

General Announcement

Reference No **CCS-110613-17308**

Submitting Merchant Bank : -

Company Name : **NEW HOONG FATT HOLDINGS BERHAD**

Stock Name : **NHFATT**

Date Announced : **13/06/2011**

Type : Reply to query

Reply to Bursa : IJ-110610-34481

Malaysia's Query

Letter - Reference ID

Subject : TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)
NON RELATED PARTY TRANSACTIONS

Description : DISPOSAL OF EQUITY INTEREST HELD IN NEW KEAN TAT
AUTO PARTS SDN BHD BY SUBSIDIARIES

Query Letter content : We refer to your Company's announcement dated 8 June 2011, in
respect of the aforesaid matter.

In this connection, kindly furnish Bursa Malaysia Securities Berhad ("Bursa Securities") with the following additional information for public release:-

Whether the Purchasers have any interests in New Hoong Fatt Holdings Berhad;

The rationale for disposing the NKT shares at RM1.20 per share as compared to the NTA per share of RM1.30;

The rationale for disposing NKT at a loss;

The basis in arriving at the estimated loss on disposal of RM450,000; and

The breakdown of the working capital to be funded by the disposal proceeds.

Please furnish Bursa Securities with your reply within one (1) market day from the date hereof.

Yours faithfully

HENG TECK HENG

Head, Issuers

Listing Division

Regulation

HTH/IJ

copy to:- General Manager & Head, Market Surveillance, Securities
Commission
(via fax)

Announcement Details/Table Section :

Reference is made to the announcement made on 8 June 2011 on Disposal of Equity Interest held in New Kean Tat Auto Parts Sdn Bhd by Subsidiaries.

(Capitalized terms used in this announcement shall have the meanings defined in the announcement dated 8 June 2011)

The Board of Directors of NHFHB wishes to furnish the following additional information:

1) The Purchasers do not have any interests in NHFHB.

2&3) The rationale for disposing of the Sale Shares at RM1.20 per Sale Share which is below NKT's audited Net Tangible Assets ("NTA") as at 31 December 2010 of RM1.30 per Sale Share and at a loss is because the initial intention to form a synergy with NHFHB's current distribution network amongst local spare parts distributors had not borne desired results. Given that the Purchasers have offered to take over NKT and as part of the re-alignment of the business, based on the current circumstances, the Board was of the opinion that the Purchase Price was fair and decided to accept the offer.

4) The estimated loss arising from the Proposed Disposal was arrived at based on NKT's unaudited NTA as at 31 May 2011 of RM1.35 per Sale Share. As such, the difference between the NTA and Purchase Price of RM1.20 per Sale Share is RM0.15 per Sale Share. Hence, the disposal of a total of 3,000,000 Sale Shares at a book loss of RM0.15 per Sale Share has been estimated at RM450,000.

5) The entire disposal proceeds shall be used to pay suppliers for purchase of goods in NHFAS' ordinary course of business.