existing Use	Land Area / Built-Up Area	Tenure / Approximate Age of Building	Date of Last Revaluation or Acquisition	Net Book Value (RM'000)
Lokasi	Keterangan / Kegunaan	Keluasan Tanah / Luas Kawasan Terbina	Jenis Hakmilik / Anggaran Usia Bangunan	Tarikh Penilaian Semula atau Pembelian	Nilai Buku Bersih (RM'000)
HS(M) 36093 No. PT 56761 (Lot 5047-5048) Mukim of Kapar District of Klang Selangor	Industrial land and building/ Factory  <i>Tanah perindustrian dan bangunan/ Kilang</i>	20,109 sq m/ 12,447 sq m	Freehold/ Less than 1 year  <i>Pegangan bebas/ kurang daripada 1 tahun</i>	21.12.06	13,645
GM 4325 Lot 4982 Mukim of Kapar District of Klang Selangor	Vacant land  <i>Tanah kosong</i>	12,141 sq m/ -	Freehold/ -  <i>Pegangan bebas/ -</i>	21.12.06	1,500
GM 593 Lot 4983 Mukim of Kapar District of Klang Selangor	Vacant agricultural land  <i>Tanah pertanian kosong</i>	12,141 sq m/ -	Freehold/ -  <i>Pegangan bebas/ -</i>	21.12.06	1,500
GM 2445 Lot 4984 Mukim of Kapar District of Klang Selangor	Vacant land  <i>Tanah kosong</i>	12,141 sq m/ -	Freehold/ -  <i>Pegangan bebas/ -</i>	21.12.06	1,500
GM 5582 Lot 5065 Mukim of Kapar District of Klang Selangor	Vacant industrial land  <i>Tanah perindustrian kosong</i>	12,141 sq m/ -	Freehold/ -  <i>Pegangan bebas/ -</i>	21.12.06	2,379
Pajakan Negeri (WP) 26293 – 26297 Lot-Lot 47051 – 47055 Mukim Batu District of Kuala Lumpur Wilayah Persekutuan KL	Industrial land and building/ Own use and partially rented out as office and warehouse  <i>Tanah perindustrian dan bangunan/ Kegunaan sendiri dan sebahagian disewa sebagai pejabat dan gudang</i>	7,264 sq m/ 5,014 sq m	Leasehold of 99 years expiring on 16.06.2067/ 37 years  <i>Pajakan 99 tahun berakhir 16.06.2067/ 37 tahun</i>	31.12.10	12,223

## List Of Properties / Senarai Hartanah

As At 31 December 2010 / Pada 31 Disember 2010 (continued / sambungan)

Location	Description / Existing Use	Land Area / Built-Up Area	Tenure / Approximate Age of Building	Date of Last Revaluation or Acquisition	Net Book Value (RM'000)
Lokasi	Keterangan / Kegunaan	Keluasan Tanah / Luas Kawasan Terbina	Jenis Hakmilik / Anggaran Usia Bangunan	Tarikh Penilaian Semula atau Pembelian	Nilai Buku Bersih (RM'000)
Pajakan Negeri CL015413797 Miles 5 ½ Tuaran Road District of Kota Kinabalu Sabah	Industrial land and building/ Office and warehouse  <i>Tanah perindustrian dan bangunan/ Pejabat dan gudang</i>	3,565 sq m/ 1,780 sq m	Leasehold of 60 years expiring on 29.09.2028/ 4 years  <i>Pajakan 60 tahun berakhir 29.09.2028/ 4 tahun</i>	16.05.07	2,863
PN 24531 Lot 16474 Mukim Batu District of Kuala Lumpur Wilayah Persekutuan KL	Vacant industrial land /-  <i>Tanah perindustrian kosong</i>	3,204 sq m/ -	Leasehold of 99 years expiring on 16.06.2067  <i>Pajakan 99 tahun berakhir 16.06.2067</i>	25.02.10	5,936
PN 27157 Lot 16475 Mukim Batu District of Kuala Lumpur Wilayah Persekutuan KL	Building/Office and warehouse  <i>Bangunan/Pejabat dan gudang</i>	1,386 sq m/ 973 sq m	Leasehold of 99 years expiring on 16.06.2067/ 36 years  <i>Pajakan 99 tahun berakhir 16.06.2067/ 36 tahun</i>	17.03.10	3,019

# ANALYSIS OF SHAREHOLDINGS / ANALISA PEGANGAN SAHAM

AS AT 18 MARCH 2011 / PADA 18 MAC 2011

Authorised Share Capital / <i>Modal Saham Dibenarkan</i>	:	RM100,000,000.00
Issued and Paid-Up Share Capital / <i>Modal Saham Terbitan dan Berbayar</i>	:	RM75,156,600.00
Class of Shares / <i>Kelas Saham</i>	:	Ordinary shares of RM1.00 each / <i>Saham biasa RM1.00 sesaham</i>
No. of Shareholders / <i>Bilangan Pemegang Saham</i>	:	1,371
Voting Rights / <i>Hak Mengundi</i>	:	One vote per ordinary share / <i>Satu undi bagi setiap saham biasa</i>

## DISTRIBUTION OF SHAREHOLDINGS / PENGAGIHAN PEGANGAN SAHAM

Size of Shareholdings / <i>Saiz Pegangan Saham</i>	Shareholders / <i>Pemegang Saham</i>	%	Shareholdings / <i>Pegangan Saham</i>	%
1 – 99	9	0.66	301	0.00
100 – 1,000	229	16.70	198,522	0.26
1,001 – 10,000	849	61.92	3,623,390	4.82
10,001 – 100,000	234	17.07	7,106,200	9.46
100,001 – less than 5% of issued shares / <i>kurang dari 5% terbitan saham</i>	48	3.50	28,570,300	38.01
5% and above of issued shares / <i>5% dan ke atas terbitan saham</i>	2	0.15	35,657,887	47.45
<b>TOTAL / JUMLAH</b>	<b>1,371</b>	<b>100.00</b>	<b>75,156,600</b>	<b>100.00</b>

Note : 5% of issued shares = 3,757,829 shares

Nota : 5% terbitan saham = 3,757,829 saham

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## SUBSTANTIAL SHAREHOLDERS / PEMEGANG SAHAM UTAMA

Name / <i>Nama</i>	No. of Shares Held / <i>Bilangan Saham Dipegang</i>			
	Direct / <i>Langsung</i>	%	Indirect / <i>Tidak Langsung</i>	%
Kam Foong Keng	25,620,942	34.09	-	-
Wong Ah Moy @ Wong Yoke Len	10,036,945	13.35	720,000 <sup>1</sup>	0.96

Note / *Nota*:

<sup>1</sup> Deemed interested in the shares held by L F Kim Holdings Sdn Bhd in which she is a substantial shareholder and director.

*Dianggap mempunyai kepentingan dalam saham yang dipegang oleh L F Kim Holdings Sdn Bhd di mana beliau adalah pemegang saham utama dan pengarah.*

## Analysis Of Shareholdings / Analisa Pegangan Saham

As At 18 March 2011 / Pada 18 Mac 2011 (continued / sambungan)

### DIRECTORS' INTERESTS

#### KEPENTINGAN PENGARAH-PENGARAH

Name / Nama	No. of Shares Held / Bilangan Saham Dipegang			
	Direct / Langsung	%	Indirect / Tidak Langsung	%
<b>Directors</b>				
Kam Foong Keng	25,620,942	34.09	-	-
Chin Jit Sin	838,200	1.12	-	-
Kam Foong Sim	1,807,425	2.40	-	-
Wong Yoke Nyen	10,000	0.01	-	-
Danny Ng Siew L'Leong	-	-	-	-
Datuk Dr Anis Bin Ahmad	-	-	-	-
<b>Others</b>				
Wong Yoke Nyen*	17,000	0.02	-	-

Note / Nota:

- \* Disclosure of interest held by his spouse, pursuant to Section 134(12)(c) of the Companies Act, 1965.  
Pendedahan kepentingan dalam saham yang dipegang oleh isterinya menurut Seksyen 134(12)(c) Akta Syarikat, 1965.

## Analysis Of Shareholdings / Analisa Pegangan Saham

As At 18 March 2011 / Pada 18 Mac 2011 (continued / sambungan)

### THIRTY (30) LARGEST SHAREHOLDERS / TIGA PULUH (30) PEMEGANG SAHAM TERBESAR

Name / Nama	Shareholdings / Pegangan Saham	%
1. Kam Foong Keng	25,620,942	34.09
2. Wong Ah Moy @ Wong Yoke Len	10,036,945	13.35
3. Pui Cheng Wui	2,923,100	3.89
4. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For / Untuk Teo Kwee Hock (Margin)	1,807,500	2.40
5. Kam Fong Mei	1,777,425	2.36
6. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For / Untuk Teo Siew Lai (Margin)	1,739,400	2.31
7. Kam Kin Foong	1,677,125	2.23
8. Patricia Lim Pek Yew	1,630,200	2.17
9. Lee Kam Tai	1,627,425	2.17
10. Wong Fong Ngoh	1,439,600	1.92
11. DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt An For / Untuk British and Malayan Trustees Limited (Yeoman 3-Rights)	1,150,000	1.53
12. Kam Foong Sim	1,132,425	1.51
13. Chin Jit Sin	838,200	1.12
14. Diong Siew Gi	779,400	1.04
15. Wong Fong Ngoh	744,000	0.99
16. L F Kim Holdings Sdn Bhd	720,000	0.96
17. Kam Foong Sim	675,000	0.90
18. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For / Untuk Chan Chong Soon (E-KPG)	650,000	0.86
19. Lien, Li-Yu	452,800	0.60
20. Koay Keng Teik @ Koay Chia Wah	411,600	0.55
21. Koay Keng Ling	400,000	0.53
22. Koay Keng Huat	383,100	0.51
23. Lai Fook Hoy	381,800	0.51
24. Lim Pin Kong	372,000	0.49
25. Lim Pin Kong	368,100	0.49
26. Tseng Wan-I	306,000	0.41
27. Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For / Untuk Tan Tuan Phin (Jalan Dedap-CL)	291,800	0.39
28. Lin, Chih-Chun	269,600	0.36
29. Goh Beng Choo	265,300	0.35
30. Chua Sim Neo @ Diana Chua	256,300	0.34
<b>TOTAL / JUMLAH</b>	<b>61,127,087</b>	<b>81.33</b>

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fourteenth (14th) Annual General Meeting of **NEW HOONG FATT HOLDINGS BERHAD** will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 19 May 2011 at 10.00 a.m. for the following purposes:

## AGENDA

### ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Reports of the Directors and Auditors thereon.
2. To approve a final single tier dividend of eight (8) sen and a special final single tier dividend of two (2) sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2010. **Resolution 1**
3. To re-elect the following Directors who are retiring by rotation pursuant to Article 78 of the Company's Articles of Association, and who being eligible, offer themselves for re-election:
  - (i) Madam Kam Foong Keng **Resolution 2**
  - (ii) Datuk Dr. Anis Bin Ahmad **Resolution 3**
4. To approve the Directors' Fees of RM141,000 for the financial year ended 31 December 2010. **Resolution 4**
5. To re-appoint Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

### SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modifications, the following resolution as Special Resolution of the Company:

6. **SPECIAL RESOLUTION  
PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION**  
  
"THAT the deletion, alterations, modifications, variations and additions to the Articles of Association of the Company, more particularly set out in Annexure I contained in the Annual Report, be and is hereby approved." **Resolution 6**
7. To transact any other business for which due notice has been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

**FURTHER NOTICE IS HEREBY GIVEN THAT** subject to the approval of the shareholders at the Fourteenth (14th) Annual General Meeting of the Company, a final single tier dividend of eight (8) sen and a special final single tier dividend of two (2) sen per ordinary share of RM1.00 each for the financial year ended 31 December 2010 will be paid on 23 June 2011 to Depositors whose names appear in the Record of Depositors on 31 May 2011.

A depositor shall qualify for entitlement only in respect of:

- (a) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 31 May 2011 in respect of transfers; and
- (b) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

## Notice Of Annual General Meeting (continued)

By Order of the Board

**YEOH CHONG KEAT** (MIA 2736)  
**REBECCA LEONG SIEW KWAN** (MAICSA 7045547)  
Company Secretaries

Kuala Lumpur  
26 April 2011

### Notes :

1. Every member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote for him/her. A proxy may but need not be a member of the Company. If the proxy is not a member, he/she needs not be an advocate, an approved company auditor or a person approved by the Registrar in a particular case. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
2. The Proxy Form must be signed by the appointer or if the appointer is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
3. The original signed and/or sealed copy of the Proxy Form must be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur at least forty-eight (48) hours before the time fixed for the meeting.

### EXPLANATORY NOTE ON SPECIAL BUSINESS

#### **Resolution 6**

*The Special Resolution proposed under this resolution 6, is for the purpose of streamlining the Company's Articles of Association in line with the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, in particularly relating to electronic dividend as well as for standardization purposes. With the shareholders' approval, the proposed amendments as per Annexure I contained in this Annual Report will be incorporated into the Company's Articles of Association.*

### STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Further details of the Directors standing for re-election are set out in the Directors' Profile appearing on pages 12 to 17 of the Annual Report.

# NOTIS MESYUARAT AGUNG TAHUNAN

**DENGAN INI DIMAKLUMKAN BAHAWA** Mesyuarat Agung Tahunan **NEW HOONG FATT HOLDINGS BERHAD** yang ke-Empatbelas (14) akan diadakan di Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, pada hari Khamis, 19 Mei 2011, pada pukul 10.00 pagi bagi tujuan-tujuan berikut:

## AGENDA

### URUSAN BIASA

1. Menerima Penyata-penyata Kewangan yang telah diaudit bagi tahun kewangan berakhir pada 31 Disember 2010 bersama dengan Laporan-laporan Pengarah dan Juruaudit.
2. Meluluskan dividen akhir satu peringkat sebanyak lapan (8) sen dan dividen akhir satu peringkat khas sebanyak dua (2) sen sesaham biasa berharga RM1.00 bagi tahun kewangan berakhir pada 31 Disember 2010. **Resolusi 1**
3. Melantik semula Pengarah-pengarah berikut yang bersara selaras dengan Artikel 78 Tataurusan Syarikat, dan oleh kerana layak, menawarkan diri mereka untuk dilantik semula:
  - (i) Puan Kam Foong Keng **Resolusi 2**
  - (ii) Datuk Dr. Anis Bin Ahmad **Resolusi 3**
4. Meluluskan yuran Pengarah sebanyak RM141,000 bagi tahun kewangan berakhir 31 Disember 2010. **Resolusi 4**
5. Melantik semula Tetuan BDO sebagai Juruaudit Syarikat dan memberi kuasa kepada Pengarah-pengarah untuk menetapkan bayaran mereka. **Resolusi 5**

### URUSAN KHAS

Untuk menimbang dan sekiranya difikirkan wajar, meluluskan, sama ada dengan atau tanpa sebarang pindaan, resolusi berikut sebagai Resolusi Khas Syarikat:

6. **RESOLUSI KHAS**  
**CADANGAN PINDAAN KE ATAS TATAURUS SYARIKAT**  
"BAHAWA pemotongan, perubahan, pemindaan, variasi dan penambahan ke atas Tataurus Syarikat, yang terutamanya dibentangkan di Lampiran 1 dalam Laporan Tahunan ini, dengan ini diluluskan." **Resolusi 6**
7. Untuk menjalankan sebarang urusan lain yang mana notis sewajarnya telah diberikan selaras dengan Akta Syarikat, 1965 serta Tataurusan Syarikat.

### NOTIS BERKELAYAKAN DIVIDEN DAN BAYARAN

**DENGAN INI JUGA DIMAKLUMKAN BAHAWA** tertakluk kepada kelulusan dari pemegang-pemegang saham pada Mesyuarat Agung Tahunan Syarikat yang ke-Empatbelas (14), dividen akhir satu peringkat sebanyak lapan (8) sen dan dividen akhir satu peringkat khas sebanyak dua (2) sen sesaham biasa berharga RM1.00 bagi tahun kewangan berakhir 31 Disember 2010 akan dibayar pada 23 Jun 2011 kepada pendeposit sepertimana yang terdapat di dalam Rekod Pendeposit pada 31 Mei 2011.

Pendeposit hanya layak untuk menerima dividen berhubung dengan:

- (a) Sekuriti yang dipindahkan ke dalam Akaun Sekuriti Pendeposit sebelum 4.00 petang pada 31 Mei 2011 berkaitan dengan pemindahan; dan
- (b) Sekuriti yang dibeli di Bursa Malaysia Securities Berhad atas dasar dengan kelayakan menurut Peraturan-peraturan Bursa Malaysia Securities Berhad.

## Notis Mesyuarat Agung Tahunan (sambungan)

Dengan Perintah Lembaga Pengarah

**YEOH CHONG KEAT** (MIA 2736)

**REBECCA LEONG SIEW KWAN** (MAICSA 7045547)

Setiausaha Syarikat

Kuala Lumpur

26 April 2011

### Nota-nota :

1. Setiap ahli Syarikat yang layak menghadiri dan mengundi dalam mesyuarat ini berhak untuk melantik tidak lebih dari dua (2) proksi untuk menghadiri dan mengundi bagi pihak dirinya. Seseorang proksi boleh, tetapi tidak semestinya seorang ahli Syarikat. Jika proksi bukan seorang ahli Syarikat, beliau tidak semestinya seorang peguam, juruaudit Syarikat yang diluluskan atau seorang yang telah diluluskan oleh Pendaftar dalam kes yang tertentu. Bagi ahli yang melantik dua (2) proksi, perlantikan proksi adalah tidak sah kecuali yang menyatakan bahagian pegangannya yang diwakili oleh setiap proksi.
2. Surat cara perlantikan proksi mestilah secara bertulis dan ditandatangani oleh pelantik sendiri atau sekiranya ahli merupakan sebuah perbadanan, samada secara cop meterai atau ditandatangani oleh pegawai atau peguamcara, yang diberi kuasa sedemikian.
3. Surat cara perlantikan proksi yang asal dan telah disempurnakan mestilah diserahkan ke Pejabat Berdaftar Syarikat di Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur, sekurang-kurangnya empat-puluh lapan (48) jam sebelum waktu yang telah ditetapkan untuk mesyuarat itu berlangsung.

### NOTA PENJELASAN KEPADA URUSAN KHAS

#### Resolusi 6

Resolusi Khas yang dicadangkan di bawah resolusi 6 ini, adalah untuk tujuan merapikan Tataurus Syarikat supaya selaras dengan peruntukan Syarat-syarat Penyenaraian Pasaran Utama, Bursa Malaysia Securities Berhad, terutamanya berkaitan dengan dividen elektronik bersama dengan tujuan menstandardkannya. Dengan kelulusan dari pemegang-pemegang saham, cadangan pindaan ini seperti Lampiran I yang terkandung di dalam Laporan Tahunan ini akan dimasukkan di dalam Tataurus Syarikat.

### PENYATA MENGIRINGI NOTIS MESYUARAT AGUNG TAHUNAN

Butir-butir yang selanjutnya bagi Pengarah-pengarah yang akan dilantik semula, dinyatakan di dalam Profil Pengarah dari mukasurat 12 hingga 17 di dalam Laporan Tahunan ini.

# ANNEXURE I

## LAMPIRAN I

### DETAILS OF THE PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

	EXISTING ARTICLES		PROPOSED AMENDMENTS
57	<p><i>Business at meetings</i></p> <p>Subject always to the provisions of Section 151 of the Act no business shall be transacted at an extraordinary general meeting except business of which notice has been given in the notice convening the meeting and no business shall be transacted at an annual general meeting other than business of which notice has been given aforesaid, with the exception of declaring a dividend, the consideration of the accounts, balance-sheets and the report of the Directors and Auditors, the election of Directors, and the appointment and fixing of the remuneration of the Auditors.</p>	57	<p><i>Business at meetings</i></p> <p>Subject always to the provisions of Section 151 of the Act no business shall be transacted at an extraordinary general meeting except business of which notice has been given in the notice convening the meeting and no business shall be transacted at an annual general meeting other than business of which notice has been given aforesaid, with the exception of declaring a dividend, the <del>consideration of</del> <b>laying before the meeting</b> the accounts, balance-sheets and the report of the Directors and Auditors, the election of Directors, <b>consideration of Directors' fees</b>, and the appointment and fixing of the remuneration of the Auditors.</p>
62	<p><i>Chairman</i></p> <p>The Chairman (if any) of the Board of Directors or, in his absence, a Deputy Chairman (if any) shall preside as Chairman at every meeting. If there is no such Chairman or Deputy Chairman, or if at any meeting neither the Chairman nor a Deputy Chairman is present within fifteen (15) minutes after the time appointed for holding the meeting, or if neither of them is willing to act as Chairman, the Directors present shall choose one (1) of the member of the Board of Directors present to preside as Chairman. If no Director is present, the Members entitled to vote on a poll shall elect one (1) of their number to be Chairman of the meeting.</p>	62	<p><i>Chairman</i></p> <p>The Chairman (if any) of the Board of Directors or, in his absence, a Deputy Chairman (if any) shall preside as Chairman at every meeting. If there is no such Chairman or Deputy Chairman, or if at any meeting neither the Chairman nor a Deputy Chairman is present within fifteen (15) minutes after the time appointed for holding the meeting, or if neither of them is willing to act as Chairman, the Directors present shall choose one (1) of the members of the Board of Directors present to preside as Chairman. If no Director is present, the Members <b>who are</b> entitled to vote on a poll shall elect one (1) of their number to be Chairman of the meeting.</p>
67	<p><i>Voting</i></p> <p>Subject to any rights or restrictions for the time being attached to any classes of shares, at meetings of Members or classes of Members, on a resolution to be decided on a show of hands, a holder of ordinary shares or preference shares who is personally present and entitled to vote shall be entitled to one (1) vote and on a poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share he holds. A proxy shall be entitled to vote on a show of hands on any question at any general meeting.</p>	67	<p><i>Voting</i></p> <p>Subject to any rights or restrictions for the time being attached to any classes of shares, at meetings of Members or classes of Members, on a resolution to be decided on a show of hands, a holder of ordinary shares or preference shares who is <del>personally present</del> <b>in person or by proxy</b> and entitled to vote shall be entitled to one (1) vote. <del>and on a poll every Member</del> <b>holder of ordinary shares or preference shares and</b> present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share he holds. A proxy shall be entitled to vote on a show of hands on any question at any general meeting.</p>

Annexure I (continued)  
Lampiran I (sambungan)

DETAILS OF THE PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

	EXISTING ARTICLES		PROPOSED AMENDMENTS
89	<p><i>When offices of Director deemed vacant</i></p> <p>The office of a Director shall become vacant if the Director during his term of office:-</p> <p>(e) resigns his office by notice in writing to the Company and deposited at the registered address of the Company; and</p> <p>(f) is removed from his office of Director by ordinary resolution of the Company in general meeting of which special resolution has been given.</p>	89	<p><i>When offices of Director deemed vacant</i></p> <p>The office of a Director shall become vacant if the Director during his term of office:-</p> <p>(e) resigns his office by notice in writing to the Company and deposited at the registered address of the Company; and</p> <p>(f) is removed from his office of Director by ordinary resolution of the Company in general meeting of which special resolution has been given; or</p> <p><b>(g) absents himself for more than 50% of the total meetings of the Directors held during a financial year, unless an exemption or waiver is obtained from the Exchange.</b></p>
120	<p><i>Circular Resolutions</i></p> <p>A resolution in writing signed by a majority of the Directors (whether or not present in Malaysia) shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted; provided that where a Director has an alternate, then such resolution may also be signed by such alternate. All such resolutions shall be described as "Directors' Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's Minutes Book. Any such resolutions may consist of several documents in like form, each signed by one (1) or more Directors. The expressions "in writing" and "signed" includes approval by legible confirmed transmission by facsimile, telex, cable or telegram.</p>	120	<p><i>Circular Resolutions</i></p> <p>A resolution in writing signed by a majority of the Directors (whether or not present in Malaysia) shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted; provided that where a Director has an alternate, then such resolution may also be signed by such alternate. All such resolutions shall be described as "Directors' Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's Minutes Book. Any such resolutions may consist of several documents in like form, each signed by one (1) or more Directors. The expressions "in writing" and "signed" include approval by legible confirmed transmission by facsimile, telex, cable or telegram <b>or electronic means.</b></p>
141	<p><i>Payments by cheque</i></p> <p>Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.</p>	141	<p><i>Payments by cheque</i></p> <p>Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder <b>or paid via electronic or other methods of funds transfer or remittance to such account as designated by such holder.</b> Every such cheque or warrant <b>or electronic transfer or remittance</b> shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant <b>or electronic transfer or remittance</b> shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the <b>same cheque or warrant</b> has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant <b>or electronic transfer or remittance</b> shall be sent at the risk of the person entitled to the money thereby represented.</p>

# PROXY FORM



**NEW HOONG FATT HOLDINGS BERHAD**  
(425709-K)

I/We ..... (full name of shareholder in block letters) and  
NRIC No. / ID No. / Company No. .... (new) ..... (old)  
of .....  
.....(full address) being a member of NEW HOONG FATT  
HOLDINGS BERHAD, hereby appoint .....  
(full name in block letters & NRIC No. of proxy) or failing him/her, .....  
(full name in block letters & NRIC No. of proxy) or failing which, the Chairman of The Meeting as my/our proxy to attend and vote  
for me/us on my/our behalf at the Fourteenth (14th) Annual General Meeting of the Company to be held at Dewan Berjaya,  
Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 19 May  
2011 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:

		<b>Agenda</b>	<b>For</b>	<b>Against</b>
1.	Resolution 1	Approval of a final single tier dividend of 8 sen and a special final single tier dividend of 2 sen		
2.	Resolution 2	Re-election of Madam Kam Foong Keng as Director		
3.	Resolution 3	Re-election of Datuk Dr. Anis Bin Ahmad as Director		
4.	Resolution 4	Approval of Directors' Fees of RM141,000		
5.	Resolution 5	Re-appointment of Auditors and to authorise Directors to fix their remuneration		
6.	Resolution 6	Proposed Amendments to Articles of Association		

(Please indicate with a cross (X) in the space provided on how you wish your vote to be cast in respect of the above resolutions. If you do not do so, the proxy may vote or abstain at his/her discretion.)

Signed this ..... day of ..... 2011

<b>No. of Ordinary Shares held</b>	
<b>CDS Account No.</b>	

.....  
Signature / Common Seal of Member

Notes:

1. Every member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote for him/her. A proxy may but need not be a member of the Company. If the proxy is not a member, he/she need not be an advocate, an approved company auditor or a person approved by the Registrar in a particular case. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
2. The Proxy Form must be signed by the appointer or if the appointer is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
3. The original signed and/or sealed copy of the Proxy Form must be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur at least forty-eight (48) hours before the time fixed for the meeting.

# BORANG PROKSI



**NEW HOONG FATT HOLDINGS BERHAD**  
(425709-K)

Saya/Kami ..... (nama penuh pemegang saham dalam huruf besar)  
dan No. KP / No. ID / No. Syarikat ..... (baru) ..... (lama)  
dari .....  
..... (alamat penuh) sebagai ahli NEW HOONG FATT HOLDINGS  
BERHAD, dengan ini melantik .....  
(nama penuh dalam huruf besar & No. KP proksi) dan /atau jika beliau tidak dapat hadir, .....  
..... (nama penuh dalam huruf besar & No. KP proksi)  
atau jika beliau tidak dapat hadir, Pengerusi Mesyuarat tersebut, sebagai proksi saya/kami untuk mengundi bagi pihak saya/  
kami di Mesyuarat Agung Tahunan Syarikat yang ke-Empatbelas (14) yang akan diadakan di Dewan Berjaya, Bukit Kiara  
Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur pada hari Khamis, 19 Mei 2011 jam  
10.00 pagi dan pada sebarang penangguhannya seperti berikut:

	<b>Agenda</b>	<b>Menyokong</b>	<b>Menentang</b>
1.	Resolusi 1 Meluluskan dividen akhir satu peringkat sebanyak 8 sen dan dividen akhir satu peringkat khas sebanyak 2 sen		
2.	Resolusi 2 Pemilihan semula Puan Kam Foong Keng sebagai Pengarah		
3.	Resolusi 3 Pemilihan semula Datuk Dr. Anis Bin Ahmad sebagai Pengarah		
4.	Resolusi 4 Meluluskan yuran Pengarah sebanyak RM141,000		
5.	Resolusi 5 Perlantikan semula Juruaudit dan memberi kuasa kepada Pengarah untuk menetapkan bayaran mereka		
6.	Resolusi 6 Cadangan Pindaan Tataurus Syarikat		

(Sila tandakan pangkah (x) dalam ruangan yang disediakan di atas untuk pengundian yang anda kehendaki. Sekiranya arahan khusus tidak diberikan, proksi akan mengundi atau tidak mengundi atas budi bicaranya.)

Ditandatangani pada ..... haribulan ..... 2011

<b>Bilangan Saham Biasa yang dipegang</b>	
<b>No. CDS Akaun</b>	

.....  
Tandatangan / Meterai Ahli

## Nota-nota:

1. Setiap ahli syarikat yang layak menghadiri dan mengundi dalam mesyuarat ini berhak untuk melantik tidak lebih dari dua (2) proksi untuk menghadiri dan mengundi bagi pihak dirinya. Seseorang proksi boleh, tetapi tidak semestinya seorang ahli syarikat. Jika proksi bukan seorang ahli syarikat, beliau tidak semestinya seorang peguam, juruaudit syarikat yang diluluskan atau seorang yang telah diluluskan oleh Pendaftar dalam kes yang tertentu. Bagi ahli yang melantik dua (2) proksi, perlantikan proksi tidak laku sekiranya tidak menyatakan bahagian pegangannya yang diwakili oleh setiap proksi.
2. Surat cara perlantikan proksi mestilah secara bertulis dan ditandatangani oleh pelantik sendiri atau sekiranya ahli merupakan sebuah perbadanan, sama ada secara cop meterai atau ditandatangani oleh pegawai atau peguamcara, yang diberi kuasa sedemikian.
3. Surat cara perlantikan proksi yang asal dan telah disempurnakan mestilah diserahkan ke Pejabat Berdaftar Syarikat di Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur, sekurang-kurangnya empat-puluh lapan (48) jam sebelum waktu yang telah ditetapkan untuk mesyuarat itu berlangsung.



**NEW HOONG FATT HOLDINGS BERHAD**  
(425709-K)

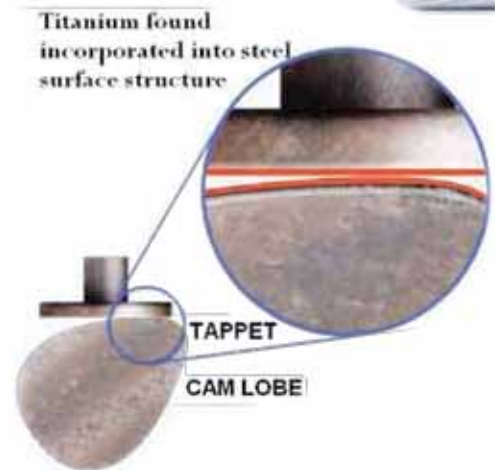


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**Headquarters**

Lot 5043, 5 1/2 Miles  
Jalan Meru, 41050 Klang  
Selangor Darul Ehsan  
Malaysia  
Tel : 603-3377 8308, 3377 8288  
Fax: 603-3377 8300, 3377 8259

**Gombak Branch**

9, Jalan Gombak, Setapak  
53000 Kuala Lumpur  
Malaysia  
Tel : 603-4022 4220, 4023 0150  
Fax: 603-4021 8659

**Sg Besi Branch**

27, Jalan 6/89B, 3 1/2 Miles  
Off Jalan Sungai Besi  
57100 Kuala Lumpur  
Malaysia  
Tel : 603-7983 6900, 7983 6508  
Fax: 603-7983 6543

**Segambut Branch**

53 & 53A  
Persiaran Segambut Tengah  
Off Jalan Ipoh  
51200 Kuala Lumpur  
Malaysia  
Tel : 603-6250 8800  
Fax: 603-6250 8811

**K. Kinabalu Branch**

28, Lorong Burong Keleto, 5 1/2 Miles  
Off Jalan Tuaran Bypass  
Likas Industrial Estate  
88450 Kota Kinabalu  
P.O.Box 603, 88856 Likas, Sabah  
Malaysia  
Tel : 6088-388 686  
Fax: 6088-388 683

**Website: [www.newhoongfatt.com.my](http://www.newhoongfatt.com.my)**

**Email: [enquiries@newhoongfatt.com.my](mailto:enquiries@newhoongfatt.com.my)**

[www.newhoongfatt.com.my](http://www.newhoongfatt.com.my)

**NEW HOONG FATT HOLDINGS BERHAD** (425709-K)

Lot 5043, 5 1/2 Miles, Jalan Meru, 41050 Klang,  
Selangor Darul Ehsan, Malaysia.

Tel : 603 3392 6818

Fax : 603 3392 6808

Email : [enquiries@newhoongfatt.com.my](mailto:enquiries@newhoongfatt.com.my)