

financial STATEMENTS

annual report 2003 • New Hoong Fatt Holdings Berhad 425709-K

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DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2003.

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 7 to the financial statements.

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	<u>15,788,234</u>	<u>14,513</u>

DIVIDENDS

Since the end of the previous financial year, a first and final tax exempt dividend of 8%, amounting to RM5,768,128 in respect of the previous financial year which was approved by the shareholders at the Annual General Meeting held on 8 May 2003 was paid on 23 May 2003.

The directors propose a first and final tax exempt dividend of 8%, amounting to RM5,768,928 in respect of the financial year ended 31 December 2003 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up share capital of the Company was increased from RM72,101,600 to RM72,111,600 by the issuance of 10,000 new ordinary share of RM1.00 each pursuant to the exercise of the Employee Share Option Scheme ("ESOS").

These new ordinary shares rank pari passu in all respects with the then existing shares of the Company.

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

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

The ESOS was approved by the shareholders at an Extraordinary General Meeting held on 8 June 2000.

The main features of the ESOS are as follows:-

- The ESOS is made available to eligible employees of the Group and full time executive directors of the Company, who are confirmed employees of the Group and has been in permanent full time employment within the Group for a period of at least twenty four months of continuous services, including service during the probation period.
- The total number of shares to be offered under the ESOS shall not, in aggregate, exceed 10% of the issued and paid-up share capital of the Company at any time during the existence of the ESOS which will be in force for a period of five years commencing from 30 August 2000.
- The option price for a new share under the ESOS shall be allowed to be set at a discount of not more than 10% from the weighted average market price of the shares as quoted and shown in the Daily Official List issued by Malaysia Securities Exchange Berhad for the five market days immediately preceding the date of offer by the ESOS Committee or the par value of the shares, whichever is higher.

DIRECTORS' REPORT (continued)**EMPLOYEE SHARE OPTION SCHEME ("ESOS")** (continued)

- (d) The actual entitlement of an eligible employee shall be determined by the ESOS Committee on the basis of job grade, years of service, contribution, dedication and loyalty of the employee and shall not be less than 1,000 shares nor more than 500,000 shares and shall always be in multiples of 1,000 shares.
- (e) Irrespective of the number of options held, the option holder may not exercise his/her option beyond the maximum allowable limit in the options exercisable per annum in accordance to the following percentages:-

Number of options granted	Percentage of options exercisable per annum				
	Year 1	Year 2	Year 3	Year 4	Year 5
Below 10,000	30%	30%	40% ¹	-	-
10,000 to 20,000	25%	25%	25%	25% ²	-
Above 20,000	20%	20%	20%	20%	20% ³

¹ 40% or the remaining number of options unexercised

² 25% or the remaining number of options unexercised

³ 20% or the remaining number of options unexercised

- (f) The shares shall, on issue and allotment upon any exercise of the option, rank pari passu in all respects with the then existing ordinary shares of the Company, except that they will not qualify for any dividend or distribution declared for payment to shareholders on the Register of Members/Record of Depositors as at the relevant books closing date which precedes the option exercise date.

The employees to whom the options have been granted are not eligible to participate in any other employee share option scheme implemented by any other company within the Group during the duration of the ESOS.

The Companies Commission of Malaysia had granted an exemption to the Company from having to disclose the name of the eligible employees who have been granted with options during the financial year and the number of options granted to them in accordance with Section 169 (11)(a) of the Companies Act, 1965 except for eligible employees who have been granted with options to purchase 100,000 and more ordinary shares during the financial year. This information has been separately filed with the Companies Commission of Malaysia. None of the eligible employees had been granted with options to purchase 100,000 and more ordinary shares during the financial year.

The movements in the Company's shares under options during the financial year are as follows:-

	Options over ordinary shares of RM1.00 each			
	Balance at 1.1.2003	Granted	Exercised	*Retracted
Number of unissued shares under options at the following exercise price:-				
- RM1.67	56,000	-	(8,000)	(12,000)
- RM2.00	154,000	-	-	(10,000)
- RM2.37	4,538,000	-	-	(397,000)
- RM2.75	37,000	-	-	(4,000)
- RM1.85	-	89,000	(1,000)	(9,000)
- RM1.95	-	99,000	(1,000)	-

* due to resignation

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT (continued)**DIRECTORS**

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

Kam Lang Fatt @ Kim Leng Fatt
Chin Jit Sin
Kam Foong Keng
Wong Kwan @ Wong Kwong Kwan
Danny Ng Siew L'Leong
Kam Foong Sim
Datuk Dr. Anis Bin Ahmad

In accordance with Article 78 of the Company's Articles of Association, Mr. Kam Lang Fatt @ Kim Leng Fatt and Ms. Kam Foong Sim retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves 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

Except as stated below, no other directors holding office at the end of the financial year had any beneficial interests in the ordinary shares of the Company and related companies during the financial year ended 31 December 2003, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965:-

Shares in the Company	← Number of ordinary shares of RM1.00 each →			
	Balance at 1.1.2003	Bought	Sold	Balance at 31.12.2003
Direct interest				
Kam Lang Fatt @ Kim Leng Fatt	21,200,400	-	-	21,200,400
Kam Foong Keng	3,620,542	-	-	3,620,542
Chin Jit Sin	538,200	-	-	538,200
Wong Kwan @ Wong Kwong Kwan	24,000	-	-	24,000
Kam Foong Sim	302,400	-	-	302,400
Indirect interest				
Kam Lang Fatt @ Kim Leng Fatt	720,000	-	-	720,000

Share options in the Company	← Options over ordinary shares of RM1.00 each →			
	Balance at 1.1.2003	Bought	Sold	Balance at 31.12.2003
Kam Lang Fatt @ Kim Leng Fatt	500,000	-	-	500,000
Kam Foong Keng	300,000	-	-	300,000
Chin Jit Sin	300,000	-	-	300,000
Kam Foong Sim	300,000	-	-	300,000

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no directors of the Company has 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, except for:-

- (a) 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;
 - (ii) rental of RM292,800 paid to companies in which the director has substantial financial interest;
 and
- (b) certain directors who received remuneration from the subsidiary companies as directors or executives of the subsidiary companies.

The details of the above transactions are disclosed in Note 31 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 of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for share options granted to Mr. Kam Lang Fatt @ Kim Leng Fatt, Mr. Chin Jit Sin, Madam Kam Foong Keng and Ms. Kam Foong Sim pursuant to the ESOS.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY:-**(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the income statements 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 amounts written off for bad debts or the amount of provision for doubtful debts in the financial statements 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 financial statements 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.

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 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 financial year.
- (g) The directors are not aware of any circumstances not otherwise dealt with in the report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

The event subsequent to the balance sheet date is disclosed in Note 36 to the financial statements.

AUDITORS

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

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

Kam Lang Fatt @ Kim Leng Fatt
Chairman cum Managing Director

Kam Foong Keng
Director

Kuala Lumpur
25 February 2004

STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 51 to 76 have been drawn up in accordance with applicable approved accounting standards in Malaysia 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 2003 and of their results for the financial year then ended; and
- (ii) the cash flows of the Group and of the Company for the financial year ended 31 December 2003.

On behalf of the Board,

Kam Lang Fatt @ Kim Leng Fatt
Chairman cum Managing Director

Kam Foong Keng
Director

Kuala Lumpur
25 February 2004

STATUTORY DECLARATION

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 51 to 76 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)
25 February 2004)

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 financial statements set out on pages 51 to 76. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

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

In our opinion:-

- (a) the financial statements have been properly drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:-
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
 - (ii) the state of affairs of the Group and of the Company as at 31 December 2003 and of their results and cash flows 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 said Act.

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

The auditors' reports on the financial statements 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

Chartered Accountants

Tan Kim Leong, JP

235/06/05 (J/PH)

Partner

Kuala Lumpur

25 February 2004

BALANCE SHEETS

as at 31 December 2003

		Group		Company	
	Note	2003 RM	2002 RM	2003 RM	2002 RM
ASSETS EMPLOYED					
PROPERTY, PLANT AND EQUIPMENT	6	107,494,330	100,377,186	-	-
INVESTMENT IN SUBSIDIARY COMPANIES	7	-	-	20,966,951	20,966,951
AMOUNTS OWING BY SUBSIDIARY COMPANIES	8	-	-	52,650,411	58,334,144
INVESTMENTS - At cost	9	83,000	83,000	-	-
CURRENT ASSETS					
Inventories	10	11,913,102	12,475,244	-	-
Trade receivables	11	34,656,541	30,552,924	-	-
Other receivables, deposits and prepayments	12	1,343,187	2,611,502	17,258	30,884
Tax recoverable		37,718	108,269	6,165	23,454
Cash and bank balances		3,769,533	1,686,129	30,094	46,841
Fixed deposits with licensed banks	13	5,000,000	4,000,000	3,000,000	3,000,000
		56,720,081	51,434,068	3,053,517	3,101,179
LESS: CURRENT LIABILITIES					
Trade payables	14	14,000,028	12,223,700	-	-
Other payables and accruals	15	3,747,701	4,088,704	100,848	95,788
Borrowings (interest bearing)	16	2,281,815	5,046,244	-	-
Taxation		573,832	157,860	-	-
		20,603,376	21,516,508	100,848	95,788
NET CURRENT ASSETS		36,116,705	29,917,560	2,952,669	3,005,391
		143,694,035	130,377,746	76,570,031	82,306,486
FINANCED BY					
SHARE CAPITAL	18	72,111,600	72,101,600	72,111,600	72,101,600
RESERVES	19	58,308,506	48,281,240	4,458,431	10,204,886
SHAREHOLDERS' FUNDS		130,420,106	120,382,840	76,570,031	82,306,486
LONG TERM LIABILITIES					
Borrowing (interest bearing)	16	2,965,117	1,599,990	-	-
Deferred tax liabilities	20	10,308,812	8,394,916	-	-
		143,694,035	130,377,746	76,570,031	82,306,486

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

INCOME STATEMENTS

for the financial year ended 31 December 2003

	Note	Group		Company	
		2003 RM	2002 RM	2003 RM	2002 RM
Revenue	21	127,694,541	113,641,297	102,000	4,902,000
Cost of sales		(95,799,144)	(82,500,042)	-	-
Gross profit		31,895,397	31,141,255	102,000	4,902,000
Other operating income		2,270,626	1,647,869	115,951	28,406
Selling and distribution expenses		(3,452,382)	(2,718,647)	-	-
Administration expenses		(10,465,029)	(10,022,207)	(186,149)	(162,520)
Profit from operations		20,248,612	20,048,270	31,802	4,767,886
Finance costs		(226,886)	(355,588)	-	-
Profit before taxation	22	20,021,726	19,692,682	31,802	4,767,886
Tax expenses	24	(4,233,492)	(4,665,824)	(17,289)	(402,786)
Profit after taxation		15,788,234	15,026,858	14,513	4,365,100
Basic earnings per ordinary share (sen)	25	21.90	20.85		
Diluted earnings per ordinary share (sen)	25	21.88	20.80		
Dividends per share (sen)					
-Tax exempt	26	8.00	8.00		

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

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2003

Group	Share capital RM	Share premium RM	Revaluation reserve RM	Retained profits RM	Total RM
Balance as at 31 December 2001	72,005,600	4,340	7,089,745	36,316,296	115,415,981
Prior year adjustments (Note 27)	-	-	(554,339)	(5,402,914)	(5,957,253)
Restated balance	72,005,600	4,340	6,535,406	30,913,382	109,458,728
Profit after taxation	-	-	-	15,026,858	15,026,858
Realisation of revaluation reserve upon disposal of property, plant and equipment	-	-	(2,808,150)	2,808,150	-
Final tax exempt dividends for financial year ended 31 December 2001	-	-	-	(4,325,616)	(4,325,616)
Exercise of ESOS	96,000	126,870	-	-	222,870
Balance as at 31 December 2002	72,101,600	131,210	3,727,256	44,422,774	120,382,840
Profit after taxation	-	-	-	15,788,234	15,788,234
Final tax exempt dividends for financial year ended 31 December 2002	-	-	-	(5,768,128)	(5,768,128)
Exercise of ESOS	10,000	7,160	-	-	17,160
Balance as at 31 December 2003	72,111,600	138,370	3,727,256	54,442,880	130,420,106

Company

Balance as at 31 December 2001	72,005,600	4,340	-	10,034,192	82,044,132
Profit after taxation	-	-	-	4,365,100	4,365,100
Final tax exempt dividends for financial year ended 31 December 2001	-	-	-	(4,325,616)	(4,325,616)
Exercise of ESOS	96,000	126,870	-	-	222,870
Balance as at 31 December 2002	72,101,600	131,210	-	10,073,676	82,306,486
Profit after taxation	-	-	-	14,513	14,513
Final tax exempt dividends for financial year ended 31 December 2002	-	-	-	(5,768,128)	(5,768,128)
Exercise of ESOS	10,000	7,160	-	-	17,160
Balance as at 31 December 2003	72,111,600	138,370	-	4,320,061	76,570,031

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

CASH FLOW STATEMENTS

for the financial year ended 31 December 2003

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	20,021,726	19,692,682	31,802	4,767,886
Adjustments for:-				
Allowance for doubtful debts	64,533	339,401	-	-
Bad debts written off	4,687	10,103	-	-
Depreciation of property, plant and equipment	10,209,634	8,511,049	-	-
Dividend income	-	-	-	(4,800,000)
Interest expense	226,886	355,588	-	-
Interest income	(178,560)	(41,577)	(115,905)	(28,384)
Property, plant and equipment written off	40,419	88,443	-	-
(Gain)/Loss on disposal of property, plant and equipment	(123,795)	63,012	-	-
Operating profit/(loss) before working capital changes	30,265,530	29,018,701	(84,103)	(60,498)
Decrease/(Increase) in inventories	562,142	(3,153,581)	-	-
Increase in trade receivables	(4,172,837)	(671,614)	-	-
Decrease in other receivables, deposits and prepayments	1,258,315	1,367,282	13,626	503,616
Increase/(Decrease) in trade payables	1,776,328	(1,405,382)	-	-
(Decrease)/Increase in other payables and accruals	(341,003)	(2,230,845)	5,060	(3,022)
Cash generated from/(used in) operations	29,348,475	22,924,561	(65,417)	440,096
Dividend received	-	-	-	4,380,000
Interest paid	(15,408)	(26,623)	-	-
Tax paid	(1,823,073)	(2,446,381)	-	(2,980)
Net cash from/(used in) operating activities	27,509,994	20,451,557	(65,417)	4,817,116
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	159,300	8,011,968	-	-
Purchase of property, plant and equipment (Note 28)	(17,402,702)	(23,163,650)	-	-
Repayment from subsidiary companies	-	-	5,683,733	2,249,734
Interest received	178,560	41,577	115,905	28,384
Net cash (used in)/from investing activities	(17,064,842)	(15,110,105)	5,799,638	2,278,118
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of onshore foreign currency loan	1,006,815	-	-	-
Interest paid	(211,478)	(328,965)	-	-
Proceeds from issue of shares	17,160	222,870	17,160	222,870
(Repayment)/Drawdown of bankers' acceptance	(3,200,000)	2,184,000	-	-
Dividend paid	(5,768,128)	(4,325,616)	(5,768,128)	(4,325,616)
Drawdown/(Repayment) of term loan	2,040,127	(600,000)	-	-
Net cash used in financing activities	(6,115,504)	(2,847,711)	(5,750,968)	(4,102,746)
Net increase/(decrease) in cash and cash equivalents	4,329,648	2,493,741	(16,747)	2,992,488
Cash and cash equivalents at beginning of the financial year	4,439,885	1,946,144	3,046,841	54,353
Cash and cash equivalents at end of the financial year (Note 29)	8,769,533	4,439,885	3,030,094	3,046,841

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2003

1. GENERAL INFORMATION

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

The registered office of the Company is located at C15-1, Level 15, Tower C, Megan Avenue II, 12, Jalan Yap Kwan Seng, 50450 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.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks including foreign currency exchange risk, liquidity risk, interest rate risk and credit risk. The Group's overall financial risk management objective is to ensure that the Group creates value and to safeguard the interests of its shareholders. Financial risk management is carried out through risk reviews, internal control systems and adherence to Group financial risk management policies.

Foreign currency risk

The Group is exposed to transactional currency risk. Such exposures arise from substantial purchases of raw materials and moulds from Taiwan and South Korea. The Group also sells to customers in Thailand, Mexico and Saudi Arabia. These sales are invoiced in the US Dollar. The currencies giving rise to this risk are primarily the US Dollar and New Taiwan Dollar. As the effect of the currency risk is immaterial, the Group does not enter into any hedging contracts.

Liquidity 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.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's short-term bank borrowings, term loan and fixed deposits placed with licensed banks. 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.

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.

3. 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 7 to the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003 (continued)**4. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

5. SIGNIFICANT ACCOUNTING POLICIES**5.1 Basis of accounting**

The financial statements of the Group and of the Company have been prepared under the historical cost convention (as modified by the revaluation of freehold land and buildings) unless otherwise indicated in the significant accounting policies.

The preparation of financial statements in conformity with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements 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 financial statements relate to external transactions only.

The financial statements of the subsidiary companies have been consolidated using the merger accounting principles.

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 financial statements. The results of subsidiary companies have been accounted for on a full year basis.

5.3 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, if any.

The freehold land and buildings were revalued in 2002. The freehold land and buildings are 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.

Surplus arising from such valuations is credited to shareholders' equity as a revaluation surplus and any subsequent deficit is charged against such surplus to the extent that the decrease offsets any increase. In all other cases, the deficit will be charged to the income statement.

No depreciation has been provided for in respect of freehold land 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 property, plant and equipment is calculated using 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% - 33%
Cabin containers	10%
Renovation	10%

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003 (continued)**5. SIGNIFICANT ACCOUNTING POLICIES (continued)****5.4 Investments**

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary companies and other investments held on a long term basis are stated at cost less impairment loss, if any.

5.5 Impairment of assets

The carrying amount of the Group's and Company's assets, other than financial assets (other than investment in subsidiary companies) and inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset. The impairment loss is recognised in the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation surplus account to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to the income statement. All reversals of an impairment loss are recognised as income immediately in the income statement 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 surplus account of the same asset.

An impairment loss is only reversed 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.

5.6 Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Cost of raw materials and consumables comprises original cost of purchase plus the incidental costs of bringing the inventories 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.

5.7 Receivables

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

5.8 Foreign currency transactions and translations

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 income statement.

The closing rates used in the translation of foreign currency are as follows:-

- (i) RM1: USD0.2632 (2002: USD0.2632)
- (ii) RM1: NTD8.8553 (2002: NTD9.1700)

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003 (continued)**5. SIGNIFICANT ACCOUNTING POLICIES (continued)****5.9 Deferred tax liabilities and assets**

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

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 can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. 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.

In prior years, deferred tax was provided for at the applicable current tax rates for all material timing differences where it was reasonable probable that such timing differences will crystallise in the foreseeable future. In addition, deferred tax benefits were recognised only when there was reasonable assurance of their realisation. This change in accounting policy has been accounted for retrospectively and the effects are dealt with as a prior year adjustment as stated in Note 27.

5.10 Employee benefits**(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

(ii) Equity compensation benefits

Details of the Group Employee Share Option Scheme ("ESOS") are set out in Note 18 to the financial statements. The Group does not make a charge to the Income Statement in connection with share option scheme granted. When the share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital and share premium.

(iii) Defined contribution plans

The Company and subsidiary companies incorporated in Malaysia make contributions to a statutory provident fund. These contributions are recognised as an expense in the financial year in which they are incurred.

5.11 Revenue recognitionCompany

Revenue from management fees for management services rendered to subsidiary companies is recognised in the income statement upon billing.

Dividends from subsidiary companies are recognised in the income statement when shareholder's right to receive payment is established.

Group

Revenue from sale of goods and rendering of services are recognised in the income statement upon the delivery of goods and customer's acceptance and performance of services.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)**5.12 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.

5.13 Financial instruments**5.13.1 Financial instruments recognised on the balance sheets****(a) Ordinary shares**

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of share issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost incurred directly attributable to the issuance of shares are accounted for as a deduction from share premium. Otherwise, it is charged to the income statement.

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

(b) Other financial instruments

The accounting policies for other financial instruments recognised on the balance sheet are disclosed in the individual policies associated with each item.

5.13.2 Disclosures of fair values

The carrying values of the financial assets and liabilities maturing within 12 months are stated at approximately the fair values as at the balance sheet date.

The cost of unquoted investments approximate the fair value based on net realisable value.

The fair values of the amount owing by subsidiary companies could not be reasonably estimated as the repayment term is not determinable currently. These balance are valued at cost.

The fair values of the Group's term loans are estimated based on the current rates offered to the Company for loans of the same remaining maturities.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003 (continued)

6. PROPERTY, PLANT AND EQUIPMENT

Group

2003	Balance at 1.1.2003 RM	Additions RM	Disposals RM	Written off RM	Reclassi- fication RM	Balance at 31.12.2003 RM
Cost unless otherwise stated						
Freehold land						
- at 2002 valuation	15,384,638	-	-	-	-	15,384,638
- at cost	-	1,309,000	-	-	-	1,309,000
Freehold buildings						
- at 2002 valuation	27,958,738	648,798	-	-	109,167	28,716,703
Plant and machinery	30,107,877	4,603,443	(145,427)	-	-	34,565,893
Tools, equipment and air-conditioners	1,617,358	118,826	(2,860)	(76,742)	-	1,656,582
Moulds and dies	52,495,811	5,560,813	-	-	5,209,101	63,265,725
Motor vehicles	3,173,151	581,004	(334,263)	-	-	3,419,892
Furniture, fittings and office equipment	2,044,067	362,552	(5,150)	(9,039)	-	2,392,430
Cabin containers	25,700	-	-	-	-	25,700
Tools and dies development costs	3,053,197	4,218,266	-	-	(5,318,268)	1,953,195
Renovation	53,042	-	-	-	-	53,042
	135,913,579	17,402,702	(487,700)	(85,781)	-	152,742,800

	Balance at 1.1.2003 RM	Charge for the financial year RM	Disposals RM	Written off RM	Reclassi- fication RM	Balance at 31.12.2003 RM
Accumulated depreciation						
Freehold land						
- at 2002 valuation	-	-	-	-	-	-
- at cost	-	-	-	-	-	-
Freehold buildings						
- at 2002 valuation	-	608,368	-	-	-	608,368
Plant and machinery	13,212,020	3,331,603	(113,823)	-	-	16,429,800
Tools, equipment and air-conditioners	666,180	144,509	(1,701)	(40,894)	-	768,094
Moulds and dies	19,041,939	5,162,661	-	-	-	24,204,600
Motor vehicles	1,625,379	540,789	(332,923)	-	-	1,833,245
Furniture, fittings and office equipment	964,739	416,230	(3,748)	(4,468)	-	1,372,753
Cabin containers	24,368	170	-	-	-	24,538
Tools and dies development costs	-	-	-	-	-	-
Renovation	1,768	5,304	-	-	-	7,072
	35,536,393	10,209,634	(452,195)	(45,362)	-	45,248,470

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003 (continued)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

2002	Balance at 1.1.2002 RM	Additions RM	Disposals RM	Written off RM	Reclassi- fication RM	Revaluation RM	Balance at 31.12.2002 RM
Cost unless otherwise stated							
Freehold land							
- at 2002 valuation	-	-	-	-	15,384,638	-	15,384,638
- at 1997 valuation	8,445,339	-	(3,110,710)	-	(5,334,629)	-	-
- at cost	10,042,519	7,490	-	-	(10,050,009)	-	-
Freehold buildings							
- at 2002 valuation	-	-	-	-	29,347,794	(1,389,056)	27,958,738
- at 1997 valuation	11,280,911	-	(4,889,290)	-	(6,391,621)	-	-
- at cost	11,848,494	1,135,222	(487,313)	-	(12,496,403)	-	-
Building under construction	7,963,045	2,496,725	-	-	(10,459,770)	-	-
Plant and machinery	21,827,430	8,566,982	(257,305)	(29,230)	-	-	30,107,877
Tools, equipment and air-conditioners	1,152,446	592,378	(5,050)	(122,416)	-	-	1,617,358
Moulds and dies	42,877,059	4,975,515	-	-	4,643,237	-	52,495,811
Motor vehicles	3,607,670	454,890	(889,409)	-	-	-	3,173,151
Furniture, fittings and office equipment	1,625,457	509,762	(10,435)	(80,717)	-	-	2,044,067
Cabin containers	25,700	-	-	-	-	-	25,700
Tools and dies							
development costs	2,263,955	5,432,479	-	-	(4,643,237)	-	3,053,197
Renovation	110,407	53,042	(110,407)	-	-	-	53,042
	123,070,432	24,224,485	(9,759,919)	(232,363)	-	(1,389,056)	135,913,579

	Balance at 1.1.2002 RM	Charge for the financial year RM	Disposals RM	Written off RM	Reclassi- fication RM	Revaluation RM	Balance at 31.12.2002 RM
Accumulated depreciation							
Freehold land							
- at 1997 valuation	-	-	-	-	-	-	-
- at cost	-	-	-	-	-	-	-
Freehold buildings							
- at 1997 valuation	960,011	201,169	(525,345)	-	-	(635,835)	-
- at cost	431,364	348,455	(26,598)	-	-	(753,221)	-
Building under construction	-	-	-	-	-	-	-
Plant and machinery	10,750,960	2,728,121	(237,831)	(29,230)	-	-	13,212,020
Tools, equipment and air-conditioners	598,615	137,505	(3,574)	(66,366)	-	-	666,180
Moulds and dies	14,795,881	4,246,058	-	-	-	-	19,041,939
Motor vehicles	1,974,193	508,802	(857,616)	-	-	-	1,625,379
Furniture, fittings and office equipment	690,828	328,321	(6,086)	(48,324)	-	-	964,739
Cabin containers	21,798	2,570	-	-	-	-	24,368
Tools and dies							
development costs	-	-	-	-	-	-	-
Renovation	19,609	10,048	(27,889)	-	-	-	1,768
	30,243,259	8,511,049	(1,684,939)	(143,920)	-	(1,389,056)	35,536,393

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003 (continued)**6. PROPERTY, PLANT AND EQUIPMENT (continued)****Group**

	Balance at 31.12.2003 RM	Balance at 31.12.2002 RM
Net book value		
Freehold land		
- at 2002 valuation	15,384,638	15,384,638
- at cost	1,309,000	-
Freehold buildings		
- at 2002 valuation	28,108,335	27,958,738
Plant and machinery	18,136,093	16,895,857
Tools, equipment and air-conditioners	888,488	951,178
Moulds and dies	39,061,125	33,453,872
Motor vehicles	1,586,647	1,547,772
Furniture, fittings and office equipment	1,019,677	1,079,328
Cabin containers	1,162	1,332
Tools and dies development costs	1,953,195	3,053,197
Renovation	45,970	51,274
	107,494,330	100,377,186

Freehold land and building of a subsidiary company with net book value of RM5,986,111 (2002: RM6,061,981) has been charged to a licensed bank for credit facilities granted to the subsidiary company.

Had the revalued assets been carried at cost less depreciation, the carrying amounts would have been as follows:-

	Cost RM	Accumulated depreciation RM	Net book value RM
2003			
Freehold land	12,582,429	-	12,582,429
Freehold buildings	28,936,028	(2,129,554)	26,806,474
	41,518,457	(2,129,554)	39,388,903
2002			
Freehold land	12,582,429	-	12,582,429
Freehold buildings	28,231,609	(1,693,404)	26,538,205
	40,814,038	(1,693,404)	39,120,634

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003 (continued)

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2003 RM	2002 RM
Unquoted shares - at cost	20,966,951	20,966,951

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

Company name	Effective Equity Interest		Principal Activities
	2003	2002	
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 and provision of metal stamping services
Jhi Soon Auto Metal Sdn. Bhd.	100%	100%	Manufacturing and marketing of automotive parts
New Hoong Fatt Industries Sdn. Bhd.	100%	100%	Inactive
NJ Coatings Sdn. Bhd.	100%	100%	Dormant
NHF Mould Manufacturing Sdn. Bhd.	100%	100%	Dormant

8. AMOUNTS OWING BY SUBSIDIARY COMPANIES

The amounts owing by subsidiary companies arose mainly from advances, management fee receivable and payments made on behalf which are interest-free, unsecured and are not repayable within the next twelve months.

9. INVESTMENTS – AT COST

	Group	
	2003 RM	2002 RM
Unquoted investments in Malaysia	83,000	83,000

10. INVENTORIES

	Group	
	2003 RM	2002 RM
At cost		
Raw materials	2,504,000	3,899,673
Work-in-progress	918,878	809,016
Finished goods	8,428,750	7,693,943
Consumables	61,474	72,612
	11,913,102	12,475,244

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003 (continued)**11. TRADE RECEIVABLES**

	Group	
	2003 RM	2002 RM
Trade receivables	35,231,255	31,063,105
Less: Allowance for doubtful debts, net of bad debts written off of Nil (2002: RM24,466)	(574,714)	(510,181)
	34,656,541	30,552,924

Included in trade receivables of the Group are amounts totalling RM202,551 (2002: RM137,688) owing by companies in which a director of the Company has substantial financial interest.

The credit terms of trade receivables range from 30 days to 120 days. The foreign currency exposure of trade receivables of the Group are as follows:-

	2003	2002
US Dollar	598,285	511,959
New Taiwan Dollar	-	320,193

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Other receivables	155,858	440,567	14,158	28,384
Deposits	1,183,966	2,157,793	2,500	2,500
Prepayment	3,363	13,142	600	-
	1,343,187	2,611,502	17,258	30,884

The foreign currency exposure of deposits of the Group are as follows:-

	Group	
	2003	2002
US Dollar	-	162,438
New Taiwan Dollar	4,933,212	10,370,908

13. FIXED DEPOSITS WITH LICENSED BANKS

The effective interest rate and maturity period of fixed deposits with licensed bank are as follows:-

	Group		Company	
	2003	2002	2003	2002
Interest rate (%) per annum	3.10	3.72	3.08	4.00
Maturity period (month)	1 - 9	1 - 12	1 - 9	1 - 12

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003 (continued)

14. TRADE PAYABLES

Included in trade payables of the Group are amounts totalling RM9,314,466 (2002: RM8,642,903) owing to companies in which a director of the Company has substantial financial interest.

The credit terms of trade payables range from 30 days to 120 days. The foreign currency exposure of trade payables of the Group are as follows:-

	2003	2002
US Dollar	6,202	93

15. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Other payables	695,105	1,088,920	2,848	9,954
Accruals	3,052,596	2,999,784	98,000	85,834
	3,747,701	4,088,704	100,848	95,788

In 2002, included in other payables of the Group are amounts totalling RM1,060,835 owing to vendors of property, plant and equipment.

16. BORROWINGS (INTEREST BEARING)

	Group	
	2003 RM	2002 RM
Current liabilities		
Secured		
Bank overdraft	-	910,728
Term loans (Note 17)	1,275,000	600,000
	1,275,000	1,510,728
Unsecured		
Bank overdraft	-	335,516
Bankers' acceptance	-	3,200,000
Onshore foreign currency loan	1,006,815	-
	1,006,815	3,535,516
	2,281,815	5,046,244
Long term liabilities		
Secured		
Term loans (Note 17)	2,965,117	1,599,990
	5,246,932	6,646,234

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003 (continued)**16. BORROWINGS (INTEREST BEARING) (continued)**

	Group	
	2003 RM	2002 RM
Total borrowings		
Bank overdraft	-	1,246,244
Bankers' acceptance	-	3,200,000
Onshore foreign currency loan	1,006,815	-
Term loan (Note 17)	4,240,117	2,199,990
	<u>5,246,932</u>	<u>6,646,234</u>

The bank overdraft and term loans of the Group is secured by means of a first fixed charge over the freehold land and building of a subsidiary company. The borrowings of the Group are guaranteed by the Company.

The foreign currency exposure of bank borrowings of the Group is as follows:-

	Group	
	2003	2002
US Dollar	265,000	-

	Group	
	2003 %	2002 %
Weighted average effective interest rate:-		
Bank overdraft	6.13	6.45
Bankers' acceptance	3.19	3.44
Term loans	4.90	5.25
Onshore foreign currency loan	2.41	-

17. TERM LOANS – SECURED

	Group	
	2003 RM	2002 RM
Term loan I with interest at funding rate plus 1.25 % per annum, repayable by 72 monthly instalments of RM50,000 each commencing September 2000	1,599,990	2,199,990
Term loan II with interest at Bank's Effective Cost of fund rate, plus 1.25% per annum, repayable by 12 quarterly instalments of RM225,000 each commencing April 2004	2,640,127	-
	<u>4,240,117</u>	<u>2,199,990</u>
Repayable as follows:-		
- not later than one year (Note 16)	1,275,000	600,000
- later than one year and not later than five years (Note 16)	2,965,117	1,599,990
	<u>4,240,117</u>	<u>2,199,990</u>

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003 (continued)

18. SHARE CAPITAL

	Group/Company			
	2003		2002	
	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	72,101,600	72,101,600	72,005,600	72,005,600
Exercise of ESOS	10,000	10,000	96,000	96,000
Balance as at 31 December	72,111,600	72,111,600	72,101,600	72,101,600

During the financial year, the issued and fully paid-up share capital of the Company was increased from RM72,101,600 to RM72,111,600 by the issuance of 10,000 new ordinary shares of RM1.00 each pursuant to the exercise of the ESOS.

These new ordinary shares rank pari passu in all respects with the then existing shares of the Company.

ESOS

The ESOS was approved by the shareholders at an Extraordinary General Meeting held on 8 June 2000.

The main features of the ESOS are as follows:-

- The ESOS is made available to eligible employees of the Group and full time executive directors of the Company, who are confirmed employees of the Group and has been in permanent full time employment within the Group for a period of at least twenty four months of continuous services, including service during the probation period.
- The total number of shares to be offered under the ESOS shall not, in aggregate, exceed 10% of the issued and paid-up share capital of the Company at any time during the existence of the ESOS which will be in force for a period of five years commencing from 30 August 2000.
- The option price for a new share under the ESOS shall be allowed to be set at a discount of not more than 10% from the weighted average market price of the shares as quoted and shown in the Daily Official List issued by Malaysia Securities Exchange Berhad for the five market days immediately preceding the date of offer by the ESOS Committee or the par value of the shares, whichever is higher.
- The actual entitlement of an eligible employee shall be determined by the ESOS Committee on the basis of job grade, years of service, contribution, dedication and loyalty of the employee and shall not be less than 1,000 shares nor more than 500,000 shares and shall always be in multiples of 1,000 shares.
- Irrespective of the number of options held, the option holder may not exercise his/her option beyond the maximum allowable limit in the options exercisable per annum in accordance to the following percentages:-

Number of options granted	Percentage of options exercisable per annum				
	Year 1	Year 2	Year 3	Year 4	Year 5
Below 10,000	30%	30%	40% ¹	-	-
10,000 to 20,000	25%	25%	25%	25% ²	-
Above 20,000	20%	20%	20%	20%	20% ³

¹ 40% or the remaining number of options unexercised

² 25% or the remaining number of options unexercised

³ 20% or the remaining number of options unexercised

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003 (continued)**18. SHARE CAPITAL (continued)**

- (f) The shares shall, on issue and allotment upon any exercise of the option, rank pari passu in all respects with the then existing ordinary shares of the Company, except that they will not qualify for any dividend or distribution declared for payment to shareholders on the Register of Member/Record of Depositors as at the relevant books closing date which precedes the option exercise date.

The employees to whom the options have been granted are not eligible to participate in any other employee share option scheme implemented by any other company within the Group during the duration of the ESOS.

The details of option over the ordinary shares of the Company granted under the ESOS are set out as follows:-

31.12.2003

Grant date	Expiry date	Exercise price RM/share	← Number of options over ordinary shares of RM1.00 each →				31.12.2003
			1.1.2003	Granted	Exercised	Retracted	
4.9.2000	29.8.2005	2.37	4,518,000	-	-	(389,000)	4,129,000
24.10.2000	29.8.2005	2.37	20,000	-	-	(8,000)	12,000
10.4.2001	29.8.2005	1.67	56,000	-	(8,000)	(12,000)	36,000
22.10.2001	29.8.2005	2.00	57,000	-	-	(3,000)	54,000
11.4.2002	29.8.2005	2.75	37,000	-	-	(4,000)	33,000
21.10.2002	29.8.2005	2.00	97,000	-	-	(7,000)	90,000
3.4.2003	29.8.2005	1.85	-	64,000	(1,000)	(9,000)	54,000
8.10.2003	29.8.2005	1.85	-	25,000	-	-	25,000
8.10.2003	29.8.2005	1.95	-	99,000	(1,000)	-	98,000
			4,785,000	188,000	(10,000)	(432,000)	4,531,000

31.12.2002

Grant date	Expiry date	Exercise price RM/share	← Number of options over ordinary shares of RM1.00 each →				31.12.2002
			1.1.2002	Granted	Exercised	Retracted	
4.9.2000	29.8.2005	2.37	4,800,000	-	(87,000)	(195,000)	4,518,000
24.10.2000	29.8.2005	2.37	20,000	-	-	-	20,000
10.4.2001	29.8.2005	1.67	83,000	-	(4,000)	(23,000)	56,000
22.10.2001	29.8.2005	2.00	80,000	-	(5,000)	(18,000)	57,000
11.4.2002	29.8.2005	2.75	-	43,000	-	(6,000)	37,000
21.10.2002	29.8.2005	2.00	-	99,000	-	(2,000)	97,000
			4,983,000	142,000	(96,000)	(244,000)	4,785,000

	2003	2002
Number of share options vested at balance sheet date	4,531,000	4,785,000

Details relating to option exercised during the year are as follows:-

Exercise date	Average fair value of shares at share issue date RM/share	Exercise Price RM/share	Number of shares issued Year ended 31.12.2003	Year ended 31.12.2002
April 2002	2.92	1.67- 2.37	-	88,000
May 2002	2.55	2.37	-	8,000
June 2003	2.08	1.67	8,000	-
July 2003	2.19	1.85	1,000	-
December 2003	2.29	1.95	1,000	-
			10,000	96,000

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003 (continued)

18. SHARE CAPITAL (continued)

	Year ended 31.12.2003 RM	Year ended 31.12.2002 RM
Proceeds received:-		
Ordinary share capital - at par	10,000	96,000
Share premium	7,160	126,870
Proceeds received on exercise of share options	17,160	222,870
Fair value at exercised date of shares issued	21,120	277,360

The fair value of shares issued on the exercise of options is the monthly closing market price at which the Company's share were traded on Malaysia Securities Exchange Berhad.

19. RESERVES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
	(As restated)			
(a) Non-distributable:-				
Share premium	138,370	131,210	138,370	131,210
Revaluation reserve	3,727,256	3,727,256	-	-
(b) Distributable:-				
Retained profits	54,442,880	44,422,774	4,320,061	10,073,676
	58,308,506	48,281,240	4,458,431	10,204,886

Subject to agreement of the Inland Revenue Board, the Company has:-

- (i) tax exempt income amounting to approximately RM11,728,000 (2002: RM17,496,000) available for distribution of tax exempt dividends; and
- (ii) 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 2003 without incurring additional tax liability.

20. DEFERRED TAX LIABILITIES

	Group	
	2003 RM	2002 RM
Balance as at 1 January, as previously reported	-	-
Prior year adjustment (Note 27)	8,394,916	5,957,253
Balance as at 1 January, as restated	8,394,916	5,957,253
Transfer from income statement (Note 24)	1,913,896	2,437,663
Balance as at 31 December	10,308,812	8,394,916

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003 (continued)**20. DEFERRED TAX LIABILITIES (continued)**

The deferred tax liabilities are made up of the following:-

	Group	
	2003 RM	2002 RM
Surplus arising from revaluation of freehold land and building	504,300	512,585
Accelerated capital allowances	9,828,628	8,029,357
	10,332,928	8,541,942
Unabsorbed capital allowance	-	(119,726)
Allowance for doubtful debts	(24,116)	(27,300)
	10,308,812	8,394,916

21. REVENUE

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Sale of goods	125,545,963	110,921,108	-	-
Rendering of services	2,148,577	2,720,189	-	-
Management fee	-	-	102,000	102,000
Dividends	-	-	-	4,800,000
	127,694,541	113,641,297	102,000	4,902,000

22. PROFIT BEFORE TAXATION

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Profit before taxation is arrived at after charging/(crediting):-				
Allowance for doubtful debts	64,533	339,401	-	-
Auditors' remuneration:-				
- current year	45,500	45,500	5,000	5,000
- underprovision in prior year	150	2,000	-	-
Bad debts written off	4,687	10,103	-	-
Depreciation of property, plant and equipment	10,209,634	8,511,049	-	-
Directors' remuneration (Note 23):-				
- fees	353,500	319,834	86,000	65,834
- emoluments other than fees	1,279,040	1,200,880	52,000	38,000
Interest expenses on:-				
- bankers' acceptance and trust receipts	104,434	193,241	-	-
- bank overdraft	15,408	26,623	-	-
- term loans	107,044	135,724	-	-
Rental of:-				
- factory and premises	362,400	386,700	-	-
- mould	-	4,376	-	-
Property, plant and equipment written off	40,419	88,443	-	-
(Gain)/Loss on disposal of property, plant and equipment	(123,795)	63,012	-	-
Interest income on fixed deposits	(178,560)	(41,577)	(115,905)	(28,384)
Bad debts recovered	(2,579)	-	-	-
Realised gain on foreign exchange	(1,374)	(17,166)	-	-
Rental income	(662,800)	(625,500)	-	-
Tax exempt dividend from unquoted subsidiary companies	-	-	-	(3,300,000)
Gross dividend from an unquoted subsidiary company	-	-	-	(1,500,000)

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003 (continued)

23. DIRECTORS' REMUNERATION

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Directors' remuneration:-				
- fees	353,500	319,834	86,000	65,834
- emoluments other than fees	1,279,040	1,200,880	52,000	38,000

The estimated monetary value of benefits-in-kind received by the directors in respect of the Group amounted to RM61,391 (2002: RM76,994).

The remuneration paid and payable to the Directors of the Group for the financial year, analysed into bands of RM50,000 are as follows:-

	Group	
	2003	2002
Less than RM50,000	3	3
RM50,000 to RM100,000	1	1
RM150,000 to RM200,000	1	1
RM300,000 to RM350,000	2	2
RM550,000 to RM600,000	-	1
RM600,000 to RM650,000	1	-
	8	8

24. TAX EXPENSES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Tax expenses:-				
- current year's provision	2,317,609	2,256,653	24,609	420,000
- under/(over)provision in prior years	1,987	(28,492)	(7,320)	(17,214)
	2,319,596	2,228,161	17,289	402,786
Transfer to deferred tax liabilities (Note 20)	1,913,896	2,437,663	-	-
	4,233,492	4,665,824	17,289	402,786

The numerical reconciliation between average effective tax rate and the applicable tax rate are as follows:-

	Group		Company	
	2003 %	2002 %	2003 %	2002 %
Average applicable tax rate	28	28	28	28
Income not subject to tax	-	-	-	(19)
Non-allowable expenses	1	1	49	-
Reinvestment allowance incentives	(8)	(5)	-	-
Average effective tax rate	21	24	77	9

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003 (continued)**25. EARNINGS PER SHARE**

The basic earnings per ordinary share is calculated by dividing the consolidated profit after taxation of RM15,788,234 (2002: RM15,026,858) by the weighted average number of shares in issue during the financial year of 72,106,362 (2002: 72,073,479).

The diluted earnings per ordinary share is calculated based on the consolidated profit after taxation of RM15,788,234 (2002: RM15,026,858) and on the adjusted weighted average number of ordinary shares issued and issuable of 72,152,235 (2002: 72,236,419). The adjusted weighted average number of ordinary shares issued and issuable has been arrived at based on the assumption that ESOS are exercised at the beginning of the financial year or the date of ESOS granted and the difference between the number of ordinary shares to be issued under ESOS and the number of ordinary shares that would have been issued at fair value are deemed to have been issued for no consideration.

The weighted average number of ordinary shares in issue plus the weighted average number of ordinary shares deemed to have been issued for no consideration upon exercise of ESOS is calculated as follows:-

	2003	2002
Weighted average number of ordinary shares in issue	72,106,362	72,073,479
Weighted average number of ordinary shares deemed to have been issued for no consideration upon exercise of ESOS	45,873	162,940
Weighted average number of ordinary shares for diluted earnings per share	<u>72,152,235</u>	<u>72,236,419</u>

26. DIVIDENDS PER SHARE

	Group/Company	
	2003 RM	2002 RM
Tax exempt dividend of 8 sen (2002: 8 sen) per ordinary share	<u>5,768,928</u>	<u>5,768,128</u>

As approved by the shareholders at the Annual General Meeting held on 8 May 2003, a final tax exempt dividend of 8%, amounting to RM5,768,128 in respect of the previous financial year was paid on 23 May 2003.

The proposed first and final tax exempt dividend of 8%, amounting to RM5,768,928 in respect of the current financial year has yet to be approved by the shareholders. This dividend, upon approval by the shareholders, will be accounted for as an appropriation of retained earnings in the year in which it is declared.

27. CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENTS

During the year, the Group changed its accounting policy with respect to the provision for deferred tax to comply with MASB 25 Income Taxes. This change has been accounted for retrospectively. Deferred taxation has previously been provided on a partial provision basis, as allowed by IAS 12 Accounting for taxes on income. With the adoption of MASB 25, deferred tax liabilities are provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003 (continued)

27. CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENTS (continued)

The effects of the change in accounting policy is summarised as below:-

	Group	
	2003 RM	2002 RM
Retained profits		
Balance as at 1 January, as previously reported	52,263,351	36,316,296
Effect of adoption of MASB 25	(7,840,577)	(5,402,914)
Balance as at 1 January, as restated	<u>44,422,774</u>	<u>30,913,382</u>
Revaluation reserve		
Balance as at 1 January, as previously reported	4,281,595	7,089,745
Effect of adoption of MASB 25	(554,339)	(554,339)
Balance as at 1 January, as restated	<u>3,727,256</u>	<u>6,535,406</u>
Net profit for the financial year		
Net profit before change in accounting policy	17,702,130	17,464,521
Effect of adoption of MASB 25	(1,913,896)	(2,437,663)
Net profit for the financial year	<u>15,788,234</u>	<u>15,026,858</u>
Deferred tax liabilities		
Balance as at 1 January, as previously reported	-	-
Effect of adoption of MASB 25	8,394,916	5,957,253
Balance as at 1 January, as restated	<u>8,394,916</u>	<u>5,957,253</u>

28. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group purchased property, plant and equipment amounting to RM17,402,702 (2002: RM24,224,485) of which Nil (2002: RM1,060,835) remained outstanding as at the end of the financial year. Cash payments of RM17,402,702 (2002: RM23,163,650) was made to acquire the property, plant and equipment.

29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:-

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Fixed deposit with Licenced banks	5,000,000	4,000,000	3,000,000	3,000,000
Cash and bank balances	3,769,533	1,686,129	30,094	46,841
Bank overdrafts	-	(1,246,244)	-	-
	<u>8,769,533</u>	<u>4,439,885</u>	<u>3,030,094</u>	<u>3,046,841</u>

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003 (continued)**30. FINANCIAL INSTRUMENTS****(a) Credit risk**

The Group has no significant concentration of credit risk. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the balance sheets.

(b) Fair values

The carrying amounts of the financial assets and liabilities of the Group and the Company as at 31 December 2003 approximate their fair values except for the following:-

	Company
	Carrying amount
	RM
Amounts owing by subsidiary companies	52,650,411
	*

* A reasonable estimate of fair value could not be made as the repayment term is not determinable currently. These balances are valued at cost.

31. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company
	2003	2002	2003
	RM	RM	2002
			RM
Sales to:-			
- Hoeken Industrial Sdn. Bhd.	802,435	809,536	-
- NS Plastic Industries Sdn. Bhd.	32,249	37,192	-
- Pong Codan Marketing Sdn. Bhd.	5,404	19,861	-
- Pong Codan Rubber (M) Sdn. Bhd.	8,727	4,146	-
Purchases from:-			
- Hoeken Industrial Sdn. Bhd.	25,356,586	26,357,190	-
- NS Plastic Industries Sdn. Bhd.	704,313	534,804	-
- Pong Codan Marketing Sdn. Bhd.	722,633	637,924	-
- Pong Codan Rubber (M) Sdn. Bhd.	15,156	119,360	-
Rental paid to:-			
- LF Kim Holdings Sdn. Bhd.	108,000	108,000	-
- Hoeken Industrial Sdn. Bhd.	184,800	210,000	-
Rental received from NS Plastic Industries Sdn. Bhd.	172,800	166,500	-
Directors' emoluments payables to:-			
Executive directors:-			
- fees	287,500	274,000	20,000
- directors' emoluments other than fees	1,102,000	1,055,440	24,000
- EPF	149,040	127,440	-
Non-executive directors			
- fees	66,000	45,834	66,000
- directors' emoluments other than fees	28,000	18,000	18,000

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003 (continued)**31. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)**

The directors are of the opinion that all the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Executive Directors of the Company have been granted options under the Employee Share Option Scheme on the same terms and conditions as those offered to other employees of the Group (Note 18) as follows:-

31.12.2003

Grant date	Expiry date	Exercise price RM/share	← Number of options over ordinary shares of RM1.00 each →			
			1.1.2003	Granted	Exercised	31.12.2003
4.9.2000	29.8.2005	2.37	1,400,000	-	-	1,400,000

31.12.2002

Grant date	Expiry date	Exercise price RM/share	← Number of options over ordinary shares of RM1.00 each →			
			1.1.2002	Granted	Exercised	31.12.2002
4.9.2000	29.8.2005	2.37	1,400,000	-	-	1,400,000

	2003	2002
Number of share options vested at balance sheet date	1,400,000	1,400,000

The relationships between the Group and the related parties are as follows:-

Identities of related parties		Relationship with the Group
Hoeken Industrial Sdn. Bhd.	}	Companies in which a director of the Company, Mr. Kam Lang Fatt @ Kim Leng Fatt has substantial financial interest.
NS Plastic Industries Sdn. Bhd.	}	
Pong Codan Marketing Sdn. Bhd.	}	
Pong Codan Rubber (M) Sdn. Bhd.	}	
LF Kim Holdings Sdn. Bhd.	}	

32. CAPITAL COMMITMENTS

	Group	
	2003 RM	2002 RM
Contracted but not provided for in respect of property, plant and equipment	3,535,711	4,899,500

33. CONTINGENT LIABILITIES

	Company	
	2003 RM	2002 RM
Guarantee in favour of banks for banking facilities granted to subsidiary companies		
- secured	4,240,117	3,110,718
- unsecured	1,006,815	3,535,516
Guarantee in favour of third parties for supply of goods to subsidiary companies - unsecured	423,648	258,913
	5,670,580	6,905,147

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003 (continued)**34. EMPLOYEES AND STAFF COSTS**

	Group		Company	
	2003	2002	2003	2002
Number of employees, including executive Directors, as at 31 December	494	508	4	4

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Staff costs				
Salaries, fee, wages, overtime and allowances	8,719,125	7,993,371	44,000	40,000
EPF contribution	991,588	962,682	-	-
SOCSSO contributions	99,328	93,030	-	-
Bonus	1,024,120	878,372	-	-
Commission	97,106	146,865	-	-
	10,931,267	10,074,320	44,000	40,000

35. SEGMENTAL INFORMATION

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

36. EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

The Company has entered into a conditional sale and purchase agreement ("SPA") on 25 February 2004 with a director and his spouse, for the acquisition of entire equity interest in Hoeken Industrial Sdn. Bhd. and NS Plastic Industries Sdn. Bhd. for a total cash consideration of RM60,285,000. The SPA is conditional upon the Company obtaining the approval from the Foreign Investment Committee (FIC), the Company's shareholders and any other relevant authorities, if applicable, and the satisfactory outcome of the legal and financial due diligence. The acquisition is pending completion.

37. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by Board of Directors on 25 February 2004.

LIST OF PROPERTIES/SENARAI HARTANAH

as at 31 December 2003/pada 31 Disember 2003

Location <i>Lokasi</i>	Description <i>Keterangan</i>	Land Area/ Built-Up Area <i>Keluasan Tanah/Luas Kawasan Terbina</i>	Usage <i>Kegunaan</i>	Tenure/ Approximate Age of Building <i>Jenis Hakmilik/ Anggaran Usia Bangunan</i>	Date of Revaluation <i>Tarikh Penilaian Semula</i>	Net Book Value <i>Nilai Buku Bersih (RM'000)</i>
GM 28195 Lot 6342 Mukim of Setapak District of Kuala Lumpur Federal Territory	3-storey shop-house <i>Rumah kedai 3 tingkat</i>	152 sq m/ 457 sq m	Office and warehouse <i>Pejabat dan gudang</i>	Freehold/ 35 years <i>Pegangan bebas/ 35 tahun</i>	4.12.02	485
HS(M) 22101 No. PT 29778 Mukim of Kapar District of Klang Selangor	Industrial land and building <i>Kawasan perindustrian dan bangunan</i>	20,946 sq m/ 16,000 sq m	Office and factory <i>Pejabat dan kilang</i>	Freehold/ 5 - 12 years <i>Pegangan bebas/ 5 - 12 tahun</i>	27.11.02	14,834
GM 2119 Lot 5007 Mukim of Kapar District of Klang Selangor	Industrial land and building <i>Tanah perindustrian dan bangunan</i>	12,145 sq m/ 5,925 sq m	Office and factory <i>Pejabat dan kilang</i>	Freehold/ 3 years <i>Pegangan bebas/ 3 tahun</i>	27.11.02	5,226
GM 1587 Lot 5045 Mukim of Kapar District of Klang Selangor	Industrial land and building <i>Tanah perindustrian dan bangunan</i>	12,145 sq m/ 5,520 sq m	Factory buildings <i>Bangunan- bangunan kilang</i>	Freehold/ 3 years <i>Pegangan bebas/ 3 tahun</i>	27.11.02	5,986
GM 1672 Lot 5044 Mukim of Kapar District of Klang Selangor	Industrial land and building <i>Tanah perindustrian dan bangunan</i>	12,145 sq m/ 16,560 sq m	Factory/ warehouse <i>Kilang/ gudang</i>	Freehold/ 1 year <i>Pegangan bebas/ 1 tahun</i>	27.11.02	8,467
GM 3890 Lot 5043 Mukim of Kapar District of Klang Selangor	Industrial land and building <i>Tanah perindustrian dan bangunan</i>	10,921 sq m/ 7,184 sq m	Office and factory/ warehouse <i>Pejabat dan kilang/ gudang</i>	Freehold/ 1 year <i>Pegangan bebas/ 1 tahun</i>	27.11.02	5,932
GM 3476 Lot 5047 Mukim of Kapar District of Klang Selangor	Industrial land <i>Tanah perindustrian</i>	12,145 sq m/ 1,171 sq m	Factory building <i>Bangunan kilang</i>	Freehold/ 1 year <i>Pegangan bebas/ 1 tahun</i>	27.11.02	2,563
GM 5582 Lot 5065 Mukim of Kapar District of Klang Selangor	Industrial land <i>Tanah perindustrian</i>	12,145 sq m/ -	-	Freehold/ - <i>Pegangan bebas/ -</i>	-	1,309

ANALYSIS OF SHAREHOLDINGS/ANALISA PEGANGAN SAHAM

as at 18 March 2004/pada 18 Mac 2004

Authorised Share Capital/Modal Saham Dibenarkan	:	RM100,000,000.00
Issued and Paid-Up Share Capital/ Modal Saham Terbitan dan Berbayar	:	RM72,313,600.00
Class of Shares/Kelas Saham	:	Ordinary Shares of RM1.00 each/ Saham Biasa RM1.00 sesaham
No. of Shareholders/Bilangan Pemegang Saham	:	1307
Voting Rights/Hak Mengundi	:	One Vote per Ordinary Share/ Satu undi bagi setiap Saham Biasa

DISTRIBUTION OF SHAREHOLDINGS/PENGAGIHAN PEGANGAN SAHAM

Size of Shareholdings/ Saiz Pegangan Saham	Shareholders/ Pemegang Saham	%	Shareholdings/ Pegangan Saham	%
1 - 99	2	0.15	10	0.00
100 - 1,000	220	16.83	196,100	0.27
1,001 - 10,000	824	63.05	3,152,390	4.36
10,001 - 100,000	201	15.38	5,683,000	7.86
100,001 - less than 5% of issued shares/ kurang dari 5% terbitan saham	57	4.36	28,524,213	39.44
5% and above of issued shares/ 5% dan ke atas terbitan saham	3	0.23	34,757,887	48.07
TOTAL/JUMLAH	1,307	100.00	72,313,600	100.00

OF SUBSTANTIAL SHAREHOLDERS/PEMEGANG SAHAM UTAMA

Name/Nama	No. of Shares/ Bilangan Saham		Total Shareholdings/ Jumlah Pegangan Saham	%
	Direct/ Langsung	Indirect/ Tidak Langsung		
1. Kam Lang Fatt @ Kim Leng Fatt	21,400,400	720,000 ¹	22,120,400	30.59
2. Wong Ah Moy @ Wong Yoke Len	9,736,945	720,000 ¹	10,456,945	14.46
3. Prudential Unit Trusts Berhad	-	4,276,900 ²	4,276,900	5.91
4. HSBC Holdings plc	4,199,900	-	4,199,900	5.81
5. Kam Foong Keng	3,620,542	-	3,620,542	5.01

¹ Indirect interest through L F Kim Holdings Sdn Bhd.
Kepentingan secara tidak langsung adalah melalui L F Kim Holdings Sdn Bhd.

² As Fund Manager for Prusmall-Cap Fund, Prugrowth Fund, Prubalanced Fund, Prudential Dana Al-Ilham, Prudential Dana Al-Isiah and Prudential Dynamic Fund.
Sebagai Pengurus Dana bagi Prusmall-Cap Fund, Prugrowth Fund, Prubalanced Fund, Prudential Dana Al-Ilham, Prudential Dana Al-Isiah dan Prudential Dynamic Fund.

ANALYSIS OF SHAREHOLDINGS as at 18 March 2004 (continued)
ANALISA PEGANGAN SAHAM pada 18 Mac 2004 (sambungan)

THIRTY (30) LARGEST SHAREHOLDERS/TIGA PULUH (30) PEMEGANG SAHAM TERBESAR

Name>Nama	Shareholdings/ Pegangan Saham	%
1. Kam Lang Fatt @ Kim Leng Fatt	21,400,400	29.59
2. Wong Ah Moy @ Wong Yoke Len	9,736,945	13.46
3. Kam Foong Keng	3,620,542	5.01
4. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for/untuk Prudential Dynamic Fund	2,392,300	3.31
5. Pui Cheng Wui	2,129,500	2.94
6. Diong Siew Gi	2,045,913	2.83
7. Lee Kam Tai	1,974,800	2.73
8. Patricia Lim Pek Yew	1,630,200	2.25
9. Wong Fong Ngoh	1,439,600	1.99
10. HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for/untuk OSK-UOB Small Cap Opportunity Unit Trust	1,416,400	1.96
11. Yogeswaran a/l Subramaniam	1,277,000	1.77
12. BHLB Trustee Berhad Prugrowth Fund	796,700	1.10
13. Jason Lim Yu Sang	774,000	1.07
14. Wong Fong Ngoh	744,000	1.03
15. L F Kim Holdings Sdn Bhd	720,000	1.00
16. BHLB Trustee Berhad Prusmall-Cap Fund	628,900	0.87
17. Employees Provident Fund Board	628,600	0.87
18. Chin Jit Sin	520,200	0.72
19. Lien, Li-Yu	463,800	0.64
20. Pui Cheng Wui	394,100	0.55
21. Hui Wai Kuan	372,600	0.52
22. Lim Pin Kong	372,000	0.51
23. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for/untuk Lim Hak Hoo	354,600	0.49
24. Lim Pin Kong	306,000	0.42
25. Tseng Wan-I	306,000	0.42
26. Peh Seng Sdn Bhd	306,000	0.42
27. Kam Foong Sim	302,400	0.42
28. Chua Sim Neo @ Diana Chua	278,100	0.38
29. Lee Kam Tai	270,000	0.37
30. Kam Kin Foong	270,000	0.37
TOTAL/JUMLAH	57,871,600	80.03

ANALYSIS OF SHAREHOLDINGS as at 18 March 2004 (continued)

ANALISA PEGANGAN SAHAM pada 18 Mac 2004 (sambungan)

DIRECTORS' INTERESTS (based on Register of Directors' Shareholdings)

KEPENTINGAN PENGARAH-PENGARAH (menurut Daftar Pegangan Saham Pengarah)

Name>Nama	No. of Shares/ Bilangan Saham		Total Shareholdings/ Jumlah Pegangan Saham	%
	Direct/ Langsung	Indirect/ Tidak Langsung		
1. Kam Lang Fatt @ Kim Leng Fatt	21,400,400	720,000 ¹	22,120,400	30.59
2. Chin Jit Sin	538,200	-	538,200	0.74
3. Kam Foong Keng	3,620,542	-	3,620,542	5.01
4. Kam Foong Sim	302,400	-	302,400	0.42
5. Wong Kwan @ Wong Kwong Kwan	24,000	-	24,000	0.03
6. Danny Ng Siew L'Leong	-	-	-	-
7. Datuk Dr. Anis bin Ahmad	-	-	-	-

¹ Indirect interest through L F Kim Holdings Sdn Bhd.

Kepentingan secara tidak langsung adalah melalui L F Kim Holdings Sdn Bhd.

PROXY FORM



NEW HOONG FATT HOLDINGS BERHAD (425709-K)
(Incorporated in Malaysia)

I/We.....
(full name in block letters)

of (full address).....

..... being a member of NEW HOONG FATT HOLDINGS BERHAD, hereby appoint

(full name)

of (full address)

or failing him/her, (full name)

of (full address)

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 Seventh Annual General Meeting of the Company to be held at East VIP Lounge, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Thursday, 20 May 2004 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:

Resolutions	For	Against
1. Adoption of Financial Statements and Reports for the year ended 31 December 2003		
2. Declaration of first and final tax exempt dividend of 8%		
3. Re-election of Mr. Kam Lang Fatt @ Kim Leng Fatt as Director		
4. Re-election of Ms. Kam Foong Sim as Director		
5. Re-appointment of Mr. Wong Kwan @ Wong Kwong Kwan as Director		
6. Approval of Directors' Fees of RM86,000.00		
7. Re-appointment of Auditors		
8. Authority to Directors to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965		

(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 2004

No. of Ordinary Shares held

.....
Signature/Common Seal of Member

NOTES:

- 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 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.
- 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.
- The original signed and/or sealed copy of the Proxy Form must be deposited at the Registered Office of the Company at C15-1, Level 15, Tower C, Megan Avenue II, 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur at least forty-eight (48) hours before the time fixed for the meeting.

Fold Here ¹

STAMP

The Company Secretary
NEW HOONG FATT HOLDINGS BERHAD
C15-1, Level 15, Tower C
Megan Avenue II, 12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia

Fold Here ²



newhoongfatt.com.my

BORANG PROKSI



NEW HOONG FATT HOLDINGS BERHAD (425709-K)

(Diperbadankan di Malaysia)

Saya/Kami
(nama penuh dalam huruf besar)

dari (alamat penuh)

..... sebagai ahli NEW HOONG FATT HOLDINGS BERHAD, dengan ini melantik

(nama penuh)

dari (alamat penuh)

dan/atau jika beliau tidak dapat hadir, (nama penuh)

dari (alamat penuh)

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 Tujuh yang akan diadakan di East VIP Lounge, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur pada hari Khamis, 20 Mei 2004, jam 10.00 pagi dan pada sebarang penangguhannya seperti berikut:

Resolusi	Menyokong	Menentang
1. Penerimaan Penyata Perakaunan dan Laporan-laporan bagi tahun kewangan berakhir 31 Disember 2003		
2. Pengisytiharan dividen pertama dan akhir dikecualikan cukai sebanyak 8%		
3. Perlantikan semula Encik Kam Lang Fatt @ Kim Leng Fatt sebagai Pengarah		
4. Perlantikan semula Cik Kam Foong Sim sebagai Pengarah		
5. Perlantikan semula Encik Wong Kwan @ Wong Kwong Kwan sebagai Pengarah		
6. Meluluskan yuran Pengarah sebanyak RM86,000.00		
7. Perlantikan semula Juruaudit		
8. Kuasa di bawah Seksyen 132D Akta Syarikat, 1965 untuk Pengarah menerbit dan menawarkan saham		

(Sila tandakan (x) dalam ruangan yang disediakan di atas untuk pengundian yang anda menghendaki. Jika arahan khusus tidak diberikan, proksi akan mengundi atau tidak mengundi atas budi bicaranya.)

Bilangan Saham Biasa yang dipegang

Ditandatangani pada haribulan 2004

.....
Tandatangan /Meterai Ahli

Nota-nota:

- 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. Bagi ahli yang melantik dua (2) proksi, perlantikan proksi tidak laku sekiranya tidak menyatakan bahagian pegangannya yang diwakili oleh setiap proksi.
- 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.
- Surat cara perlantikan proksi yang asal dan telah disempurnakan mestilah diserahkan ke Pejabat Berdaftar Syarikat di C15-1, Level 15, Tower C, Megan Avenue II, 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur, sekurang-kurangnya empat-puluh lapan (48) jam sebelum waktu yang telah ditetapkan untuk mesyuarat itu berlangsung.

Lipat Di Sini ¹

SETEM

Setiausaha Syarikat
NEW HOONG FATT HOLDINGS BERHAD
C15-1, Level 15, Tower C
Megan Avenue II, 12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia

Lipat Di Sini ²



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