

**NEW HOONG FATT HOLDINGS BERHAD**

(Company No. 425709-K)

Lot 5080, 5th Mile, Jalan Meru, 41050 Klang, Selangor Darul Ehsan.

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**1999**

**Laporan Tahunan - Annual Report**



**NEW HOONG FATT HOLDINGS BERHAD**

(Company No. 425709-K)



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*Head Office*



*Manufacturing Plant*

Corporate Information



Chin Jit Sin



Kam Foong Keng



Huang Ching-Ho



Wong Kwan @ Wong Kwong Kwan



Danny Ng Siew L'Leong

Kam Lang Fatt @  
Kim Leng Fatt  
*Chairman cum  
Managing Director*



**BOARD OF DIRECTORS**  
Kam Lang Fatt @ Kim Leng Fatt  
Chin Jit Sin  
Kam Foong Keng  
Huang Ching-Ho  
Wong Kwan @ Wong Kwong Kwan  
Danny Ng Siew L'Leong

**AUDIT COMMITTEE**  
Wong Kwan @ Wong Kwong Kwan  
Kam Foong Keng  
Danny Ng Siew L'Leong

**SECRETARIES**  
Mah Li Chen (MAICSA 7022751)  
Har Mun Moi (MAICSA 7024186)

**REGISTERED OFFICE**  
C15-1, Level 15, Tower C  
Megan Phileo Avenue,  
12, Jalan Yap Kwan Seng,  
50450 Kuala Lumpur.  
Tel.: (603) 2166 2000

**SHARE REGISTRAR**  
M & C Services Sdn. Bhd.  
11th Floor, Wisma Damansara  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur

**AUDITORS**  
BDO Binder  
Public Accountants

**PRINCIPAL BANKERS**  
Overseas Union Bank (Malaysia) Berhad  
Malayan Banking Berhad  
Citibank Berhad

**STOCK EXCHANGE LISTING**  
The Kuala Lumpur Stock Exchange,  
Second Board

# Audit Committee

The members of the Committee are as follows:

- Chairman
- :Wong Kwan @ Wong Kwong Kwan (Independent Non-Executive Director)
- Members
- :Kam Foong Keng (Executive Director)
- Danny Ng Siew L'Leong (Independent Non-Executive Director)

The terms of reference are as follows:

## DUTIES

- To review with the external auditors on:
  - the audit plan, its scope and nature; and
  - the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group.
- To ensure the adequacy and effectiveness of the system of internal accounting controls within the Group.
- To review with management:
  - audit reports issued by the external auditors and implementation of audit recommendations;
  - interim financial information; and
  - the assistance given by the officers of the Company to external auditors.
- To review any related party transaction that may arise within the Company or the Group.
- To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors.
- To consider the nomination of a person or persons as auditors (whether internal or external).

## MEETINGS

The Committee shall meet at least four times in each financial year. The quorum for a meeting shall be two members. The Company Secretary shall be the Secretary of the Committee.

The Chairman shall upon request of the 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.The external auditors 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.



# Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of NEW HOONG FATT HOLDINGS BERHAD will be held at the Bunga Raya Room, The Pan Pacific Hotel, Jalan Putra, 50746 Kuala Lumpur on Thursday, 8 June 2000 at 10.00 a.m. for the following purposes:-

- 1. To receive and adopt the audited accounts for the financial year ended 31 December 1999 together with the Reports of the Directors and Auditors thereon

Ordinary Resolution 1

- 2. To declare a first and final tax exempt dividend of 6% in respect of the financial year ended 31 December 1999

Ordinary Resolution 2

- 3. To re-elect Mr. Chin Jit Sin as Director who retires pursuant to Article 80 of the Articles of Association of the Company

Ordinary Resolution 3

- 4. To approve the resolution that pursuant to Section 129 of the Companies Act, 1965, Mr. Wong Kwan @ Wong Kwong Kwan who is over the age of seventy (70) years, be re-appointed as Director of the Company to hold office until the next Annual General Meeting

Ordinary Resolution 4

- 5. To approve the Directors' fees of RM30,000 for the financial year ended 31 December 1999

Ordinary Resolution 5

- 6. To re-appoint Messrs BDO Binder as auditors of the Company and to authorise the Directors to fix their remuneration

Ordinary Resolution 6

- 7. **Special Business:**  
To consider and if thought fit, to pass the following resolutions:

**Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965:**  
'THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the capital of the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being, subject to the Companies Act, 1965, the Articles of Association of the Company and approval from the Kuala Lumpur Stock Exchange and other relevant bodies where such approval is necessary.

Ordinary Resolution 7



# Notice Of Book Closure

Subject to the approval of the shareholders, a first and final tax exempt dividend of 6% for the financial year ended 31 December 1999 will be paid on 6 July 2000. Registrable transfers received by the Share Registrar, M & C Services Sdn Bhd, at 11th Floor, Wisma Damansara, Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur up to close of business at 5.00 p.m. of 23 June 2000 will be registered before the entitlement to the dividend are determined.

A depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into the Depositor's Securities Account on or before 12.30 p.m. of 23 June 2000, in respect of ordinary transfer; and
- (b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

**MAH LI CHEN** (MAICSA 7022751)  
**HAR MUN MOI** (MAICSA 7024186)  
Company Secretaries

Kuala Lumpur  
23 May 2000

## NOTE 1:

Every member is entitled to appoint a proxy to attend and vote for him. A proxy may but need not be a member of the Company.

The Proxy Form must be signed by the appointor or if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.

The Proxy Form must be deposited at the Registered Office of the Company at C15-1, Level 15, Tower C, Megan Phileo Avenue, 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur at least fortyeight hours before time fixed for the meeting.

## NOTE 2:

Resolution pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 7, if passed, will empower the Directors from the date of the Third Annual General Meeting, to allot and issue up to a maximum of 10% of the issued share capital of the Company for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

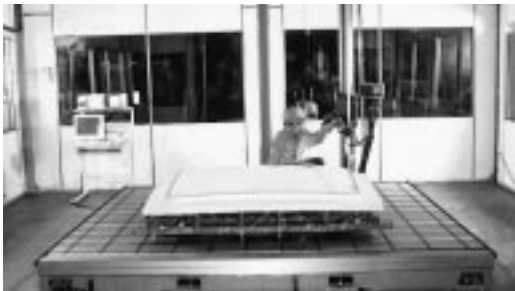




# Chairman’s Message



Cathodic Electro-Deposition (CED) Paint Line



3-D Layout Machine



Stamping Factory

On behalf of the Board of Directors, it gives me immense pleasure to present the Annual Report and Audited Accounts of New Hoong Fatt Holdings Berhad for the year ended 31 December 1999.

## FINANCIAL REVIEW

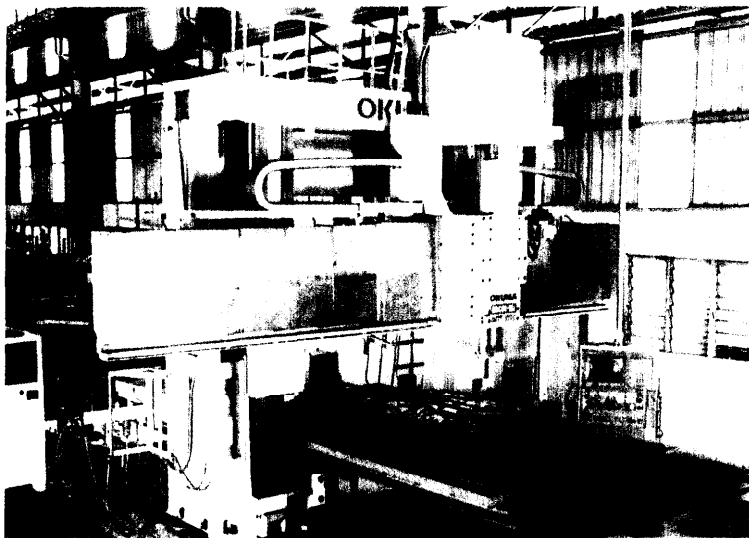
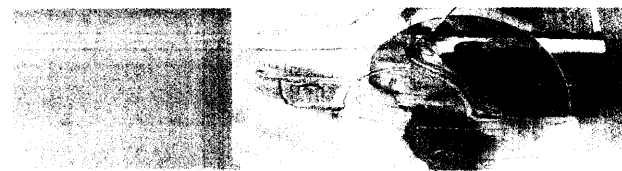
During this past year, the New Hoong Fatt Group of Companies (“the Group”) has yet again maintained an uptrend in its financial performance and emerged from the ashes of recession an even stronger entity. The Group registered a highly commendable growth of 26% in total turnover from RM72.8 million recorded in 1998 to RM91.6 million in the current financial year. The increase in turnover was mainly attributed to the continued growth in demand for the Group’s products, both in the local and export markets.

For the year under review, New Hoong Fatt turned in commendable pre-tax profit of RM18.4 million compared to RM13.7 million previously, which represents an improvement of 35%. This is due to a large extent to a higher volume of sales, an optimum product range and further improvements in productivity.

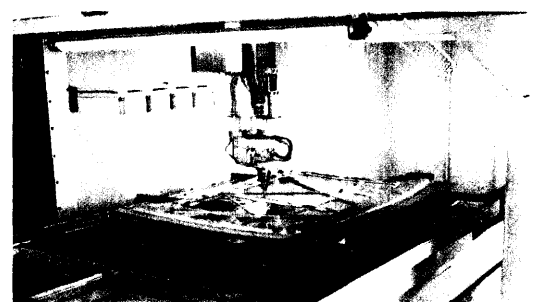
## PROSPECTS

In the past year, our strong balance sheet had allowed us the financial flexibility to take advantage of the economic adversities to make several strategic acquisitions of land in anticipation of future expansion. This flexibility also allows the Group to explore new opportunities, particularly into automotive parts related industry. The Group has ventured into the manufacturing of plastic automotive body parts, including bumpers and grilles, for various passenger cars and light commercial vehicles. Meanwhile, the Group will continue to focus its efforts on expanding its range of metal automotive body parts and raising operational efficiency.

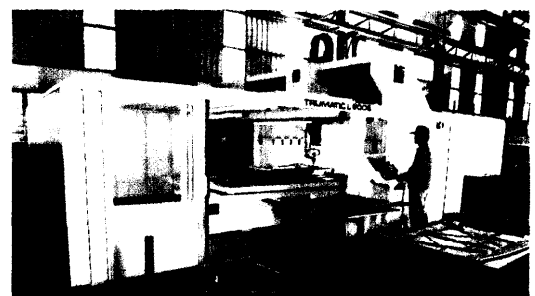
As the Malaysia economy show indications of strong improvement, barring any unforeseen circumstances, the Group is confident that its financial performance will continue to be favourable in the current financial year.



Okuma CNC Milling Machine



3-D Laser Cutting Machine



3-D Laser Cutting Machine

#### **DIVIDEND**

The Board of Directors is pleased to recommend a first and final tax exempt dividend of 6% in respect of the financial year ended **31 December 1999**.

#### **CORPORATE DEVELOPMENT**

In line with the Group's commitment to its shareholders, the Board of Directors proposes to undertake a Bonus issue of 20,000,000 new ordinary shares of RM1.00 each in the Company on the basis of one new ordinary share for every two existing ordinary shares held. The Company is also proposing to establish an Employee Share Option Scheme in order to motivate the Group's eligible employees and Executive Directors towards greater dedication and loyalty with enhanced productivity.

At the time of writing, these proposals have been approved by the Securities Commission but is pending approval from the Ministry of Finance and the shareholders. A circular is enclosed here with for your consideration.

#### **ACKNOWLEDGEMENT**

On behalf of the Board, I extend my sincere gratitude to the Group's management and staff for their continued loyalty, hard work and commitment. I also wish to thank our shareholders, customers, suppliers, financiers and advisers for their continuing support and confidence. To my fellow Directors, my heartfelt appreciation for all your support and invaluable guidance in this past year.

**KAM LANG FATT @ KIM LENG FATT**

Chairman cum Managing Director



# *Financial Statements*

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## **PROXY FORM**

# Directors' Report

The directors have pleasure in submitting their report together with the audited accounts of the Group and of the Company for the financial year ended 31 December 1999.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the provision of management services.

The principal activities of the subsidiary companies are disclosed in Note 5 to the Accounts.

There have been no significant changes in the nature of the principal activities of the Company and of its subsidiary companies during the financial year.

## RESULTS

	Group RM	Company RM
Profit after taxation	18,373,823	31,612,779
Retained profits brought forward	18,358,281	338,036
Profits available for appropriation	36,732,104	31,950,815
Appropriation:-		
Proposed final dividend of 6%, tax exempt	(2,400,000)	(2,400,000)
Retained profits carried forward	34,332,104	29,550,815

## DIVIDENDS

A final dividend of 6%, tax exempt, amounting to RM2,400,000 proposed in the previous financial year and dealt with in the previous directors' report was paid on 12 May 1999.

The directors propose a final dividend of 6%, tax exempt, amounting to RM2,400,000 in respect of the current financial year ended 31 December 1999.

## SHARES AND DEBENTURES

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

## RESERVES AND PROVISIONS

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



DIRECTORS

The directors who have held office since the date of the last report are as follows:-

Kam Lang Fatt @ Kim Leng Fatt  
Kam Foong Keng  
Chin Jit Sin  
Danny Ng Siew L'Leong  
Wong Kwan @ Wong Kwong Kwan  
Huang Ching-Ho

In accordance with Article 80 of the Company's Articles of Association, Mr. Chin Jit Sin retires from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Mr. Wong Kwan @ Wong Kwong Kwan retires in accordance with Section 129(2) of the Companies Act, 1965. The Board recommends that Mr. Wong Kwan @ Wong Kwong Kwan be re-appointed as director of the Company pursuant to Section 129(6) of the Companies Act, 1965, to hold office until the conclusion of the next Annual General Meeting.

DIRECTORS' INTERESTS

The directors holding office at the end of the financial year who had beneficial interests in the ordinary shares of the Company and related companies during the financial year ended 31 December 1999, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 are as follows:-

	Number of ordinary shares of RM1.00 each			
	Balance at 1.1.99	Bought	Sold	Balance at 31.12.99
<b>Shares of the Company</b>				
<b>Direct interest</b>				
Kam Lang Fatt @ Kim Leng Fatt	12,778,320	-	-	12,778,320
Kam Foong Keng	2,011,412	-	-	2,011,412
Chin Jit Sin	10,000	289,000	-	299,000
Wong Kwan @ Wong Kwong Kwan	10,000	-	-	10,000
Danny Ng Siew L'Leong	-	-	-	-
Huang Ching-Ho	-	-	-	-
<b>Indirect interest</b>				
Huang Ching-Ho	3,317,174	-	-	3,317,174

By virtue of Section 6A of the Companies Act, 1965, Mr. Kam Lang Fatt @ Kim Leng Fatt, Ms. Kam Foong Keng and Mr. Chin Jit Sin are also deemed to have beneficial interest in the shares of the subsidiary companies to the extent the Company has an interest.

## DIRECTORS' BENEFITS

None of the directors of the Company has since the end of the previous financial year 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 accounts) 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, except for a director who may be deemed to derive benefits by virtue of the following: -

- (i) trade transactions entered into with companies in which the director has substantial financial interest; and
- (ii) rental of RM118,200 paid to a company in which the director has substantial financial interest.

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 of the Company 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 profit and loss accounts and balance sheets 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 have 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 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 provision for doubtful debts in the accounts of the Group and of the Company inadequate to any material extent; or
  - (ii) which would render the values attributed to current assets in the accounts of the Group and of the Company misleading; or
  - (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.
- (d) In the opinion of the directors: -
- (i) there has not arisen any item, transaction or event of a material and unusual nature, other than those disclosed in Note 25 to the Accounts, 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 months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its 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 financial year.
- (g) The directors are not aware of any circumstances not otherwise dealt with in the report or accounts of the Group and of the Company which would render any amount stated in the accounts misleading.

**AUDITORS**

The retiring auditors, Messrs. BDO Binder, have indicated their willingness to continue in office.

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

**KAM LANG FATT @ KIM LENG FATT**

**KAM FOONG KENG**

Kuala Lumpur  
22 February 2000

Statement By Directors

In the opinion of the directors, the accounts set out on pages 15 to 32 have been drawn up in accordance with applicable approved accounting standards so as to give a true and fair view of:-

- (i) the state of affairs of the Group and of the Company as at 31 December 1999 and of their results for the financial year then ended; and
- (ii) the cash flows of the Group for the financial year ended 31 December 1999.

On behalf of the Board,  
Kam Lang Fatt @ Kim Leng Fatt  
  
  
Kam Foong Keng

)  
)  
)  
)  
)

DIRECTORS

Kuala Lumpur  
22 February 2000

Statutory Declaration

I, Kam Foong Sim, being the officer responsible for the financial management of NEW HOONG FATT HOLDINGS BERHAD, do solemnly and sincerely declare that the accounts set out on pages 15 to 32 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  
22 February 2000

)  
)  
)  
)

Before me:-

P. Sethuraman  
No. W-217  
Commissioner for Oaths





REPORT OF THE AUDITORS

TO THE MEMBERS OF NEW HOONG FATT HOLDINGS BERHAD

We have audited the accounts set out on pages 15 to 32. The preparation of the accounts is the responsibility of the directors. Our responsibility is to express an opinion on the accounts based on our audit.

We conducted our audit in accordance with approved standards on auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- a) the accounts have been properly drawn up in accordance with applicable approved accounting standards and the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 1999 and of their results and the cash flows of the Group for the financial year then ended; and
- b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.

We are satisfied that the accounts of the subsidiary companies that have been consolidated with the Company's accounts are in form and content appropriate and proper for the purposes of the preparation of the consolidated accounts and we have received satisfactory information and explanations required by us for those purposes.

The auditor's reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

BDO Binder  
AF : 0206  
Public Accountants

Tan Kim Leong, JP  
235/6/01 (J/PH)  
Partner

Kuala Lumpur  
22 February 2000



**BALANCE SHEETS**  
AS AT 31 DECEMBER 1999

		Group		Company	
	NOTE	1999 RM	1998 RM	1999 RM	1998 RM
FIXED ASSETS	4	54,592,050	48,512,360	-	-
INTEREST IN SUBSIDIARY COMPANIES	5	-	-	71,393,855	42,042,354
INVESTMENTS - At cost	6	99,601	66,601	-	-
CURRENT ASSETS					
Stocks	7	10,429,486	9,544,777	-	-
Trade debtors	8	26,844,344	21,768,154	-	-
Other debtors, deposits and prepayments	9	2,166,977	1,887,150	18,247	12,154
Fixed deposits	10	2,846,169	3,112,194	2,846,169	3,112,194
Cash and bank balances		1,003,371	1,405,517	14,343	24,544
		43,290,347	37,717,792	2,878,759	3,148,892
LESS: CURRENT LIABILITIES					
Trade creditors	11	9,813,348	9,022,956	-	-
Other creditors and accruals	12	1,740,621	1,535,158	98,300	108,690
Hire-purchase creditors	13	59,316	207,403	-	-
Bank borrowings	14	294,097	3,359,524	-	-
Taxation		52,310	2,060,349	19,479	140,500
Proposed dividend		2,400,000	2,400,000	2,400,000	2,400,000
		14,359,692	18,585,390	2,517,779	2,649,190
NET CURRENT ASSETS		28,930,655	19,132,402	360,980	499,702
EXPENDITURE CARRIED FORWARD - At cost	15	3,563	-	-	-
		83,625,869	67,711,363	71,754,835	42,542,056
FINANCED BY:					
SHARE CAPITAL	16	40,000,000	40,000,000	40,000,000	40,000,000
RESERVES	17	43,625,869	27,652,046	31,754,835	2,542,056
SHAREHOLDERS' FUNDS		83,625,869	67,652,046	71,754,835	42,542,056
LONG TERM LIABILITY					
Hire-purchase creditors	13	-	59,317	-	-
		83,625,869	67,711,363	71,754,835	42,542,056

The attached notes form an integral part of the Accounts.



**PROFIT AND LOSS ACCOUNTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 1999

	NOTE	Group		Company	
		1999 RM	1998 RM	1999 RM	1998 RM
TURNOVER	3.11	<u>191,630,342</u>	<u>72,845,619</u>	<u>37,408,000</u>	<u>2,472,000</u>
COST OF SALES		<u>66,617,506</u>	<u>54,360,546</u>	<u>-</u>	<u>-</u>
PROFIT BEFORE TAXATION	18	<u>18,411,720</u>	<u>13,673,028</u>	<u>37,483,758</u>	<u>2,878,536</u>
TAXATION	19	<u>(37,897)</u>	<u>(2,019,037)</u>	<u>(5,870,979)</u>	<u>(140,500)</u>
PROFIT AFTER TAXATION		<u>18,373,823</u>	<u>11,653,991</u>	<u>31,612,779</u>	<u>2,738,036</u>
RETAINED PROFITS BROUGHT FORWARD		<u>18,358,281</u>	<u>9,104,290</u>	<u>338,036</u>	<u>-</u>
PROFITS AVAILABLE FOR APPROPRIATION		<u>36,732,104</u>	<u>20,758,281</u>	<u>31,950,815</u>	<u>2,738,036</u>
APPROPRIATION:- Proposed final dividend of 6%, tax exempt (1998: 6%, tax exempt)		<u>(2,400,000)</u>	<u>(2,400,000)</u>	<u>(2,400,000)</u>	<u>(2,400,000)</u>
RETAINED PROFITS CARRIED FORWARD	17	<u>34,332,104</u>	<u>18,358,281</u>	<u>29,550,815</u>	<u>338,036</u>
RETAINED BY: - The Company		<u>29,550,815</u>	<u>338,036</u>		
Subsidiary companies		<u>4,781,289</u>	<u>18,020,245</u>		
		<u>34,332,104</u>	<u>18,358,281</u>		
EARNINGS PER SHARE	20	<u>45.9 sen</u>	<u>34.6 sen</u>		



**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 1999**

	1999 RM	1998 RM
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	18,411,720	13,673,028
Adjustments for:-		
Depreciation of fixed assets	4,537,922	4,086,258
Interest expense	80,009	653,475
Fixed assets written off	5,809	3,820
Preliminary and pre-operating expenses written off	-	14,224
Provision for doubtful debts	260,000	40,080
Dividend income	(2,025)	(1,350)
Interest income	(168,335)	(516,489)
Gain on disposal of fixed assets	(486,416)	(56,057)
Operating profit before working capital changes	23,638,684	17,896,989
Increase in stocks	(884,709)	(821,214)
Increase in debtors	(5,616,017)	(3,066,095)
Increase/(Decrease) in creditors	995,855	(4,260,063)
Decrease in trade borrowings	(1,759,296)	(1,995,704)
Cash generated from operations	15,374,517	7,753,913
Interest paid	(80,009)	(653,475)
Tax paid	(2,045,936)	(2,161,163)
Net cash flow from operating activities	13,248,572	4,939,275
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Preliminary expenses paid	(3,563)	-
Dividend received from investment in quoted shares	2,025	1,350
Proceeds from disposal of fixed assets	2,159,013	62,400
Purchase of fixed assets	(12,296,018)	(14,887,980)
Interest received	168,335	516,489
Purchase of investment	(33,000)	-
Net cash used in investing activities	(10,003,208)	(14,307,741)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(2,400,000)	-
Proceeds from issue of shares	-	24,033,051
Pre-merger dividend paid	-	(2,520,000)
Repayment of hire-purchase creditors	(207,404)	(1,121,328)
Repayment of term loan	-	(4,815,981)
Share issue expenses paid	-	(869,725)
Net cash flow (used in)/from financing activities	(2,607,404)	14,706,017
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>637,960</b>	<b>5,337,551</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>2,917,483</b>	<b>(2,420,068)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note A)</b>	<b>3,555,443</b>	<b>2,917,483</b>

The attached notes form an integral part of the Accounts.



**NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 1999**

A. CASH AND CASH EQUIVALENTS  
Cash and cash equivalents included in the consolidated cash flow statement comprise the following balance sheet amounts:-

	1999 RM	1998 RM
Fixed deposits	2,846,169	3,112,194
Cash and bank balances	1,003,371	1,405,517
Bank overdrafts	(294,097)	(1,600,228)
	<u>3,555,443</u>	<u>2,917,483</u>

## NOTES TO THE ACCOUNTS

31 DECEMBER 1999

### 1. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the provision of management services.

The principal activities of the subsidiary companies are disclosed in Note 5 to the Accounts.

There have been no significant changes in the nature of the principal activities of the Company and of its subsidiary companies during the financial year.

### 2. BASIS OF PREPARATION OF THE ACCOUNTS

The accounts of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of Accounting

The accounts of the Group and of the Company have been prepared under the historical cost convention modified by the revaluation of freehold land and buildings.

#### 3.2 Basis of Consolidation

The consolidated accounts incorporate the accounts of the Company and its subsidiary companies made up to the end of the financial year. All significant inter-company balances and transactions have been eliminated and the consolidated accounts relate to external transactions only.

The accounts of the subsidiary companies have been consolidated using the merger accounting principles in accordance with Malaysian Accounting Standard No. 2 "Accounting for Acquisitions and Mergers".

Under the merger method of accounting, merger deficit being the excess of the cost of investment over the nominal value of the share capital of the subsidiary companies acquired is written off against reserves, other than the share premium account, in the consolidated accounts. The results of subsidiary companies have been accounted for on a full year basis.

#### 3.3 Fixed Assets and Depreciation

The freehold land and buildings were revalued in 1997. After the first revaluation, the freehold land and buildings will be revalued at regular intervals of at least once in every five years. Where market conditions indicate that the carrying values of revalued properties differ materially from the market values, additional revaluation will be carried out in those intervening years.





3.3 Fixed Assets and Depreciation (cont'd)

No depreciation has been provided for in respect of freehold land, buildings under construction, renovation-in-progress and tools and dies development costs. Tools and dies development costs represent costs incurred in developing tools and dies for future production purposes which will be depreciated, upon completion on the same basis as other tools and dies of the Group.

Depreciation of other fixed assets is calculated on the straight line method to write off the cost of the assets over their estimated useful lives at the following principal annual rates:-

Buildings	2%
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% - 25%
Cabin containers	10%

3.4 Investments

Investments in subsidiary companies and other investments held on a long term basis are stated at cost less provision for permanent diminution in value, if any.

3.5 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is principally determined on a weighted average basis.

Cost of raw materials and consumables comprises original cost of purchase plus the incidental costs of bringing the stocks to their present condition and location. Work-in-progress and finished goods include the cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads.

3.6 Bad and Doubtful Debts

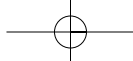
Known bad debts are written off and provision is made for debts where the collectibility is considered doubtful.

3.7 Leasing and Hire-Purchase Arrangements

Assets financed by hire-purchase arrangements which in substance transfer substantially all the risks and rewards of ownership of the assets to the Group are capitalised as fixed assets and the corresponding obligations are treated as liabilities. The fixed assets capitalised are depreciated on the same basis as owned assets.

Finance charges are allocated to the profit and loss account over the period of the agreements to give a constant periodic rate of charge on the remaining hire-purchase liabilities.

Lease rentals in respect of operating leases are charged to the profit and loss account as and when they become payable.



**3.8 Foreign Currencies Translation**

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at the approximate rates of exchange prevailing at that date. Gains or losses on foreign exchange are taken up in the profit and loss account.

**3.9 Deferred Taxation**

Deferred taxation is provided under the liability method at the current taxation rate on all material timing differences except where it is reasonably probable that such timing differences will not crystallise in the foreseeable future. Deferred tax benefits are only recognised in the accounts when there is reasonable assurance of their realisation.

**3.10 Expenditure Carried Forward**

Expenditure carried forward, comprises preliminary, pre-operating and share issue expenses, is stated at cost. Preliminary and pre-operating expenses are written off upon the commencement of operations whilst share issue expenses are written off against the share premium account upon completion of the exercise.

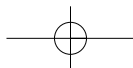
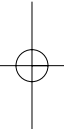
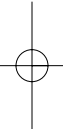
**3.11 Turnover**

Turnover of the Company represents dividend income and management fees received and receivable from subsidiary companies.

Turnover of the Group represents gross invoiced value of goods sold less returns and discounts.

**3.12 Cash and Cash Equivalents**

Cash and cash equivalents include cash and bank balances, deposits and other short term, highly liquid investments which are readily convertible to cash with insignificant risk of changes in value.





4. FIXED ASSETS

Group

1999	Balance at 1.1.99 RM	Addition RM	Disposal RM	Written off RM	Reclassification RM	Balance at 31.12.99 RM	Net Book Value at 31.12.99 RM
<b>At valuation</b>							
Freehold land							
- at 1997 valuation	8,445,339	-	-	-	-	8,445,339	8,445,339
Freehold buildings							
- at 1997 valuation	11,054,661	226,250	-	-	-	11,280,911	10,772,136
<b>At cost</b>							
Freeholdland	-	4,388,216	-	-	-	4,388,216	4,388,216
Freehold buildings	2,727,595	1,128,822	-	-	-	3,856,417	3,734,700
Building under construction	-	823,158	-	-	-	823,158	823,158
Plant and machinery	10,151,333	1,662,374	(32,509)	-	710,596	12,491,794	5,389,621
Plant and machinery under hire-purchase	1,200,596	-	-	-	(710,596)	490,000	219,479
Tools,equipment and air-conditioners	845,468	50,369	(235)	-	-	895,602	505,135
Moulds and dies	20,719,213	1,067,133	(1,890,578)	-	4,533,055	24,428,823	15,903,862
Moulds and dies under hire-purchase	1,243,300	-	-	-	(1,243,300)	-	-
Motor vehicles	2,301,649	380,090	(147,382)	-	59,000	2,593,357	914,531
Motor vehicles under hire-purchase	59,000	-	-	-	(59,000)	-	-
Furniture, fittings and office equipment	960,051	212,215	(11,306)	(92,555)	-	1,068,405	670,488
Cabin containers	24,000	-	-	-	-	24,000	7,200
Tools and dies development costs	3,750,549	1,978,086	-	-	(3,289,755)	2,438,880	2,438,880
Renovation-in-progress	-	379,305	-	-	-	379,305	379,305
	63,482,754	12,296,018	(2,082,010)	(92,555)	-	73,604,207	54,592,050

4.FIXED ASSETS (cont'd)

Group

1999	Balance at 1.1.99 RM	Current depreciation RM	Disposal RM	Written off RM	Reclassification RM	Balance at 31.12.99 RM
Accumulated depreciation						
Freehold land						
- at 1997 valuation	-	-	-	-	-	-
Freehold buildings						
- at 1997 valuation	283,157	225,618				508,775
Freehold land						
- at cost	-	-	-	-	-	-
Freehold buildings						
- at cost	113,163	8,554	-	-	-	121,717
Building under construction	-	-	-	-	-	-
Plant and machinery	5,244,750	1,470,792	(22,509)		409,140	7,102,173
Plant and machinery under hire-purchase	588,467	91,194	-	-	(409,140)	270,521
Tools, equipment and air-conditioners	303,236	87,349	(118)	-	-	390,467
Moulds and dies	6,111,586	2,053,127	(266,986)	-	627,234	8,524,961
Moulds and dies under hire-purchase	606,512	20,722	-	-	(627,234)	-
Motor vehicles	1,294,547	463,367	(113,504)	-	34,416	1,678,826
Motor vehicles under hire-purchase	30,483	3,933	-	-	(34,416)	-
Furniture, fittings and office equipment	380,093	110,866	(6,296)	(86,746)	-	397,917
Cabin containers	14,400	2,400	-	-	-	16,800
Tools and dies development costs	-	-	-	-	-	-
Renovation-in-progress	-	-	-	-	-	-
	14,970,394	4,537,922	(409,413)	(86,746)	-	19,012,157



4. FIXED ASSETS (cont'd)

Group

1998

	Balance at 1.1.98 RM	Revaluation RM	Addition RM	Disposal RM	Written off RM	Reclassification RM	Balance at 31.12.98 RM	Net Book Value at 31.12.98 RM
At valuation								
Freehold land - at 1997 valuation	-	-	-	-	-	8,445,339	8,445,339	8,445,339
Freehold buildings - at 1997 valuation	-	-	-	-	-	11,054,661	11,054,661	10,771,504
At cost								
Freehold land	4,741,811	3,703,528	-	-	-	(8,445,339)	-	-
Freehold buildings	8,318,620	3,015,837	2,447,799	-	-	(11,054,661)	2,727,595	2,614,432
Plant and machinery	5,455,426	-	3,134,448	-	(1,600)	1,563,059	10,151,333	4,906,583
Plant and machinery under hire-purchase	2,763,655	-	-	-	-	(1,563,059)	1,200,596	612,129
Tools, equipment and air-conditioners	674,138	-	80,755	-	-	90,575	845,468	542,232
Tools, equipment and air-conditioners under hire-purchase	90,575	-	-	-	-	(90,575)	-	-
Moulds and dies	11,113,800	-	4,922,398	-	-	4,683,015	20,719,213	14,607,627
Moulds and dies under hire-purchase	3,553,300	-	-	-	-	(2,310,000)	1,243,300	636,788
Motor vehicles	1,485,560	-	130,789	(121,158)	-	806,458	2,301,649	1,007,102
Motor vehicles under hire-purchase	865,458	-	-	-	-	(806,458)	59,000	28,517
Furniture, fittings and office equipment	831,601	-	148,605	(13,460)	(6,695)	-	960,051	579,958
Cabin containers	24,000	-	-	-	-	-	24,000	9,600
Tools and dies development costs	2,100,378	-	4,023,186	-	-	(2,373,015)	3,750,549	3,750,549
	42,018,322	6,719,365	14,887,980	(134,618)	(8,295)	-	63,482,754	48,512,360

4. FIXED ASSETS (cont'd)

Group							
1998	Balance at 1.1.98 RM	Revaluation RM	Current depreciation RM	Disposal RM	Written off RM	Reclassification RM	Balance at 31.12.98 RM
Accumulated depreciation							
Freehold land							
- at 1997 valuation	-	-	-	-	-	-	-
Freehold buildings							
- at 1997 valuation	-	-	-	-	-	283,157	283,157
Freehold land							
- at cost	-	-	-	-	-	-	-
Freehold buildings							
- at cost	534,227	(370,380)	232,473	-	-	(283,157)	113,163
Plant and machinery	3,197,832	-	1,068,211	-	(1,133)	979,840	5,244,750
Plant and machinery under hire-purchase	1,211,545	-	356,762	-	-	(979,840)	588,467
Tools, equipment and air-conditioners	203,976	-	80,612	-	-	18,648	303,236
Tools, equipment and air-conditioners under hire-purchase	18,648	-	-	-	-	(18,648)	-
Moulds and dies	3,384,563	-	1,480,065	-	-	1,246,958	6,111,586
Moulds and dies under hire-purchase	1,525,640	-	327,830	-	-	(1,246,958)	606,512
Motor vehicles	786,677	-	378,086	(121,158)	-	250,942	1,294,547
Motor vehicles under hire-purchase	204,401	-	77,024	-	-	(250,942)	30,483
Furniture, fittings and office equipment	307,757	-	82,795	(7,117)	(3,342)	-	380,093
Cabin containers	12,000	-	2,400	-	-	-	14,400
Tools and dies development costs	-	-	-	-	-	-	-
	11,387,266	(370,380)	4,086,258	(128,275)	(4,475)	-	14,970,394

The freehold land and buildings of the Group were revalued by the directors based on valuations carried out in 1997 by an independent firm of professional valuers using the open market value basis.

Certain freehold land and buildings of the Group are charged to a licensed bank for banking facilities granted to the Group. These freehold land and buildings are currently in the progress of being released from the charge.

5. INTEREST IN SUBSIDIARY COMPANIES

	Company	
	1999 RM	1998 RM
Unquoted shares - at cost	20,466,949	19,566,947
Amounts due from subsidiary companies	50,926,906	22,475,407
	<u>71,393,855</u>	<u>42,042,354</u>

The amounts due from subsidiary companies arose mainly from advances which are interest-free, unsecured and have no fixed terms of repayment.





5. INTEREST IN SUBSIDIARY COMPANIES (cont'd)

Details of the subsidiary companies, which are incorporated in Malaysia, are as follows: -

Company name	Effective Equity Interest		Principal Activities
	1999	1998	
New Hoong Fatt Auto Supplies Sdn. Bhd	100%	100%	Marketing, distribution and trading of automotive spare parts and accessories
NJ Metal Stamping Sdn. Bhd.	100%	100%	Manufacture and sale of automotive body stamped parts, stamped parts, provision of metal stamping and Cathodic Electro Deposition painting services
Jhi Soon Auto Metal Sdn. Bhd.	100%	100%	Manufacture and sale of automotive body stamped parts
New Hoong Fatt Industries Sdn. Bhd.	100%	-	Dormant

6. INVESTMENTS - At cost

	Group	
	1999 RM	1998 RM
Quoted shares in Malaysia	16,601	16,601
Unquoted investment in Malaysia	83,000	50,000
	<u>99,601</u>	<u>66,601</u>
Market value of quoted shares at 31 December	<u>74,800</u>	<u>28,740</u>

7. STOCKS

	Group	
	1999 RM	1998 RM
Raw materials	1,011,962	893,411
Work-in-progress	700,196	641,109
Finished goods	8,653,089	7,960,876
Consumables	64,239	49,381
	<u>10,429,486</u>	<u>9,544,777</u>

8. TRADE DEBTORS

	Group	
	1999 RM	1998 RM
Trade debtors	27,150,696	21,815,246
Less: Provision for doubtful debts	<u>(306,352)</u>	<u>(47,092)</u>
	<u>26,844,344</u>	<u>21,768,154</u>

Included in trade debtors of the Group are amounts of RM22,281 (1998: RM56,014) due from companies in which a director of the Company has substantial financial interest. These amounts arose from normal trade transactions.



9. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

Included in other debtors of the Group are amounts of Nil (1998: RM30,761) due from companies in which a director of the Company has substantial financial interest. These amounts which arose mainly from non-trade transactions are unsecured, interest-free and have no fixed terms of repayment.

10. FIXED DEPOSITS

	Group and Company	
	1999 RM	1998 RM
Fixed deposits with: -		
- a licensed bank	1,921,404	2,034,894
- finance companies	<u>924,765</u>	<u>1,077,300</u>
	<u>2,846,169</u>	<u>3,112,194</u>

11. TRADE CREDITORS

Included in trade creditors of the Group are amounts of RM5,247,684 (1998: RM3,923,289) due to companies in which a director of the Company has substantial financial interest. These amounts arose from normal trade transactions.

12. OTHER CREDITORS AND ACCRUALS

Included in other creditors of the Group is an amount of RM Nil (1998: RM5,258) due to a company in which a director of the Company has substantial financial interest. The amount which arose mainly from non-trade transactions is unsecured, interest-free and has no fixed terms of repayment.

13. HIRE-PURCHASE CREDITORS

	Group	
	1999 RM	1998 RM
Gross outstanding	75,328	342,915
Less: Unexpired interest	<u>(16,012)</u>	<u>(76,195)</u>
Principal sum outstanding	<u>59,316</u>	<u>266,720</u>
Amount payable:-		
- within the next twelve months	59,316	207,403
- after the next twelve months	<u>-</u>	<u>59,317</u>
	<u>59,316</u>	<u>266,720</u>



14. BANK BORROWINGS

	Group	
	1999 RM	1998 RM
<b>Secured</b>		
Bank overdrafts	294,097	1,562,511
Bills payable	-	88,536
	<u>294,097</u>	<u>1,651,047</u>
<b>Unsecured</b>		
Bills payable	-	1,670,760
Bank overdrafts	-	37,717
	<u>-</u>	<u>1,708,477</u>
At 31 December	<u><u>294,097</u></u>	<u><u>3,359,524</u></u>

The bank borrowings bear interest at rates ranging from 1.25% to 2.00% (1998: 1.25% to 2.00%) per annum above the bank is prevailing base lending rates and are secured by fixed legal charge over certain freehold land and buildings of the Group and jointly and severally guaranteed by certain directors of the subsidiary companies.

15. EXPENDITURE CARRIED FORWARD - At cost

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Preliminary expenses	3,563	10,492	-	10,492
Pre-operating expenses	-	3,732	-	3,732
Share issue expenses	-	1,395,980	-	1,395,980
	<u>3,563</u>	<u>1,410,204</u>	<u>-</u>	<u>1,410,204</u>
Less: Amount written off	<u>-</u>	<u>1,410,204</u>	<u>-</u>	<u>1,410,204</u>
	<u><u>3,563</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

16. SHARE CAPITAL

	Group	
	1999 RM	1998 RM
Ordinary shares of RM1.00 each:-		
<b>Authorised:-</b>		
Balance at 1 January	100,000,000	100,000
Created during the year	-	99,900,000
	<u>100,000,000</u>	<u>100,000,000</u>
Balance at 31 December	<u><u>100,000,000</u></u>	<u><u>100,000,000</u></u>



16. SHARE CAPITAL (cont'd)

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
<b>Issued and fully paid:-</b>				
Balance at 1 January	40,000,000	19,566,949	40,000,000	2
Issued during the year:				
Issue for acquisitions of subsidiary companies	-	-	-	19,566,947
Right issue	-	18,433,051	-	18,433,051
Public issue	-	2,000,000	-	2,000,000
Balance at 31 December	<u>40,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>

17. RESERVES

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
(a) Non-distributable:-				
Share premium	2,204,020	2,204,020	2,204,020	2,204,020
Revaluation reserve	7,089,745	7,089,745	-	-
(b) Distributable:-				
Retained profits	<u>34,332,104</u>	<u>18,358,281</u>	<u>29,550,815</u>	<u>338,036</u>
	<u>43,625,869</u>	<u>27,652,046</u>	<u>31,754,835</u>	<u>2,542,056</u>
Movements in non-distributable reserves during the financial year were:-				
(i) Share premium				
Balance at 1 January	2,204,020	-	2,204,020	-
Arising from public issue	<u>-</u>	<u>3,600,000</u>	<u>-</u>	<u>3,600,000</u>
	2,204,020	3,600,000	2,204,020	3,600,000
Less:Share issue expenses written off	<u>-</u>	<u>(1,395,980)</u>	<u>-</u>	<u>(1,395,980)</u>
	<u>2,204,020</u>	<u>2,204,020</u>	<u>2,204,020</u>	<u>2,204,020</u>
(ii) Revaluation reserve				
Balance at 1 January	7,089,745	-	-	-
Arising from revaluations of freehold land and buildings of certain subsidiary companies	<u>-</u>	<u>7,089,745</u>	<u>-</u>	<u>-</u>
Balance at 31 December	<u>7,089,745</u>	<u>7,089,745</u>	<u>-</u>	<u>-</u>

Subject to the agreement from the Inland Revenue Board:-

- (i) the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt income to frank the payment of net dividends out of all its retained profits as at 31 December 1999 without incurring additional tax liability; and
- (ii) certain of its subsidiary companies have tax exempt income amounting to approximately RM17,377,000 (1998:RM20,690,000) available for distribution of tax exempt dividends.



18. PROFIT BEFORE TAXATION

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Profit before taxation is arrived at after charging/(crediting): -				
Auditors' remuneration: -				
- statutory	42,000	42,000	5,000	5,000
- non-statutory	-	350	-	350
Depreciation of fixed assets	4,537,922	4,086,258	-	-
Directors' remuneration: -				
- fees	133,850	72,500	30,000	40,000
- emoluments other than fees	702,586	609,328	-	-
Interest expenses on: -				
- bank overdraft	13,008	75,698	-	-
- hire-purchase	60,185	187,054	-	-
- term loans	-	290,703	-	-
- others	6,816	100,020	-	-
Realised loss/(gain) on foreign exchange	104,741	(94,387)	-	-
Preliminary and pre-operating expenses written off	-	14,224	-	14,224
Provision for doubtful debts	260,000	40,080	-	-
Rental of: -				
- factory and premises	150,600	146,400	-	-
- leased equipment	-	174,120	-	-
- mould	9,257	10,480	-	-
Gain on disposal of fixed assets	(486,416)	(56,057)	-	-
Gross dividend from quoted investment in Malaysia	(2,025)	(1,350)	-	-
Interest income on fixed deposits	(168,335)	(516,489)	(164,007)	(493,040)
Rental income on: -				
- factory and premises	(176,000)	(264,000)	-	-
Tax exempt dividend from unquoted subsidiary companies	-	-	(16,400,000)	(2,400,000)
Gross dividend from an unquoted subsidiary company	-	-	(20,900,000)	-

The estimated monetary value of benefits-in-kind received by the directors in respect of the Group amounted to RM46,965 (1998: RM45,308).

19. TAXATION

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Taxation: -				
- current year	-	2,050,500	5,852,000	140,500
- under/(over)provision in prior years	37,897	(3,468)	18,979	-
Transferred from deferred taxation (Note 21)	-	(27,995)	-	-
	<u>37,897</u>	<u>2,019,037</u>	<u>5,870,979</u>	<u>140,500</u>



## 19. TAXATION (cont'd)

The provision for taxation made in 1999 for the Company is in respect of dividend income from unquoted subsidiary companies. No provision for taxation has been made for the Group as the tax on income of its subsidiary companies for the financial year ended 31 December 1999 are waived in accordance with the Income Tax (Amendment) Act, 1999.

The effective tax rate of the Group in 1998 is lower than the statutory tax rate due mainly to utilisation of reinvestment allowances which is subject to the agreement with the Inland Revenue Board. The effective tax rate of the Company in 1998 is lower than the statutory tax rate due mainly to tax-exempt dividend income received.

## 20. EARNINGS PER SHARE

Earnings per share is calculated based on the Group's profit after taxation of RM18,373,823 (1998: RM11,653,991) and the number of ordinary shares of 40,000,000 (1998: 33,730,526 - weighted average number of ordinary shares) in issue during the financial year.

## 21. DEFERRED TAXATION

	Group	
	1999 RM	1998 RM
Balance at 1 January	-	27,995
Transferred to profit and loss account (Note 19)	-	(27,995)
Balance at 31 December	<u>-</u>	<u>-</u>

The tax effects of the surplus on revaluation of the freehold land and buildings of certain subsidiary companies have not been recognised in the accounts of the Group as the Group has no intention of disposing the revalued assets in the foreseeable future.

## 22. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Sales to companies in which a director has substantial financial interest	626,476	517,811	-	-
Purchases from companies in which a director has substantial financial interest	15,814,433	11,626,745	-	-
Rental paid to a company in which a director has a substantial financial interest	118,200	116,400	-	-
Management fee received and receivable from subsidiary companies	<u>-</u>	<u>-</u>	<u>108,000</u>	<u>72,000</u>

The above transactions are entered into in the ordinary course of business and have been established under negotiated terms.



23. COMMITMENTS

	Group	
	1999 RM	1998 RM
(i) Capital commitments		
Contracted but not provided for	<u>4,900,000</u>	<u>600,140</u>
(ii) Commitments under operating leases		
The Group has operating lease commitments in respect of hired equipment with aggregate future lease rental payable within the next twelve months	<u>-</u>	<u>8,494</u>

24. SEGMENTAL INFORMATION

No segmental reporting is presented as the Group operates predominantly in the manufacturing and trading of alternative auto body parts for the motor industry in Malaysia.

25. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

On 22 February 2000, the Company proposed the following:-

- (a) A Bonus Issue ("Proposed Bonus Issue") of 20,000,000 new ordinary shares of RM1.00 each on the basis of one (1) new ordinary share for every two (2) existing ordinary shares held, which will be effected by capitalising RM2,204,020 and RM17,795,980 from the share premium account and retained profits respectively. All the new ordinary shares of RM1.00 each to be issued pursuant to the Proposed Bonus Issue will, upon issue and allotment, rank pari passu with the then existing ordinary shares of the Company save and except that they will not be entitled to any dividends, rights, allotment or other distribution which may be declared prior to the date of allotment of the new ordinary shares; and
- (b) Employee Share Option Scheme ("Proposed ESOS") for the benefit of the eligible employees and executive directors of the Company and its subsidiary companies. The aggregate of the number of options exercised under the Proposed ESOS and options to be offered under any future schemes shall not exceed 10% of the issued capital of the Company at any point of time during the existence of the Proposed ESOS. The duration of the Proposed ESOS shall be for five (5) years from the latest date of approval of the relevant authorities.

Both the proposals are subject to approvals from the relevant authorities and shareholders of the Company at an Extraordinary General Meeting to be convened at a later date.

26. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

LIST OF PROPERTIES  
(as at 31 December 1999)

Location	Description	Land Area/ Built-Up Area	Usage	Tenure/Age of Building	Net Book Value (RM'000)
GM 1951, Lot 5080, Mukim Of Kapar, District of Klang, Selangor Darul Ehsan	Industrial land and building	12,014 sq. m/ 8,648 sq. m	Head Office and Warehouse	Freehold/3 years	7,744
GM 28195, Lot 6342, Mukim of Setapak, District of Kuala Lumpur, Federal Territory	3-storey shop-house Office and Warehouse	152.356sq. m/ 457.08 sq. m	Office and Warehouse	Freehold/31 years	494
GM 1799 and EMR 6489, Lot No.s 5026 and 5027, Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Industrial land and building	20,946 sq. m/ 16,000 sq. m	Office and Factory	Freehold/1-8 years	14,715
GM 2119 Lot No. 5007, Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Industrial Land	3a.0r.00p	Vacant	Freehold/-	2,319
GM 1587 Lot No. 5045, Mukim of Kapar, District of Klang, Selangor Darul Ehsan.	Industrial Land	3a.0r.00p	Development of factory buildings	Freehold/-	2,892





ANALYSIS OF SHAREHOLDINGS (As at 5 May 2000)

Size of Shareholdings	No. Of Shareholders	% Of Shareholders	No. Of Shares Held	% of Shareholdings
1-1,000	318	31.74	318,000	0.80
1,001-5,000	435	43.41	1,243,000	3.11
5,001-10,000	107	10.68	906,000	2.26
Above 10,000	142	14.17	37,533,000	93.83
TOTAL	1002	100.00	40,000,000	100.00

TWENTY (20) LARGEST SHAREHOLDERS (As at 5 May 2000)

No.	Names	Shareholdings	%
1.	Kam Lang Fatt @ Kim Leng Fatt	7,478,000	18.70
2.	Wong Ah Moy @ Wong Yoke Len	5,259,414	13.15
3.	Malaysian Trustees Berhad - Kam Lang Fatt @ Kim Leng Fatt	4,300,000	10.75
4.	OSK Nominees (Asing) Sdn Berhad		
	Nan Jhi Automobile Enterprise Company Limited	3,487,174	8.72
5.	Kam Foong Keng	2,011,412	5.03
6.	OSK Nominees (Asing) Sdn Berhad		
	Pledged Securities Account for Tsai, Cheng-Hsun	1,657,000	4.14
7.	Malaysian Trustees Berhad - Nan Jhi Automobile Enterprise Co. Ltd.	1,200,000	3.00
8.	Arab-Malaysian Nominees (Tempatan) Sdn Bhd		
	Arab Malaysian Trustee Bhd For Pacific Pearl Fund	707,000	1.77
9.	Alliedban Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Pui Cheng Wui	622,000	1.56
10.	Lim Pin Kong	503,000	1.26
11.	Citicorp Nominees (Asing) Sdn Bhd		
	TNTC for Government of Singapore Investment Corporation Pte Ltd	475,000	1.19
12.	Wong Fong Ngoh	432,000	1.08
13.	Jason Lim Yu Sang	430,000	1.08
14.	HSBC (Malaysia) Trustee Berhad		
	OSK-UOB Small Cap Opportunity Unit Trust	400,000	1.00
15.	L F Kim Holdings Sdn Bhd	400,000	1.00
16.	BHLB Trustee Berhad - Pacific Recovery Fund	321,000	0.80
17.	Chin Jit Sin	299,000	0.75
18.	Patricia Lim Pek Yew	283,000	0.71
19.	Hui Sai Kim	261,000	0.65
20.	Hui Wai Kuan	207,000	0.52
	TOTAL	30,733,000	76.83

SUBSTANTIAL SHAREHOLDERS (As at 5 May 2000)

No.	Names	Shareholdings	%
1.	Kam Lang Fatt @ Kim Leng Fatt	11,778,000	29.45
2.	Wong Ah Moy @ Wong Yoke Len	5,259,414	13.15
3.	Nan Jhi Automobile Enterprise Co. Ltd.	4,687,174	11.72
4.	Kam Foong Keng	2,011,412	5.03
5.	Tsai, Cheng-Hsun	1,672,000	4.18

DIRECTORS' INTERESTS (As at 21 January 2000)

No.	Names	No. of Shares Held		Total Shareholdings	%
		Direct	Indirect		
1.	Kam Lang Fatt @ Kim Leng Fatt	11,778,000	-	11,778,000	29.45
2.	Chin Jit Sin	299,000	-	299,000	0.75
3.	Kam Foong Keng	2,011,412	-	2,011,412	5.03
4.	Wong Kwan @ Wong Kwong Kwan	10,000	-	10,000	0.03
5.	Danny Ng Siew L'Leong	-	-	-	-
6.	Huang, Ching-Ho	-	3,317,174	3,317,174	8.29



NEW HOONG FATT HOLDINGS BERHAD  
(425709-K)

PROXY FORM

I/We .....  
(Please use block letter)

of .....

being (a) member(s) of NEW HOONG FATT HOLDINGS BERHAD, hereby appoint(s) the Chairman of The Meeting or,

of .....  
or failing him/her, .....

of ..... as my/our proxy to attend and vote for me/us on my/our behalf at the Third Annual General Meeting of the Company to be held at the Bunga Raya Room, The Pan Pacific Hotel on Thursday, 8 June 2000 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below.

RESOLUTIONS	FOR	AGAINST
1. Adoption of Accounts and Reports		
2. Declaration of first and final dividend		
3. Re-election of Mr. Chin Jit Sin as Director		
4. Re-election of Mr. Wong Kwan @ Wong Kwong Kwan as Director		
5. Approval of Directors' Fees		
6. Re-appointment of Auditors		
7. Authority to Directors to Issue Shares Pursuant to Section 132D		

(Please indicate with a cross (X) in the space provided, 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 ..... 2000

No. of shares held

.....  
Signature/Common Seal of Member

NOTES:-  
Every member is entitled to appoint a proxy to attend and vote for him. A proxy may but need not be a member of the Company.  
The Proxy Form must be signed by the appointor or if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.  
The Proxy Form must be deposited at the Registered Office of the Company at C15-1, Level 15, Tower C, Megan Phileo Avenue, 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur at least forty-eight hours before time fixed for the meeting.