



**NEW HOONG FATT HOLDINGS BERHAD**  
(425709-K)

**ANNUAL REPORT** 2007 | **MOVING FORWARD**  
**LAPORAN TAHUNAN**





## cover rationale / *rasional muka depan*



### Moving Forward

We have been in the automotive parts industry for many years. We have faced and overcome many difficulties. We have learnt from a variety of experiences. We have survived the toughest economic conditions. These are the properties that shape our existence today. With these properties and Key Performance Indicators set, we are moving forward to achieve our goals.

### *Maju Ke Hadapan*

*Kami sudah lama berkecimpung dalam industri alat-alat automotif ini. Kami telah melalui pelbagai kesulitan dan berjaya mengatasinya. Kami telah belajar daripada pengalaman yang kami lalui. Kami terus kekal sehingga ke hari ini walaupun ketika kegawatan ekonomi. Inilah harta yang mencorak perjalanan kami selama ini. Dengan harta ini dan Pencapaian Indikator Utama yang kami tetapkan, kami terus melangkah ke hadapan untuk mencapai matlamat kami.*



## visionvisi

NHF is to be a leading autoparts solution provider in the world.

*NHF akan menjadi pembekal utama untuk penyelesaian alat-alat automotif di seluruh dunia.*

## missionmisi

We provide a wide range of quality autoparts to our customers through a global distribution network and system.

*Kami membekal pelbagai jenis alat-alat automotif yang berkualiti secara meluas kepada pelanggan kami melalui rangkaian dan sistem pengagihan di seluruh dunia.*

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# Company's Profile

## profil syarikat

Established in 1977, the NEW HOONG FATT Group was first established as a trading company, providing **Automotive Parts Solutions** to the local replacement market. It grew to become a major distributor of genuine and alternative replacement body parts, with an extensive distribution channel of more than 700 wholesalers and retailers throughout Malaysia.

Subsequent upstream diversification led the Group into manufacturing of metal and plastic automotive replacement body parts, such as door, hood, fender, trunk lid, bumper, grille and lamps. The establishment of these manufacturing plants has led the Group to be the leader in the distribution of alternative replacement body parts in Malaysia. Besides local market, these parts are distributed overseas, to more than 30 countries in the ASEAN, Middle East, Pakistan, Central and South America, Europe, Taiwan and Africa. For growth opportunity, the Group will further extend its product range and marketing network.

*Ditubuhkan pada tahun 1977, Kumpulan New Hoong Fatt pada mulanya ditubuhkan sebagai syarikat pemasaran, membekalkan **Penyelesaian Alat-Alat Gantian Automotif** kepada pasaran gantian tempatan. Ia berkembang menjadi pembekal utama alat-alat gantian automotif yang tulen dan alternatif dengan rangkaian yang melebihi 700 pemborong dan peruncit di seluruh Malaysia.*

*Untuk mencapai tujuan ini, Kumpulan ini telah menceburi dalam sektor pengeluaran alat-alat gantian automotif besi dan plastik seperti pintu, bonet depan, fender, bonet belakang, bumper, gril dan lampu. Penubuhan perkilangan ini telah mendorong Kumpulan menjadi pembekal utama dalam pengedaran alat-alat gantian automotif yang alternatif di Malaysia. Selain daripada pasaran tempatan, alat-alat gantian ini juga diedarkan ke luar negara, melebihi 30 negara di ASEAN, Pertengahan Timur, Pakistan, Amerika Tengah dan Selatan, Eropah, Taiwan dan Afrika. Untuk peluang pembangunan, Kumpulan ini akan terus mempelbagaikan keluaran dan memperluaskan jaringan pemasarannya.*

# Group Structure

## struktur kumpulan





# Corporate Information

maklumat korporat

**Board of Directors /**  
*Lembaga Pengarah*

**Chin Jit Sin**  
Managing Director /  
*Pengarah Urusan*

**Kam Foong Keng**  
Deputy Managing Director /  
*Timbalan Pengarah Urusan*

**Kam Foong Sim**  
Executive Director /  
*Pengarah Eksekutif*

**Wong Kwan @ Wong Kwong Kwan**  
Independent Non-Executive Director /  
*Pengarah Bebas Bukan Eksekutif*

**Danny Ng Siew L'Leong**  
Independent Non-Executive Director /  
*Pengarah Bebas Bukan Eksekutif*

**Datuk Dr. Anis bin Ahmad**  
Independent Non-Executive Director /  
*Pengarah Bebas Bukan Eksekutif*

**Audit Committee /**  
*Jawatankuasa Audit*

**Wong Kwan @ Wong Kwong Kwan**  
Chairman &  
Independent Non-Executive Director /  
*Pengerusi & Pengarah Bebas*  
*Bukan Eksekutif*

**Danny Ng Siew L'Leong**  
Independent Non-Executive Director /  
*Pengarah Bebas Bukan Eksekutif*

**Datuk Dr. Anis bin Ahmad**  
Independent Non-Executive Director /  
*Pengarah Bebas Bukan Eksekutif*

**Kam Foong Sim**  
Executive Director /  
*Pengarah Eksekutif*

**Secretary /** *Setiausaha*

Mah Li Chen (MAICSA 7022751)

**Registered Office /**  
*Pejabat Berdaftar*

C15-1, Level 15, Tower C  
Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel/*Tel* : (603) 2166 2000  
Fax/*Faks* : (603) 2166 3000

**Registrar /** *Pendaftar*

Tenaga Koperat Sdn Bhd  
20<sup>th</sup> Floor, Plaza Permata  
Jalan Kampar, Off Jalan Tun Razak  
50400 Kuala Lumpur  
Tel/*Tel* : (603) 4047 3883  
Fax/*Faks* : (603) 4042 6352

**Auditors /** *Juruaudit*

BDO Binder  
Chartered Accountants

**Principal Bankers /**  
*Bank-Bank Utama*

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

**Stock Exchange Listing /**  
*Penyenaraian Bursa Saham*

Main Board,  
Bursa Malaysia Securities Berhad /  
*Papan Utama,*  
*Bursa Malaysia Securities Berhad*

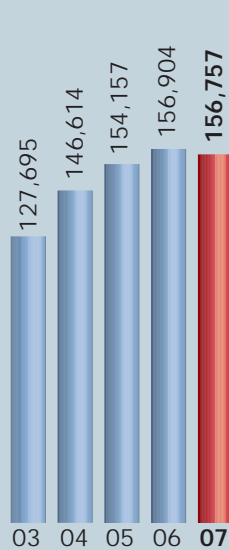
# Five-Year Group Financial Summary

ringkasan kewangan kumpulan bagi lima tahun

|   | 2007  | 2006   | 2005  | 2004  | 2003   |
|---|---|--|---|---|--|
| Revenue (RM'000)<br><i>Hasil (RM'000)</i>                                   | <b>156,757</b>  | 156,904  | 154,157   | 146,614   | 127,695  |
| Profit Before Taxation (RM'000)<br><i>Keuntungan Sebelum Cukai (RM'000)</i> | <b>24,891</b>   | 30,689   | 25,131  | 27,899  | 20,022   |
| Profit After Taxation (RM'000)<br><i>Keuntungan Selepas Cukai (RM'000)</i>  | <b>23,003</b>   | 26,900   | 20,785  | 22,494  | 15,788   |
| Total Assets (RM'000)<br><i>Jumlah Aset (RM'000)</i>                        | <b>278,914</b>  | 260,880  | 258,439   | 230,806   | 164,297  |
| Total Borrowings (RM'000)<br><i>Jumlah Pinjaman (RM'000)</i>                | <b>41,278</b>   | 39,982   | 46,133  | 16,305  | 5,247  |
| Shareholders' Fund (RM'000)<br><i>Dana Pemegang Saham (RM'000)</i>          | <b>207,649</b>  | 192,322  | 166,772   | 149,022   | 130,420  |
| Basic Earnings Per Share<br><i>Perolehan Asas Sesaham</i>                   | <b>30.61 sen</b>  | 35.79 sen  | 27.73 sen   | 31.10 sen   | 21.90 sen  |
| Net Assets Per Share<br><i>Aset Bersih Sesaham</i>                          | <b>RM2.76</b>   | RM2.56   | RM2.22  | RM2.04  | RM1.81   |
| Dividend Per Share<br><i>Dividen Sesaham</i>                                | <b>11 sen</b><br><b>(tax exempt)</b><br><b>(dikecualikan</b><br><b>cukai)</b> | 3 sen<br>(tax exempt)<br>(dikecualikan<br>cukai)                     | 11 sen<br>(tax exempt)<br>(dikecualikan<br>cukai) | 11 sen<br>(tax exempt)<br>(dikecualikan<br>cukai) | 8 sen<br>(tax exempt)<br>(dikecualikan<br>cukai) |
|   |   | and / <i>dan</i><br>11 sen (less<br>27% tax)<br>(tolak 27%<br>cukai) |   |   |  |

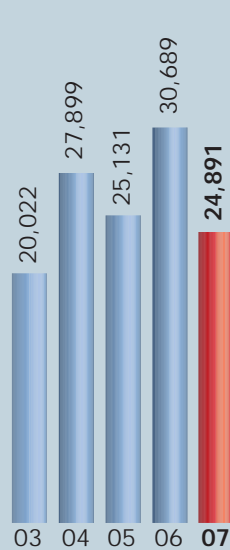
# Five-Year Group Financial Summary (Continued)

ringkasan kewangan kumpulan bagi lima tahun (Sambungan)



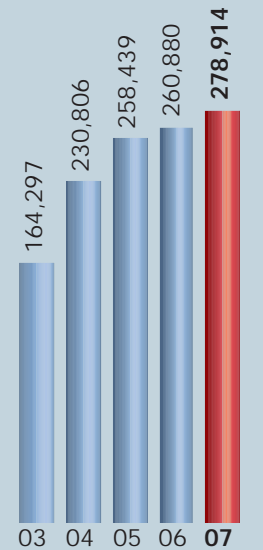
**Revenue (RM'000)**

*Hasil (RM'000)*



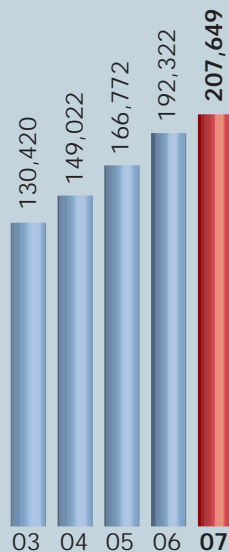
**Profit Before Taxation (RM'000)**

*Keuntungan Sebelum Cukai (RM'000)*



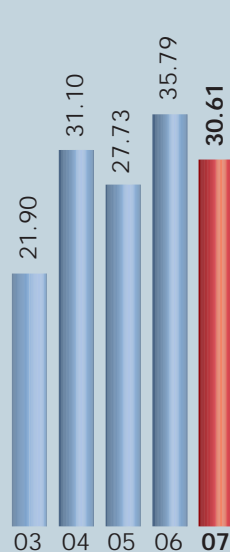
**Total Assets (RM'000)**

*Jumlah Aset (RM'000)*



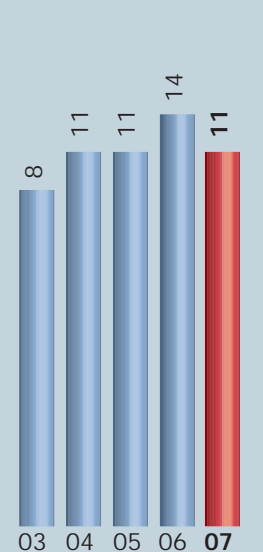
**Shareholders' Fund (RM'000)**

*Dana Pemegang Saham (RM'000)*



**Basic Earnings Per Share (Sen)**

*Perolehan Asas Sesaham (Sen)*



**Dividend Per Share (Sen)**

*Dividen Sesaham (Sen)*

# Financial Calendar / Takwim Kewangan

for the financial year ended 31 December 2007 / untuk tahun kewangan berakhir 31 Disember 2007

## Activities / Aktiviti-Aktiviti

Date / Tarikh

### Announcement of Results

#### Pengumuman Keputusan

Unaudited results for first quarter ended 31 March 2007  
*Keputusan belum diaudit bagi suku pertama berakhir 31 Mac 2007* 10 May 2007  
10 Mei 2007

Unaudited results for second quarter ended 30 June 2007  
*Keputusan belum diaudit bagi suku kedua berakhir 30 Jun 2007* 7 August 2007  
7 Ogos 2007

Unaudited results for third quarter ended 30 September 2007  
*Keputusan belum diaudit bagi suku ketiga berakhir 30 September 2007* 25 October 2007  
25 Oktober 2007

Audited results for fourth quarter ended 31 December 2007  
*Keputusan diaudit bagi suku ke-empat berakhir 31 Disember 2007* 29 February 2008  
29 Februari 2008

### Interim Dividend

#### Dividen Interim

- Declaration 25 October 2007  
- *Pengisytiharan* 25 Oktober 2007

- Entitlement 12 December 2007  
- *Kelayakan* 12 Disember 2007

- Payment 11 January 2008  
- *Pembayaran* 11 Januari 2008

### Final Dividend

#### Dividen Akhir

- Recommendation 29 February 2008  
- *Cadangan* 29 Februari 2008

- Entitlement 30 May 2008  
- *Kelayakan* 30 Mei 2008

- Payment 26 June 2008  
- *Pembayaran* 26 Jun 2008

### Issue of Annual Report 2007

#### Penerbitan Laporan Tahunan 2007

23 April 2008  
23 April 2008

### Eleventh (11<sup>th</sup>) Annual General Meeting

#### Mesyuarat Agung Tahunan yang ke Sebelas (11)

15 May 2008  
15 Mei 2008



# Letter to Shareholders

"It is with mixed feelings that I am given this opportunity to address to the shareholders of New Hoong Fatt Holdings Berhad ("NHF"). On 4 February 2008, our beloved founder and Executive Chairman, Mr Kam Lang Fatt @ Kim Leng Fatt had passed away, leaving behind a family, a company and its employees, relatives and friends who will deeply miss him.

Therefore, on behalf of the Board of Directors of New Hoong Fatt, I will present the Annual Report incorporating the Audited Consolidated Financial Statements of the Group and the Company for the financial year ended 31 December 2007."

## INDUSTRY TREND AND DEVELOPMENT

The Malaysian automotive industry regained some momentum in the second half of 2007, after suffering lacklustre sales for one and a half years. Total industry volume suffered a marginal decline of only 0.9% to 486,176 units from 490,768 units in 2006. According to the Malaysian Automotive Association ("MAA"), this was largely due to the launch of new models, fiscal stimulus, including a significant pay hike for civil servants and the buoyant stock market, and the stabilising second-hand car market.

MAA believes this positive sales trend should continue over into 2008 as market conditions and consumer sentiments are favourable. The MAA forecasts an increase of 4.7% in sales of motor vehicles to 510,000 units in 2008. However, the impending inflation and rise in oil prices, toll and transport charges pose the greatest challenges to this upward momentum.

## FINANCIAL REVIEW

On the whole, 2007 was a challenging but successful year for the NHF Group. After a slower first half of the year, the Group saw revenue pick up to make up the decline to end the year on par with 2006 at RM156.8 million compared to RM156.9 million previously.

Profit before tax has decreased by 18.9% from RM30.7 million previously to RM24.9 million this year. The decrease was mainly due to gain on disposal of investment properties and revaluation surplus in the last financial year. Excluding these two items, the Group's operations still registered similar profits as last year. Earnings per share decreased to 30.6 sen this year compared to 35.8 sen previously.

In line with the financial performance achieved for the year, net assets per share increased to RM2.76 from RM2.56 previously.

# Letter to Shareholders (Continued)

## DIVIDENDS

In respect of the financial year under review, an interim tax exempt dividend of 3 sen per share amounted to approximately RM2.3 million had already been announced and paid on 11 January 2008. In addition, the Board of Directors further recommends a final tax exempt dividend of 8 sen per share for approval by the shareholders at the forthcoming Annual General Meeting to be held on 15 May 2008.

These dividends are paid and recommended in concurrence with New Hoong Fatt's policy of creating value for its shareholders through consistent dividend payments.

## BUSINESS REVIEW

Although 2007 proved to be another challenging year in terms of rising costs and intense competition, the Group continued to focus on improving efficiency and addressing the Group's human capital needs in order to meet those challenges. In fact, managing human resources was one of our challenges during the year. In spite of this, we managed to realign our employees to the Group's business strategies and produced a team which was more focused strategically. This translated into a better second half of the year in terms of revenue.



New branch in Kota Kinabalu, Sabah

The year 2007 also saw the Group opening a new trading branch in Inanam, Kota Kinabalu, which commenced operations in August. The opening of this new branch will allow us to diversify our network and tap into a whole new market in East Malaysia.

## CORPORATE SOCIAL RESPONSIBILITY

New Hoong Fatt strongly believes that being a good corporate citizen should be an integral part of doing business. Environmentally, we encourage our employees to reduce wastage of paper and energy and practise recycling. All production waste is either recycled or disposed off responsibly, in accordance with environmental legislations.

For the Group's employees, NHF started the year off with a Family Day, which saw the participation of employees together with their families. Besides the usual sporting activities, the Group also established a Welfare Recreation Centre for the employees to interact with each other in a safe, calm and relaxed environment.

Within the community, besides the many charities and schools we support, we were also the main sponsor for the National Kidney Foundation's fund-raising activity, the NKF Parent and Child Look-Alike Competition.

The Group also ran its first Blood Donation Campaign within its premises in support of the blood bank of Hospital Tengku Ampuan Rahimah, Klang. The campaign was a great success, attracting many donors consisting of members of the public as well as NHF employees and family members.

In addition, NHF also conducted a three (3) month training program for Form Five (5) school leavers, named the "NHF Industrial Training". The purpose of this program was to help school leavers to gain on-the-job knowledge, skill and technique and provide work experience in the industrial sector while waiting for their Sijil Pelajaran Malaysia examination results.

# Letter to Shareholders (Continued)

## FUTURE PROSPECTS

Madam Kam Foong Keng, the newly appointed Deputy Managing Director and myself as the Managing Director, would like to assure the shareholders that we are committed to do the best of our abilities to lead the NHF Group to greater heights.

With a keen eye on growth opportunities, the Group now focuses on expanding the marketing network and customer base. While rising costs and inflation will remain a great concern, we also see the foreign currency exchange risk and global inflation as major challenges to hamper growth and trade.

In addressing these concerns, the Group will continue to rely on its prudent expansion strategy, focusing on product range expansion and increasing operational efficiencies.

## SPECIAL APPRECIATION

On behalf of the Board of Directors, I would like to record my deepest appreciation for the late Mr Kam Lang Fatt @ Kim Leng Fatt, the Executive Chairman for his contributions to the Group, particularly in founding and building up NHF to what it is today. A man of wisdom, integrity and strength, he had been a source of inspiration to us all. I believe he had set a firm foundation for the NHF Group to rise to the next level for its staff, customers and suppliers, financiers, investors and the community.

I thank all of you for helping to make this year a success.

**CHIN JIT SIN**  
Managing Director



## *Special Appreciation*

Mr. Kam Lang Fatt @ Kim Leng Fatt  
(1940-2008)  
Founder and Executive Chairman of  
New Hoong Fatt Holdings Berhad

# Surat Kepada Pemegang Saham

*"Saya mengambil peluang ini untuk menyampaikan ucapan kepada pemegang saham New Hoong Fatt Holdings Berhad ("NHF") dengan rasa yang berbelah bahagi. Pada 4 Febuari 2008, pengasas yang juga Pengerusi Eksekutif kita, Encik Kam Lang Fatt @ Kim Leng Fatt telah meninggal dunia. Mendiang telah meninggalkan keluarga, sebuah syarikat serta kakitangannya, saudara-mara dan rakan-rakan yang akan merindui beliau.*

*Dengan itu, bagi pihak Lembaga Pengarah New Hoong Fatt, saya akan menyampaikan Laporan Tahunan termasuk Penyata Kewangan Disatukan yang telah diaudit bagi Kumpulan dan juga Syarikat bagi tahun kewangan berakhir 31 Disember 2007."*

## ARAH ALIRAN DAN PEMBANGUNAN INDUSTRI

Selepas mengalami jualan yang agak suram selama satu setengah tahun, industri automotif Malaysia mengalami sedikit lonjakan pada separuh tahun kedua 2007. Keseluruhan industri mengalami sedikit penurunan, iaitu sebanyak 0.9% hingga mencecah angka 486,176 unit berbanding 490,768 unit pada tahun 2006. Mengikut Persatuan Automotif Malaysia ("MAA"), keadaan ini berlaku sebahagian besarnya akibat pelancaran model baru, rangsangan fiskal, termasuk kenaikan gaji kakitangan kerajaan yang agak besar serta keadaan pasaran saham yang mengapung dan juga pasaran kereta terpakai yang mula stabil.

Pihak MAA yakin bahawa arah aliran jualan yang positif akan berterusan pada tahun 2008 kerana keadaan pasaran dan sentimen pengguna yang menggalakkan. MAA menjangkakan kenaikan 4.7% jualan kenderaan bermotor sehingga mencecah angka 510,000 unit pada 2008. Walau bagaimanapun, inflasi dan kenaikan harga minyak yang melanda, serta tol dan caj pengangkutan akan mengancam momentum kenaikan ini.

## TINJAUAN KEWANGAN

Pada keseluruhannya, tahun 2007 merupakan tahun yang bukan sahaja mencabar malah tahun yang berjaya bagi Kumpulan NHF. Selepas mengalami separuh tahun pertama yang agak perlahan, Kumpulan telah menyaksikan hasil peningkatan yang dapat mengimbal balas penurunan tersebut menjadikan pencapaian pada akhir tahun sebanyak RM156.8 juta berbanding dengan RM156.9 juta pada tahun sebelumnya.

Keuntungan sebelum cukai telah berkurang sebanyak 18.9% dari RM30.7 juta pada tahun sebelumnya kepada RM24.9 juta pada tahun ini. Pengurangan ini sebahagian

besarnya disebabkan oleh keuntungan daripada pelupusan hartanah pelaburan dan lebihan penilaian semula hartanah pada tahun kewangan yang lepas. Jikalau tidak mengambil kira kedua-dua perkara ini, operasi Kumpulan masih memperoleh keuntungan yang sama seperti tahun yang lepas. Perolehan sesaham menurun kepada 30.6 sen pada tahun ini berbanding dengan 35.8 sen pada tahun yang lepas.

Selaras dengan prestasi kewangan yang dicapai pada tahun ini, aset bersih sesaham telah meningkat kepada RM2.76 dari RM2.56 pada tahun sebelumnya.

## DIVIDEN

Pada tahun kewangan ini, dividen interim dikecualikan cukai sebanyak 3 sen sesaham berjumlah lebih kurang RM2.3 juta telah diumumkan dan telah dibayar pada 11 Januari 2008. Sebagai tambahan, Lembaga Pengarah juga telah mencadangkan dividen akhir dikecualikan cukai sebanyak 8 sen sesaham untuk diluluskan oleh pemegang saham pada Mesyuarat Agung Tahunan yang akan datang pada 15 Mei 2008.

Dividen yang dibayar dan dicadangkan adalah selaras dengan polisi New Hoong Fatt untuk mencipta nilai bagi para pemegang sahamnya melalui bayaran dividen yang berterusan.

## TINJAUAN PERNIAGAAN

Meskipun tahun 2007 terbukti sebagai tahun yang mencabar dari segi kenaikan kos dan persaingan yang sengit, Kumpulan telah berjaya memberi fokus terhadap penambahbaikan kecekapan dan memenuhi keperluan tenaga manusia demi menyahut cabaran-cabaran tersebut. Sebenarnya, pengurusan sumber manusia merupakan salah satu cabaran utama pada tahun

# Surat Kepada Pemegang Saham (Sambungan)

tersebut. Walaupun begitu, kami telah berjaya menyusun semula kakitangan selaras dengan strategi perniagaan Kumpulan dan kami telah membentuk pasukan yang lebih fokus terhadap strategi. Ini menjadikan separuh tahun kedua telah menyaksikan peningkatan dari segi hasil.

Tahun 2007 juga menyaksikan Kumpulan membuka cawangan perdagangan yang baru di Inanam, Kota Kinabalu yang mula beroperasi pada bulan Ogos. Pembukaan cawangan baru ini membolehkan Kumpulan melakukan kepelbagaian jaringan dan menembusi pasaran baru di Malaysia Timur.

## TANGGUNGJAWAB KORPORAT SOSIAL

New Hoong Fatt benar-benar yakin bahawa dalam menjalankan perniagaan kita perlu menjadi warga korporat yang bertanggungjawab. Oleh itu, kami menggalakkan kakitangan agar mengurangkan pembaziran kertas dan tenaga, serta mengamalkan kitaran semula demi menjaga alam sekitar. Semua sisa pengeluaran dikitar semula ataupun dihapuskan dengan penuh tanggungjawab, selaras dengan undang-undang alam sekitar.

Untuk manfaat kakitangan, Kumpulan NHF mengadakan Hari Keluarga pada awal tahun ini. Acara ini disertai oleh kakitangan dan keluarga mereka. Selain daripada aktiviti sukan, Kumpulan juga telah menubuhkan Pusat Rekreasi Kebajikan untuk kakitangan berinteraksi antara satu sama lain dalam suasana yang selamat, tenang dan santai.

Untuk manfaat masyarakat pula, selain daripada pelbagai bentuk kerja kebajikan dan juga sekolah yang kami bantu, kami juga menjadi penaja utama aktiviti kutipan derma anjuran Yayasan Buah Pinggang Negara, iaitu "NKF Parent and Child Look-Alike Competition".

Kumpulan juga telah melancarkan Kempen Derma Darah yang pertama di premisnya untuk membantu tabung darah di Hospital Tengku Ampuan Rahimah, Klang. Kempen tersebut memperolehi kejayaan besar dan berjaya menarik ramai penderma dari kalangan masyarakat umum dan juga kakitangan NHF dan ahli keluarga mereka.

Sebagai tambahan, NHF juga telah mengadakan latihan selama tiga (3) bulan untuk pelajar lepasan Tingkatan Lima (5), yang bernama "NHF Industrial Training". Tujuan program ini adalah untuk membantu pelajar lepasan sekolah mendapatkan pengetahuan sambil bekerja,

memperoleh kemahiran serta teknik dan pengalaman bekerja dalam sektor industri sambil menunggu keputusan peperiksaan Sijil Pelajaran Malaysia.

## PROSPEK MASA DEPAN

Puan Kam Foong Keng sebagai Timbalan Pengarah Urusan dan diri saya sendiri sebagai Pengarah Urusan, ingin memberi jaminan kepada pemegang saham bahawa kami berazam untuk berusaha sedaya upaya untuk menerajui Kumpulan NHF demi mencapai kejayaan yang lebih cemerlang pada masa hadapan.

Dengan menumpukan perhatian terhadap peluang pembangunan, Kumpulan akan memberikan fokus untuk memperluaskan jaringan pemasaran dan asas pelanggan. Kami amat peka terhadap cabaran akibat kenaikan kos dan inflasi. Kami juga sedar bahawa risiko pertukaran wang asing dan inflasi dunia juga akan sedikit sebanyak melemahkan perkembangan dan perdagangan kita.

Demi menangani isu-isu ini, Kumpulan akan terus bergantung pada strategi perkembangan yang berhemat, dengan memfokuskan terhadap perkembangan julat keluaran dan menambah kecekapan operasi.

## PENGHARGAAN KHAS

Bagi pihak Lembaga Pengarah, saya ingin merakamkan setinggi-tinggi penghargaan kepada mendiang Encik Kam Lang Fatt @ Kim Leng Fatt, Pengerusi Eksekutif atas segala sumbangan beliau kepada Kumpulan ini, untuk mengasaskan dan membina NHF seperti yang ada pada hari ini. Beliau seorang yang budiman, serta mempunyai integriti yang tinggi dan utuh. Mendiang menjadi sumber inspirasi kepada kita semua. Saya yakin bahawa beliau telah berjaya membina asas yang kukuh demi kejayaan Kumpulan NHF untuk manfaat kakitangan, pelanggan dan pembekal, pembiaya, pelabur dan masyarakat seluruhnya.

Saya mengucapkan terima kasih kepada anda semua kerana telah menjayakan tahun ini.

## CHIN JIT SIN

Pengarah Urusan



# Directors' Profile

profil pengarah

## Chin Jit Sin

Aged 46,  
Managing Director

*Berusia 46 tahun,  
Pengarah Urusan*

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

Prior to joining NHF, he worked in Malayan Banking Berhad. His experience covers a variety of industries including banking and financial institutions, manufacturing and trading. As the Managing Director of NHF, he oversees the strategic direction and operations of the Group, particularly in operational effectiveness and efficiency and ensuring adherence to the Group's policies and procedures. Currently, he sits on the Board of the subsidiaries of the NHF Group.

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

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

*Sebelum menyertai NHF, beliau berkhidmat di Malayan Banking Berhad. Pengalaman beliau merangkumi pelbagai industri termasuk perbankan dan institusi kewangan, perkilangan dan perdagangan. Sebagai Pengarah Urusan di NHF, beliau mengawasi arah strategik dan operasi Kumpulan, terutamanya dalam keberkesanan dan kecekapan operasi dan memastikan pematuhan terhadap polisi dan prosedur Kumpulan. Ketika ini, beliau merupakan ahli Lembaga Pengarah bagi subsidiari Kumpulan NHF.*

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



# Directors' Profile (Continued)

profil pengarah (Sambungan)

## **Kam Foong Keng**

Aged 44,  
Deputy Managing Director

*Berusia 44 tahun,  
Timbalan Pengarah Urusan*

Madam Kam was appointed on 8 April 1998, as Executive Director of the Group and was re-designated as Deputy Managing Director with effect from 25 October 2007. She holds a Bachelor Degree in Business from South Australia Institute of Technology (now known as University of South Australia), Australia.

She has been a key person in the Group's management and organisation since graduation. As the Deputy Managing Director of NHF, she oversees the operations in the trading division and business development of the Group, particularly in operational effectiveness and efficiency and ensuring adherence to the Group's policies and procedures. Currently, she sits on the Board of the subsidiaries of the NHF Group and a private limited company.

Madam Kam is the daughter of Wong Ah Moy @ Wong Yoke Len and the late Kam Lang Fatt @ Kim Leng Fatt, spouse of Chin Jit Sin and sibling of Kam Foong Sim, who are Directors and/or major shareholders of the Company.

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

*Puan Kam telah dilantik sebagai Pengarah Eksekutif bagi Kumpulan pada 8 April 1998 dan ditukarkan jawatan kepada Timbalan Pengarah Urusan berkuatkuasa dari 25 Oktober 2007. Beliau memiliki Ijazah Sarjana Muda dalam bidang perniagaan dari South Australia Institute of Technology (sekarang dikenali sebagai University of South Australia), Australia.*

*Beliau merupakan seorang penggerak utama dalam pengurusan dan organisasi Kumpulan semenjak memperolehi ijazahnya. Sebagai Timbalan Pengarah Urusan di NHF, beliau mengawasi operasi dalam divisi perniagaan dan perkembangan perniagaan Kumpulan, terutamanya dalam keberkesanan dan kecekapan operasi dan memastikan pematuhan terhadap polisi dan prosedur Kumpulan. Ketika ini, beliau merupakan ahli Lembaga Pengarah bagi subsidiari Kumpulan NHF dan sebuah syarikat swasta.*

*Puan Kam adalah anak kepada Wong Ah Moy @ Wong Yoke Len dan mendiang Kam Lang Fatt @ Kim Leng Fatt, isteri kepada Chin Jit Sin serta kakak kepada Kam Foong Sim, yang merupakan Pengarah-Pengarah dan/atau pemegang saham utama Syarikat.*

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

# Directors' Profile (Continued)

profil pengarah (Sambungan)

## Kam Foong Sim

Aged 43,  
Non-Independent Executive Director

*Berusia 43 tahun,  
Pengarah Eksekutif Bukan Bebas*

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

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

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

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

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

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

# Directors' Profile (Continued)

profil pengarah (Sambungan)

## Wong Kwan @ Wong Kwong Kwan

Aged 78,  
Independent Non-Executive Director

*Berusia 78 tahun,  
Pengarah Bebas Bukan Eksekutif*

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

He obtained a LCC Higher Accounting Certificate from the London Chamber of Commerce before entering the banking industry. He commenced his career as an accountant in a private firm before joining Bank of China.

Subsequently, he moved to Overseas Union Bank (Malaysia) Berhad [now known as United Overseas Bank (Malaysia) Berhad], where he retired as a Branch Senior Manager in 1991. Currently, he does not sit on the Board of any other company.

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

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

*Beliau memperolehi Sijil Tinggi Perakaunan LCC dari London Chamber of Commerce sebelum menyertai industri perbankan. Beliau memulakan kerjayanya sebagai akauntan di firma swasta sebelum menyertai Bank of China.*

*Selepas itu, beliau bekerja di Overseas Union Bank (Malaysia) Berhad [sekarang dikenali sebagai United Overseas Bank (Malaysia) Berhad], dimana, beliau telah bersara sebagai Pengurus Kanan Cawangan pada 1991. Ketika ini, beliau tidak memegang perjawatan pengarah yang lain.*

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

# Directors' Profile (Continued)

profil pengarah (Sambungan)

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

Aged 62,  
Independent Non-Executive Director

*Berusia 62 tahun,  
Pengarah Bebas Bukan Eksekutif*

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

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

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

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

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

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

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

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

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

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

# Directors' Profile (Continued)

profil pengarah (Sambungan)

## Danny Ng Siew L'Leong

Aged 49,  
Independent Non-Executive Director

*Berusia 49 tahun,  
Pengarah Bebas Bukan Eksekutif*

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

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

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

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

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

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

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

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

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

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

# Calendar of Events 2007

## takwim peristiwa 2007

### 21 Jan 2007

Family Day 2006/2007 held at Bukit Cahaya Seri Alam, Shah Alam

### 18 March 2007

Blood Donation Campaign

### 22 April 2007

Bowling Tournament

### 22 - 27 April 2007

Participation in the 12<sup>th</sup> International Automobile & Manufacturing Technology Exhibition in Shanghai

### 10 May 2007

Tenth (10<sup>th</sup>) Annual General Meeting

### 8 June 2007

Opening of NHF's Welfare Recreation Centre for employees

### 1 July 2007

Super Sunday Race, where employees complete given tasks in a race to the finish

### 14 July 2007

Visit to Old Folks Home

### 23 - 24 July 2007

Strategic Business Planning retreat for metal division

### 3 - 4 August 2007

Strategic Business Planning retreat for trading division

### 6 - 10 August 2007

Health Awareness Week featuring seminars and health checks for employees

### 12 August 2007

Participation in PJ Half Marathon

### 21 - 22 August 2007

Strategic Business Planning retreat for plastic division

### 29 August 2007

Visit by students from Universiti Teknologi MARA

### 9 September 2007

Badminton Tournament

### 14 September 2007

Fire Safety Talk

### 26 October 2007

Hari Raya celebration at NHF's Welfare Recreation Centre

### 18 November 2007

Futsal Tournament

### 17 December 2007

Induction for Form 5 school leavers participating in NHF's Industrial Training programme from 17 December 2007 to 8 March 2008



1



2

1. Employees and family members at NHF's Family Day held on 21 January 2007
2. Blood Donation Campaign held on 18 March 2007 at NHF premises



# Statement on Corporate Governance

The statement below reports on how New Hoong Fatt Holdings Berhad ("NHF") has applied the Principles as set out in Part 1 of the Malaysian Code on Corporate Governance (the "Code") and the extent of its compliance with the best practices set out in Part 2 of the Code.

## THE BOARD OF DIRECTORS

### Composition and Role of the Board

The NHF Group is led and managed by a Board of Directors ("Board") with a wide and varied range of expertise. A brief description on the background of each Director is presented in the Directors' Profile in this Annual Report. The Board has adopted the overall responsibility for reviewing and adopting strategic plan for the Group, overseeing the conduct of the Group's business, identifying and managing the Group's risks, succession planning and remuneration of the Board and senior management, developing and implementing an investor relations programme and reviewing the adequacy and integrity of the Group's internal control systems and management information systems.

The Board currently has six (6) members, comprising three (3) executive members, including the Managing Director, and three (3) non-executive members (of whom all are independent). This is in compliance with the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities Listing Requirements"), which require that one-third (1/3) of the Board to be independent.

As of 25 October 2007, the NHF Group has restructured its Board to separate the roles of Chairman and Managing Director. Mr Kam Lang Fatt @ Kim Leng Fatt maintained his role as Executive Chairman, while Mr Chin Jit Sin was re-designated as Managing Director and Madam Kam Foong Keng as Deputy Managing Director. The Managing Director is effectively the chief executive officer of the Group. However, due to the

demise of the Executive Chairman, Mr Kam Lang Fatt @ Kim Leng Fatt, on 4 February 2008, the position of Chairman of the Board has for the time being remained vacant. Meanwhile, the Board will appoint a Chairman of the Board as soon as possible.

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

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

The Board, on the recommendation of the Nomination Committee, has renewed the nomination of Mr Danny Ng Siew L'Leong as the Senior Independent Director of the Board, to whom concerns of shareholders may be conveyed.

### Retirement

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

Directors who are over the age of seventy (70) years are required to submit themselves for re-appointment by the shareholders annually in accordance with Section 129 of the Companies Act, 1965.

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

# Statement on Corporate Governance

(Continued)

## Board Meetings and Supply of Information to the Board

The Board met four (4) times during the financial year ended 31 December 2007. The attendance record of each Director is as follows:

| Name of Director                               | No. of Meetings Attended | % of Attendance |
|--|--------------------------|-----------------|
| <b>Executive Directors</b>                     |                          |                 |
| Kam Lang Fatt<br>@ Kim Leng Fatt<br>(Deceased) | 4/4                      | 100 %           |
| Chin Jit Sin                                   | 4/4                      | 100 %           |
| Kam Foong Keng                                 | 4/4                      | 100 %           |
| Kam Foong Sim                                  | 4/4                      | 100 %           |
| <b>Non-Executive Directors</b>                 |                          |                 |
| Wong Kwan<br>@ Wong Kwong Kwan                 | 4/4                      | 100 %           |
| Danny Ng Siew L'Leong                          | 4/4                      | 100 %           |
| Datuk Dr. Anis bin Ahmad                       | 4/4                      | 100 %           |

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

All Directors and respective Committee members receive appropriate and timely information which enables them to discharge their responsibilities. Board papers containing relevant financial and operational information are provided to the Directors ahead of each Board meeting. This allows the Directors to obtain further explanations or clarification, where necessary, before the meeting.

Minutes of every Board meeting, which include deliberations and discussions on the issues discussed, are circulated to all Directors for their perusal prior to confirmation of the minutes at the following Board meeting.

All Directors have full access to the advice and services of the Company Secretary who ensures compliance with statutory and regulatory requirements. The Directors

may obtain independent professional advice in the furtherance of their duties, at the Company's expense.

## Nomination Committee

The Nomination Committee has been charged with identifying and recommending new nominees to the Board as well as to the Board Committees. All appointments are undertaken by the Board as a whole after considering the recommendations of the Nomination Committee. Thereafter, the Committee will ensure that the newly appointed Director undergo the Director Induction Program to facilitate their understanding of the Group's operations, products and services. The Company Secretary ensures all appointments are properly made and all necessary information is obtained.

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

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

The Nomination Committee is made up entirely of Independent Non-Executive Directors, who meets as and when required, at least once a year. All assessments and evaluations carried out at the meetings are properly minuted and documented and are reported to the Board after each meeting.

The Nomination Committee comprises of the following members:

- Wong Kwan @ Wong Kwong Kwan  
(Independent Non-Executive Director)
- Danny Ng Siew L'Leong  
(Independent Non-Executive Director)
- Datuk Dr. Anis bin Ahmad  
(Independent Non-Executive Director)

# Statement on Corporate Governance

(Continued)

## Remuneration Committee

The composition of the Remuneration Committee is as follows:

- (a) Kam Lang Fatt @ Kim Leng Fatt (Deceased)  
(Executive Chairman)
- (b) Wong Kwan @ Wong Kwong Kwan  
(Independent Non-Executive Director)
- (c) Danny Ng Siew L'Leong  
(Independent Non-Executive Director)
- (d) Datuk Dr. Anis bin Ahmad  
(Independent Non-Executive Director)

The Remuneration Committee meets as and when required, and at least once a year, to recommend to the Board the remuneration of the Executive Directors. The determination of the remuneration of Non-Executive Directors is a matter for the Board as a whole. Directors do not participate in decisions regarding their own remuneration packages and Directors' fees must be approved by the shareholders at the AGM.

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

|                            | Salaries<br>and Other<br>Emoluments<br>(RM) | Fees<br>(RM) | Attendance<br>Fees<br>(RM) |
|----------------------------|---|--------------|----------------------------|
| Executive<br>Directors     | 1,432,368                                   | 348,500      | 20,000                     |
| Non-Executive<br>Directors | -   | 78,000       | 27,000                     |

The estimated monetary value of benefits-in-kind received by the Executive Directors in respect of the Group amounted to RM63,202.

## Range of Remuneration per annum

|                        | Executive<br>Directors | Non-Executive<br>Directors |
|------------------------|------------------------|----------------------------|
| Below RM50,000         | -                      | 3                          |
| RM150,000 to RM200,000 | 1                      | -                          |
| RM450,000 to RM500,000 | 2                      | -                          |
| RM650,000 to RM700,000 | 1                      | -                          |

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

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

## Continuing Education of Directors

All Directors have successfully completed the Mandatory Accreditation Programme prescribed by the Bursa Securities. The Directors attended various education programmes and seminars throughout the year to enhance their knowledge and skills. The Board will continue to identify conferences and seminars which will be beneficial to the Directors on an ongoing basis.

The training programmes, seminars and conferences attended include Strategic Business Management, Execution for Performance and Building for Growth, Understanding the Methods of Share and Business Valuation, Executive Training Programme for ASEAN Small and Medium Enterprises, Procurement and Purchasing Strategies, Impairment of Assets and Accounting for Non-Current Assets held for Sale and Discontinuing Operation and updates on Listing Requirements.

# Statement on Corporate Governance

(Continued)

## SHAREHOLDERS

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

The Board communicates information about operations, corporate strategy and performance of the Group through the following:

- (i) the Annual Report, which contains information such as financial and operational review of the Group's business, financial statements, Audit Committee report and activities;
- (ii) various announcements made to the Bursa Securities, which include timely release of financial results on a quarterly basis. Concurrently with these releases, the Company practises a policy to issue public announcements to major newspapers and publications;
- (iii) regular dialogues with analysts and fund managers representing individual and institutional shareholders; and
- (iv) the Company's website at [www.newhoongfatt.com.my](http://www.newhoongfatt.com.my).

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

## ACCOUNTABILITY AND AUDIT

### Audit Committee and Financial Reporting

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

The Audit Committee consists of four (4) members, of whom one (1) is an Executive Director and a member of the Malaysian Institute of Accountants. Notwithstanding that the composition of the Audit Committee is not in compliance with Part 2 of the Code, which has prescribed that all members of the Audit Committee should be non-executive, the Board was of the opinion that, the Executive Member is an essential element to the Audit Committee as she is able to advise the Audit Committee on the direction, plan and strategies of Management. In addition, the Executive Director adds value to the Audit Committee and its decision-making process. Nevertheless, the Company is in the midst of identifying a suitable candidate to be appointed as a committee member in place of the Executive Director by 31 January 2009.

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

# Statement on Corporate Governance

(Continued)

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

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

In preparing the financial statements, the Directors have adopted appropriate accounting policies, consistently applied and supported by reasonable and prudent estimates and judgements. The financial statements had been prepared on a going concern basis.

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

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

## Relationship with Auditors

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

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

## OTHER INFORMATION

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

Other than those disclosed in the financial statements of the Group and of the Company for the financial year ended 31 December 2007, there were no material contracts entered into or subsisting between the Company and/or its subsidiaries involving Directors and major shareholders' interest during the financial year.

### Non-Audit Fees

The non-audit fees incurred for services rendered to the Company or its subsidiaries paid to a firm or the affiliated company of the external auditors, Messrs BDO Binder, for the financial year ended 31 December 2007 amounted to RM2,000.

# Penyata Tadbir Urus Korporat

## PENYATA TADBIR URUS KORPORAT

Penyata dibawah menjelaskan bagaimana New Hoong Fatt Holdings Berhad ("NHF") telah menguna pakai Prinsip-Prinsip yang termaktub di dalam Bahagian 1, Kod Tadbir Urus Korporat Malaysia ("Kod ini") dan setakat kepatuhannya dengan amalan-amalan terbaik yang termaktub di dalam Bahagian 2 dalam Kod ini.

## LEMBAGA PENGARAH

### Komposisi dan Tanggungjawab Pengarah

Kumpulan NHF dipimpin dan diurus oleh Lembaga Pengarah ("Lembaga ini") yang mempunyai kepakaran yang luas berpengalaman dalam berbagai bidang. Satu huraian ringkas mengenai latar belakang setiap Pengarah adalah dibentangkan di dalam Profil Pengarah di dalam Laporan Tahunan ini. Lembaga ini telah melaksanakan tanggungjawab mereka secara menyeluruh untuk menyemak dan memiliki satu rancangan strategik untuk Kumpulan, mengawasi pengendalian perniagaan Kumpulan, mengenal pasti dan menguruskan risiko Kumpulan, rancangan penggantian berturut-turut dan ganjaran Lembaga Pengarah dan pengurusan kanan, memperkembangkan dan melaksanakan satu program perhubungan pelabur dan menilai kecukupan dan integriti sistem kawalan dalaman Kumpulan dan sistem pengurusan informasi.

Pada masa ini, Lembaga Pengarah mempunyai enam (6) ahli, ia terdiri daripada tiga (3) ahli eksekutif, termasuk Pengarah Urusan, dan tiga (3) ahli bukan eksekutif (dimana kesemuanya adalah Pengarah Bebas). Ini adalah mematuhi Syarat-Syarat Penyenaraian Bursa Malaysia Securities Berhad ("Syarat-Syarat Penyenaraian Bursa Securities"), dimana ia memerlukan satu pertiga (1/3) ahli Lembaga Pengarah adalah Pengarah Bebas.

Pada 25 Oktober 2007, Kumpulan NHF telah menyusun semula struktur Lembaga Pengarah dengan mengasingkan peranan Pengerusi dan peranan Pengarah Urusan. Encik Kam Lang Fatt @ Kim Leng Fatt tetap peranannya sebagai Pengerusi Eksekutif, manakala Encik Chin Jit Sin telah ditukar jawatannya sebagai Pengarah Urusan dan Puan Kam Foong Keng sebagai Timbalan Pengarah Urusan. Pengarah Urusan adalah selakunya ketua pegawai eksekutif Kumpulan. Akan tetapi, kematian Pengerusi Eksekutif, Encik Kam Lang Fatt @ Kim Leng Fatt pada 4 Februari 2008 telah menyebabkan jawatan Pengerusi untuk Lembaga Pengarah pada masa ini kosong. Lembaga Pengarah akan melantik seorang Pengerusi untuk Lembaga ini dengan secepat mungkin.

Ahli Eksekutif Lembaga Pengarah adalah bertanggungjawab terhadap pengurusan perniagaan dan operasi, perlaksanaan polisi dan mengawasi prestasi perniagaan Kumpulan.

Pengarah Bebas adalah bebas dari pihak Pengurusan dan pemegang saham utama. Mereka merupakan orang yang berkualiti dan berkepujian tinggi dan memiliki kemahiran yang diperlukan dan pengalaman yang dapat memberi pertimbangan yang bebas dalam menanggung isu-isu strategi, prestasi dan sumber, termasuk perlantikan utama dan pengendalian yang standard.

Menurut cadangan dari Jawatankuasa Pencalonan, Lembaga Pengarah telah memperbaharui perlantikan Encik Danny Ng Siew L'Leong sebagai Pengarah Bebas Bukan Eksekutif Kanan. Pemegang-Pemegang saham boleh merujuk segala permasalahan kepada beliau.

### Persaraan

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

Pengarah-Pengarah yang berumur lebih daripada tujuh-puluh (70) tahun, dikehendaki menampilkan diri mereka untuk dilantik semula oleh pemegang saham menurut Seksyen 129, Akta Syarikat, 1965.

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

### Mesyuarat Lembaga Pengarah dan Penyampaian Maklumat kepadanya

Lembaga Pengarah bermesyuarat empat (4) kali pada tahun kewangan berakhir 31 Disember 2007. Rekod kehadiran untuk setiap Pengarah adalah seperti berikut:

| Nama Pengarah                            | Bilangan Mesyuarat Dihadiri | % Kehadiran |
|--|-----------------------------|-------------|
| <b>Pengarah Eksekutif</b>                |                             |             |
| Kam Lang Fatt @ Kim Leng Fatt (Mendiang) | 4/4                         | 100 %       |
| Chin Jit Sin                             | 4/4                         | 100 %       |
| Kam Foong Keng                           | 4/4                         | 100 %       |
| Kam Foong Sim                            | 4/4                         | 100 %       |
| <b>Pengarah Bukan Eksekutif</b>          |                             |             |
| Wong Kwan @ Wong Kwong Kwan              | 4/4                         | 100 %       |
| Danny Ng Siew L'Leong                    | 4/4                         | 100 %       |
| Datuk Dr. Anis bin Ahmad                 | 4/4                         | 100 %       |



# Penyata Tadbir Urus Korporat (Sambungan)

Lembaga Pengarah telah mengkhususkan dengan rasmi perkara-perkara yang perlu diputuskan dan diluluskan olehnya supaya memastikan keseluruhan kuasa terhadap Syarikat berada dalam kawalannya. Ini termasuk kelulusan untuk cadangan korporat, perlantikan pengarah dan perolehan dan penjualan yang utama.

Semua Pengarah dan ahli jawatankuasanya akan menerima maklumat yang sesuai dan tepat supaya mereka boleh menjalankan tanggungjawab mereka. Kertas kerja Lembaga Pengarah yang meliputi maklumat kewangan dan operasi diberikan kepada Pengarah terlebih dahulu untuk setiap mesyuarat Lembaga. Ini membenarkan Pengarah-Pengarah mendapatkan keterangan lanjut atau penjelasan, jika diperlukan, sebelum mesyuarat.

Setiap minit mesyuarat Lembaga, yang termasuk pertimbangan dan perbincangan pada isu-isu yang telah dibincangkan, diedarkan kepada semua Pengarah sebelum pengesahan minit di mesyuarat Lembaga akan datang.

Semua Pengarah mempunyai akses sepenuhnya terhadap nasihat dan perkhidmatan Setiausaha Syarikat yang memastikan keperluan untuk mematuhi statutori dan peraturan. Pengarah-Pengarah boleh mendapat nasihat profesional bebas untuk menjalankan tugas mereka atas tanggungan Syarikat.

## Jawatankuasa Pencalonan

Jawatankuasa Pencalonan telah ditugaskan untuk mengenalpasti dan mencadangkan calon-calon baru untuk Lembaga Pengarah dan juga Jawatankuasa Lembaga Pengarah. Semua perlantikan adalah dijalankan oleh Lembaga Pengarah dengan menyeluruh selepas mempertimbangkan cadangan Jawatankuasa Pencalonan. Selepas itu, Jawatankuasa akan memastikan Pengarah yang baru dilantik menjalani Program Induksi Pengarah untuk memudahkan pemahamannya mengenai operasi, produk dan perkhidmatan Kumpulan. Setiausaha Syarikat memastikan setiap perlantikan dijalankan dengan betul dan segala maklumat yang diperlukan telah diperolehi.

Jawatankuasa ini mengawal dan mengawasi rancangan penggantian berturut-turut. Tugas-tugas yang lain termasuk mengkaji semula secara tahunan, gabungan kemahiran dan pengalaman serta lain-lain kebolehan Lembaga Pengarah semasa dan mengkaji semula prestasi Pengarah-Pengarah yang akan bersara dan tertakluk kepada pemilihan semula.

Setiap tahun, Jawatankuasa ini juga menilai keberkesanan Lembaga Pengarah secara menyeluruh dan sumbangan dari

pengarah individu. Ia mengkaji saiz Lembaga Pengarah selaras dengan saiz Kumpulan dan kesulitan perniagaan untuk menentukan bilangan peralagaan ke atas keberkesanan Lembaga.

Jawatankuasa Pencalonan terdiri daripada Pengarah Bebas Bukan Eksekutif yang akan bermesyuarat apabila perlu, sekurang-kurangnya setahun sekali. Semua penganggaran dan penilaian yang dijalankan semasa mesyuarat adalah diminatkan dengan betul dan didokumenkan dan dilaporkan kepada Lembaga Pengarah selepas setiap mesyuarat.

Komposisi Jawatankuasa Pencalonan adalah seperti berikut:

- (a) Wong Kwan @ Wong Kwong Kwan  
(Pengarah Bebas Bukan Eksekutif)
- (b) Danny Ng Siew L'Leong  
(Pengarah Bebas Bukan Eksekutif)
- (c) Datuk Dr. Anis bin Ahmad  
(Pengarah Bebas Bukan Eksekutif)

## Jawatankuasa Ganjaran

Jawatankuasa Ganjaran terdiri daripada ahli-ahli berikut:

- (a) Kam Lang Fatt @ Kim Leng Fatt (Mendiang)  
(Pengerusi Eksekutif)
- (b) Wong Kwan @ Wong Kwong Kwan  
(Pengarah Bebas Bukan Eksekutif)
- (c) Danny Ng Siew L'Leong  
(Pengarah Bebas Bukan Eksekutif)
- (d) Datuk Dr. Anis bin Ahmad  
(Pengarah Bebas Bukan Eksekutif)

Jawatankuasa Ganjaran bermesyuarat apabila perlu, sekurang-kurangnya setahun sekali untuk mencadangkan ganjaran Pengarah Eksekutif kepada Lembaga Pengarah. Penentuan ganjaran bagi Pengarah Bukan Eksekutif adalah urusan Lembaga Pengarah keseluruhannya. Pengarah-Pengarah tidak terlibat dalam keputusan mengenai pakej ganjaran mereka sendiri dan yuran Pengarah mesti diluluskan oleh pemegang saham pada Mesyuarat Agung Tahunan Syarikat.

# Penyata Tadbir Urus Korporat (Sambungan)

Ganjaran bagi Pengarah-Pengarah Syarikat (tidak termasuk Pengarah-Pengarah anak syarikat) untuk tahun kewangan dalam kajian adalah seperti berikut:

|                                     | Gaji dan<br>Lain-lain<br>Emolumen<br>(RM) | Yuran<br>(RM) | Yuran<br>Kehadiran<br>(RM) |
|-------------------------------------|---|---------------|----------------------------|
| <b>Pengarah<br/>Eksekutif</b>       | 1,432,368                                 | 348,500       | 20,000                     |
| <b>Pengarah<br/>Bukan Eksekutif</b> | -   | 78,000        | 27,000                     |

Anggaran nilai kewangan untuk manfaat yang diterima oleh Pengarah Eksekutif untuk Kumpulan bernilai sebanyak RM63,202.

| Bidang ganjaran setahun | Pengarah<br>Eksekutif | Pengarah<br>Bukan Eksekutif |
|-------------------------|-----------------------|-----------------------------|
| RM50,000 ke bawah       | -                     | 3                           |
| RM150,000 ke RM200,000  | 1                     | -                           |
| RM450,000 ke RM500,000  | 2                     | -                           |
| RM650,000 ke RM700,000  | 1                     | -                           |

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

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

## Pendidikan Berterusan Pengarah

Kesemua Pengarah telah berjaya menyempurnakan "Mandatory Accreditation Programme" yang dinyatakan oleh Bursa Securities. Pengarah-Pengarah telah menghadiri pelbagai program pendidikan dan seminar sepanjang tahun ini untuk meningkatkan pengetahuan dan kemahiran mereka. Syarikat ini akan sentiasa mengenalpasti persidangan dan seminar-seminar yang memanfaatkan Pengarah-Pengarah secara berterusan.

Diantara program latihan, seminar dan persidangan yang dihadiri termasuk Pengurusan Strategik Perniagaan, Menjalankan untuk Perlaksanaan dan Membina untuk Perkembangan, Kefahaman dalam Cara Penilaian untuk Saham dan Perniagaan, Program Latihan Eksekutif untuk "ASEAN Small and Medium Enterprises", Strategi Perolehan dan Pembelian, Kelemahan Aset dan Perakaunan untuk Aset Bukan Semasa untuk Jualan dan Operasi Tidak Berterusan; dan Mengemaskinikan Syarat-Syarat Penyenaraian.

## PEMEGANG SAHAM

Lembaga Pengarah ini mengekalkan satu polisi komunikasi yang berkesan supaya membolehkan kedua-dua pihak Lembaga dan Pengurusan berkomunikasi dengan berkesannya dengan pemegang saham dan orang awam.

Lembaga Pengarah membentangkan maklumat mengenai operasi, strategi korporat dan prestasi Kumpulan melalui:

- Laporan Tahunan, yang mengandungi maklumat seperti tinjauan kewangan dan operasi terhadap perniagaan, penyata kewangan Kumpulan, Laporan Jawatankuasa Audit dan kegiatannya;
- pelbagai pengumuman kepada Bursa Securities, termasuk pengumuman mengenai keputusan kewangan yang tepat pada setiap suku tahun. Pada masa yang sama, Syarikat mengamalkan polisi untuk mengeluarkan pengumuman awam kepada suratkhbar dan penerbitan utama;
- dialog kerap dengan penganalisis dan pengurus dana yang mewakili pemegang saham, samada orang persendirian atau institusi; dan
- laman web Syarikat pada [www.newhoongfatt.com.my](http://www.newhoongfatt.com.my).

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

# Penyata Tadbir Urus Korporat (Sambungan)

## AKAUNTABILITI DAN AUDIT

### Jawatankuasa Audit dan Pelaporan Kewangan

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

Jawatankuasa Audit ini terdiri daripada empat (4) ahli, di mana seorang daripada mereka adalah Pengarah Eksekutif dan ahli Institut Akauntan Malaysia. Walaupun komposisi Jawatankuasa Audit tidak mematuhi Bahagian 2 di dalam Kod ini, yang menyatakan bahawa semua ahli Jawatankuasa Audit mestilah bukan eksekutif, Lembaga Pengarah berpendapat bahawa ahli eksekutif merupakan elemen yang mustahak untuk Jawatankuasa Audit disebabkan beliau dapat menasihatkan Jawatankuasa Audit dalam arah tuju, rancangan dan strategi Pengurusan. Tambahan pula, Pengarah Eksekutif menambah nilai kepada Jawatankuasa Audit dan proses membuat keputusan. Walaubagaimanapun, Syarikat ini sedang mengenalpasti calon yang sesuai supaya dilantik sebagai ahli jawatankuasa untuk menggantikan Pengarah Eksekutif sebelum 31 Januari 2009.

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

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

Pengarah-Pengarah berusaha untuk menyediakan penyata-penyata kewangan bagi setiap tahun kewangan yang memberikan pandangan yang benar dan saksama mengenai hal-ehwal Kumpulan dan Syarikat pada akhir tahun kewangan dan keputusannya bagi tahun tersebut. Seperti yang diwajibkan oleh Akta Syarikat 1965 dan Syarat-Syarat Penyenaraian Bursa Securities, penyata-penyata kewangan disediakan menurut piawaian-piawaian perakaunan yang diluluskan di Malaysia.

Dalam menyediakan penyata-penyata kewangan, Pengarah-Pengarah telah mengamalkan polisi perakaunan yang patut dan menggunakannya secara konsisten; serta disokong oleh anggaran dan keputusan yang munasabah dan berhemat. Penyata-penyata kewangan telah disediakan berasaskan dengan andaian perniagaan berterusan.

Pengarah-Pengarah bertanggungjawab untuk memastikan bahawa Kumpulan dan Syarikat menyimpan rekod-rekod perakaunan yang memberikan maklumat yang tepat dan munasabah tentang kedudukan kewangan mereka.

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

### Perhubungan dengan Juruaudit

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

Melalui Jawatankuasa Audit, Lembaga Pengarah telah mewujudkan perhubungan yang telus dengan kedua-dua Juruaudit Luaran dan Dalaman. Bila diperlukan, Juruaudit-Juruaudit akan memberitahu Jawatankuasa Audit dan Lembaga, perkara-perkara yang memerlukan perhatian dan tindak balas mereka, terutamanya mengenai urusan risiko dan segala kekurangan yang mustahak dalam sistem kawalan dalaman dan pematuhan Kumpulan. Jawatankuasa Audit digalakkan untuk mengadakan mesyuarat dengan Juruaudit Luaran, tanpa kehadiran Pengarah Eksekutif dan pihak pengurusan, sekurang-kurangnya dua (2) kali setahun.

## MAKLUMAT LAIN

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

Selain daripada yang dikemukakan di penyata-penyata kewangan Kumpulan dan Syarikat untuk tahun kewangan 31 Disember 2007, Syarikat dan/atau anak-anak syarikatnya tidak memeterai sebarang kontrak mustahak yang melibatkan kepentingan Pengarah-Pengarah dan pemegang saham utama.

### Yuran bukan Audit

Untuk tahun kewangan berakhir 31 Disember 2007, yuran bukan audit yang datang dari perkhidmatan kepada Syarikat atau anak syarikatnya oleh firma atau pertubuhan yang berkaitan dengan juruaudit luaran, adalah sebanyak RM2,000.

# Audit Committee Report

## MEMBERSHIP AND MEETINGS

The Audit Committee was established by the Board of Directors in 1998. The members of the Committee comprise the following Directors and details of attendance of each member at the Committee meetings during the financial year ended 31 December 2007 are as follows:

| Name   | Status of Directorship   | Attendance of Meetings | %   |
|--|--|------------------------|-----|
| Wong Kwan<br>@ Wong Kwong Kwan<br>(Audit Committee Chairman) | Independent<br>Non-Executive Director                                      | 4/4                    | 100 |
| Danny Ng Siew L'Leong  | Independent<br>Non-Executive Director                                      | 4/4                    | 100 |
| Datuk Dr. Anis bin Ahmad                                     | Independent<br>Non-Executive Director                                      | 4/4                    | 100 |
| Kam Foong Sim  | Executive Director<br>(and a member of Malaysian Institute of Accountants) | 4/4                    | 100 |

## ACTIVITIES

During the financial year under review, the activities of the Audit Committee included the following:

- review the external audit plan, scope and nature of statutory audit of the Group's financial statements;
- review the external audit reports and the results of the External Auditors' examination;
- review the External Auditor's recommendations and Management responses in relation thereto;
- review the financial results of the Group;
- review the risk assessment of the Group;
- review the internal audit plan and reports with its issues and recommendations arising from the audit;
- review related party transactions and conflict of interest situations that may arise within the Group;
- review the budget for the coming year and monitoring the Group's financial results against the budget; and
- consider the appointment of Internal and External Auditors and their audit fee.

## INTERNAL AUDIT FUNCTION

The Internal Auditor, an external consultant, is responsible for reviewing the process of the internal control functions as well as enhancing the efficiency and effectiveness of the internal control system of the Group by providing constructive and value-added recommendations. It reports directly to the Audit Committee and provides them with independent and objective reports on the state of internal control of the various operating divisions within the Group, and the extent of compliance of the divisions with the Group's established policies and procedures as well as relevant statutory requirements.

The Audit Committee reviewed the internal audit programme and all the internal audit reports generated by the Internal Auditors and ensured that appropriate actions were taken on the recommendations arising from the audits.

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The new Terms of Reference adopted in 2008 are as follows:

### Composition

- \* The Committee shall be appointed from amongst the Board and shall:
  - comprise no fewer than three (3) members;
  - all the audit committee members must be non-executive directors;
  - comprise a majority of independent directors; and
  - have at least one (1) member who is a member of the Malaysian Institute of Accountants or who complies with paragraph 15.10 of the Listing Requirements of Bursa Malaysia Securities Berhad or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- \* The Chairman, who shall be elected by the Audit Committee, shall be an Independent Director.
- \* In the event of any vacancy resulting in non-compliance with the terms of reference hereof, the vacancy must be filled within three (3) months.

# Audit Committee Report (Continued)

## Duties

- \* To review with the External Auditors on:
  - (i) the audit plan, its scope and nature;
  - (ii) the audit report;
  - (iii) the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
  - (iv) the problems and reservations arising from the interim and final audits, and any matter the Auditors may wish to discuss (in the absence of Management, where necessary).
- \* To review with Management on:
  - (i) audit reports and management letter issued by the External Auditors and the implementation of audit recommendations;
  - (ii) interim financial information; and
  - (iii) the assistance given by the officers of the Company to the External Auditors.
- \* To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:
  - (i) changes in or implementation of major accounting policy and practices;
  - (ii) significant adjustments arising from the audit;
  - (iii) the going concern assumption; and
  - (iv) compliance with accounting standards and other legal requirements.
- \* To consider the appointment (or re-appointment as the case may be) of the Internal and External Auditors, the audit fee and any question of resignation or dismissal.
- \* To do the following, in relation to the internal audit function:
  - (i) review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - (ii) review the internal audit programme and the results of the internal audit process and, where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
  - (iii) review any appraisal or assessment of the performance of members of the internal audit function; and
  - (iv) where the internal audit function is in-house, approve any appointment or termination of senior staff members and take cognisance of resignations of its staff members, providing them an opportunity to submit reasons for resigning.
- \* To provide assurance to the Board of Directors on the effectiveness of the system of internal controls and risk management practices of the Group.
- \* To consider the major findings of internal investigations and Management's response.
- \* To consider the nomination of a person or persons as Auditors (whether internal or external).
- \* To review any related party transaction and conflict of interest that may arise within the Company or the Group.

# Audit Committee Report (Continued)

## Rights

The Audit Committee shall:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Group;
- (d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity;
- (e) have the right to obtain independent professional or other advice at the Company's expense;
- (f) have the right to convene meetings with the Internal and External Auditors, excluding the attendance of the other Directors or employees of the Group, whenever deemed necessary; and
- (g) promptly report to the Bursa Malaysia Securities Berhad matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the Listing Requirements of Bursa Malaysia Securities Berhad.

## Meetings

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



# Laporan Jawatankuasa Audit

## KEAHLIAN DAN MESYUARAT

Jawatankuasa Audit telah ditubuhkan oleh Lembaga Pengarah pada 1998. Ahli-Ahli Jawatankuasa ini terdiri daripada Pengarah-Pengarah yang berikut dan butir-butir kehadiran setiap ahli di mesyuarat jawatankuasa pada tahun kewangan berakhir 31 Disember 2007 adalah seperti berikut:

| Nama  | Taraf Ahli<br>Lembaga Pengarah                                 | Kehadiran<br>untuk<br>Mesyuarat | %   |
|---|--|---------------------------------|-----|
| Wong Kwan<br>@ Wong Kwong Kwan<br>(Pengerusi<br>Jawatankuasa Audit) | Pengarah Bebas<br>Bukan Eksekutif                              | 4/4                             | 100 |
| Danny Ng Siew L'Leong   | Pengarah Bebas<br>Bukan Eksekutif                              | 4/4                             | 100 |
| Datuk Dr. Anis<br>bin Ahmad   | Pengarah Bebas<br>Bukan Eksekutif                              | 4/4                             | 100 |
| Kam Foong Sim   | Pengarah Eksekutif<br>(dan ahli Institut<br>Akauntan Malaysia) | 4/4                             | 100 |

## KEGIATAN

Berikut ialah kegiatan Jawatankuasa Audit sepanjang tahun kewangan dalam kajian:

- menyemak perancangan audit luaran, skop dan dasar audit berkanun ke atas penyata kewangan Kumpulan;
- menyemak laporan audit dari Juruaudit Luaran dan keputusan pemeriksaan Juruaudit Luaran;
- menyemak saranan dari Juruaudit Luaran dan tindak balas dari pihak Pengurusan sehubungan dengan itu;
- menyemak keputusan kewangan Kumpulan;
- menyemak penilaian risiko Kumpulan;
- menyemak perancangan audit dalaman dan laporan Juruaudit Dalaman, serta isu-isu dan saranan yang timbul dari audit;

- menyemak urusan niaga pihak berkaitan dan situasi percanggahan kepentingan yang mungkin timbul di dalam Kumpulan;
- menyemak belanjawan untuk tahun yang akan datang dan mengawasi keputusan kewangan Kumpulan berbanding dengan belanjawan; dan
- mempertimbangkan perlantikan Juruaudit Dalaman dan Luaran serta yuran audit mereka.

## FUNGSI AUDIT DALAMAN

Juruaudit Dalaman, iaitu penasihat luar, bertanggungjawab untuk mengkaji proses fungsi kawalan dalaman serta meningkatkan kecekapan dan keberkesanan sistem kawalan dalaman Kumpulan dengan memberi saranan yang membina dan menambah nilai. Beliau melapor terus kepada Jawatankuasa Audit dan memberi mereka laporan yang bebas dan objektif mengenai keadaan kawalan dalaman di bahagian-bahagian operasi Kumpulan, dan tahap pematuhan oleh bahagian-bahagian tersebut kepada polisi dan prosedur yang ditubuhkan oleh Kumpulan serta tuntutan berkanun berkaitan.

Jawatankuasa Audit menyemak rancangan audit dalaman dan kesemua laporan audit dalaman yang diterbitkan oleh Juruaudit Dalaman dan memastikan bahawa tindakan yang sewajarnya telah diambil ke atas saranan yang timbul dari audit.

## TERMA-TERMA RUJUKAN JAWATANKUASA AUDIT

Terma-Terma Rujukan baru yang telah disetujui pada tahun 2008 adalah seperti berikut:

### Komposisi

- \* Jawatankuasa ini hendaklah dilantik dari kalangan Lembaga Pengarah dan seharusnya:
  - terdiri tidak kurang daripada tiga (3) orang ahli;
  - kesemua ahli jawatankuasa audit mestilah Pengarah Bukan Eksekutif;
  - majoriti ahlinya mestilah Pengarah Bebas; dan

# Laporan Jawatankuasa Audit (Sambungan)

(iv) sekurang-kurangnya seorang ahli adalah ahli Institut Akauntan Malaysia atau beliau mestilah seorang yang mematuhi perenggan 15.10 dari Syarat-Syarat Penyenaraian Bursa Malaysia Securities Berhad atau memenuhi syarat-syarat lain atau yang diluluskan oleh Bursa Malaysia Securities Berhad.

- \* Pengerusi yang dilantik oleh Jawatankuasa Audit mestilah seorang Pengarah Bebas.
- \* Sekiranya terdapat kekosongan jawatan yang menyebabkan ketidakpatuhan sebarang terma-terma ini, penggantinya mesti dilantik dalam masa tiga (3) bulan.

## Tugas

- \* Untuk menyemak bersama dengan Juruaudit Luaran perkara-perkara berikut:

- (i) perancangan audit, skop dan dasarnya;
- (ii) laporan audit;
- (iii) keputusan daripada penilaian terhadap polisi perakaunan dan sistem kawalan dalaman perakaunan dalam Kumpulan; dan
- (iv) masalah-masalah dan perkara-perkara yang tidak selesai yang timbul dari audit perantaraan dan audit yang terakhir, dan sebarang perkara yang mungkin Juruaudit ingin bincangkan (dengan ketidakhadiran pihak Pengurusan, dimana perlu).

- \* Untuk menyemak bersama dengan pihak Pengurusan perkara-perkara berikut:

- (i) laporan audit dan surat pihak Pengurusan yang dikeluarkan oleh Juruaudit Luaran dan pelaksanaan saranan audit;
- (ii) maklumat interim kewangan; dan
- (iii) bantuan yang diberi oleh pegawai Syarikat kepada Juruaudit Luaran.

- \* Untuk menyemak laporan suku tahun atas keputusan kewangan yang disatukan dan penyata kewangan tahunan sebelum penyerahan kepada Lembaga Pengarah, yang mana fokus utama adalah:

- (i) perubahan atau pelaksanaan polisi perakaunan yang utama dan amalannya;
- (ii) penyelarasan utama yang timbul dari audit;
- (iii) andaian kemajuan; dan
- (iv) pematuhan terhadap piawaian perakaunan dan lain-lain tuntutan undang-undang.

- \* Untuk mempertimbangkan perlantikan (atau perlantikan semula dimana yang boleh jadi) Juruaudit Dalaman dan Luaran, yuran audit dan sebarang persoalan mengenai perletakan jawatan atau pemecatan.
- \* Untuk membuat perkara mengenai fungsi audit dalaman seperti berikut:

- (i) menyemak kecukupan skop, fungsi dan sumber untuk audit dalaman, dan ia mempunyai kuasa yang perlu untuk menjalankan kerjanya;
- (ii) menyemak program audit dalaman dan keputusan dari proses audit dalaman dan, dimana perlu, memastikan tindakan yang sewajarnya dilaksanakan ke atas saranan fungsi audit dalaman;
- (iii) menyemak sebarang penghargaan atau penilaian untuk prestasi ahli-ahli bagi fungsi audit dalaman; dan
- (iv) dimana fungsi audit dalaman adalah dibawah pengurusan sendiri, meluluskan segala perlantikan atau penamatan ahli pegawai kanan dan mengambil perhatian dalam perletakan jawatan ahli pegawai, memberi mereka peluang untuk menjelaskan alasan perletakan jawatan.

- \* Untuk memberi jaminan kepada Lembaga Pengarah mengenai kecekapan sistem kawalan dalaman dan amalan pengurusan risiko Kumpulan.

- \* Untuk mempertimbangkan hasil penyiasatan utama selepas diadakan penyiasatan dalaman dan tindak balas dari pihak Pengurusan.

- \* Untuk mempertimbangkan pencalonan seseorang sebagai Juruaudit (sama ada dalaman atau luaran).

- \* Untuk menyemak sebarang urusan pihak berkaitan dan percanggahan faedah yang mungkin timbul dalam Syarikat atau Kumpulan.

# Laporan Jawatankuasa Audit (Sambungan)

## Hak-Hak

Jawatankuasa Audit seharusnya:

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

## Mesyuarat

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

# Statement on Internal Control

Persuant to the Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors is pleased to provide the Group's Statement on Internal Control for the financial year ended 31 December 2007.

The Board of Directors is primarily responsible for the Group's system of internal controls and for reviewing its adequacy and integrity. In view of the inherent limitations in any system of internal controls, the process is designed to manage rather than eliminate the multitude of risks to which the Group is exposed. Accordingly, the process can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal controls includes, inter-alia, financial, budgetary, operational and compliance controls.

The New Hoong Fatt Group has implemented a risk management framework to identify, evaluate and manage the significant risks affecting the Group's operations and business. Management is responsible for the identification and evaluation of the significance of each risk applicable to their business together with the implementation of suitable internal controls. Monitoring risk is a continuous and ongoing process.

The Group has also appointed a professional firm of consultants to carry out regular reviews on the system of internal controls to provide an independent assessment of its adequacy and integrity in managing the significant risks. After every review, a report on the audit findings is submitted to the Audit Committee for their consideration.

# Penyata Kawalan Dalaman

Menurut Syarat-Syarat Penyenaraian Bursa Malaysia Securities Berhad, Lembaga Pengarah dengan sukacitanya mengemukakan Penyata Kawalan Dalaman Kumpulan bagi tahun kewangan berakhir 31 Disember 2007.

Lembaga Pengarah bertanggungjawab ke atas sistem kawalan dalaman Kumpulan dan menilai kecukupan dan integriti sistemnya. Berikutan pembatasan yang sedia ada dalam sebarang sistem kawalan dalaman, proses ini adalah direka untuk mengurus dan bukannya untuk menghapuskan kesemua risiko-risiko yang dihadapi Kumpulan. Oleh itu, proses tersebut hanya dapat memberi jaminan berpatutan dan bukan menyeluruh terhadap sebarang salah pernyataan atau kerugian ketara. Sistem kawalan dalaman Kumpulan meliputi, antara lainnya, kawalan-kawalan kewangan, urusan belanjawan, operasi dan pematuhan.

Kumpulan New Hoong Fatt telah menubuhkan suatu Rangka Kerja Pengurusan Risiko bagi mengenalpasti, menilai dan mengurus risiko penting yang mempengaruhi operasi dan perniagaan Kumpulan. Pihak Pengurusan bertanggungjawab ke atas mengenalpasti dan menilai kepentingan setiap risiko yang ke atas perniagaan mereka bersama dengan penubuhan kawalan dalaman yang sesuai. Pemantauan risiko adalah suatu proses yang berterusan.

Kumpulan juga telah melantik suatu firma penasihat profesional untuk menjalankan kajian-kajian yang kerap ke atas sistem kawalan dalaman untuk memberi penilaian berkecuali mengenai kecukupan dan integriti sistemnya dari segi pengurusan risiko utama. Selepas setiap kajian, suatu laporan ke atas keputusan audit di serahkan kepada Jawatankuasa Audit untuk pertimbangan mereka.



# Financial Statements

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## Directors' Report

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

### PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are disclosed in Note 9 to the financial statements.

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

### RESULTS

|   | Group<br>RM | Company<br>RM |
|---|-------------|---------------|
| Profit for the financial year attributable to equity holders of the Company | 23,002,658  | 8,303,199     |

### DIVIDENDS

Dividends paid since the end of the previous financial year were as follows:

|  | RM               |
|--|------------------|
| In respect of the financial year ended 31 December 2006:                   |                  |
| An interim tax exempt dividend of 3 sen per share, paid on 10 January 2007 | 2,254,698        |
| A final dividend of 11 sen per share, less tax at 27% paid on 14 June 2007 | 6,035,075        |
|  | <u>8,289,773</u> |
| In respect of the financial year ended 31 December 2007:                   |                  |
| An interim tax exempt dividend of 3 sen per share, paid on 11 January 2008 | <u>2,254,698</u> |

The directors also proposed a final tax exempt dividend of 8 sen per share, amounting to RM6,012,528 in respect of the financial year ended 31 December 2007, which is subject to the approval of the shareholders at the forthcoming Annual General Meeting.



## Directors' Report (Continued)

### RESERVES AND PROVISIONS

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

### ISSUE OF SHARES AND DEBENTURES

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

### OPTIONS GRANTED OVER UNISSUED SHARES

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

### DIRECTORS

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

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

(Deceased on 4 February 2008)

In accordance with Article 78 of the Company's Articles of Association, Madam Kam Foong Keng and Mr. Danny Ng Siew L'Leong 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' Report (Continued)

### DIRECTORS' INTERESTS

The directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2007, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

| Shares in the Company         | — Number of ordinary shares of RM1.00 each — |           |      |                          |
|-------------------------------|--|-----------|------|--------------------------|
|                               | Balance at<br>1.1.2007                       | Bought    | Sold | Balance at<br>31.12.2007 |
| <b>Direct interests</b>       |  |           |      |                          |
| Kam Lang Fatt @ Kim Leng Fatt | 21,700,400                                   | -         | -    | 21,700,400               |
| Kam Foong Keng                | 3,920,542                                    | -         | -    | 3,920,542                |
| Chin Jit Sin                  | 838,200                                      | -         | -    | 838,200                  |
| Wong Kwan @ Wong Kwong Kwan   | 24,000                                       | -         | -    | 24,000                   |
| Kam Foong Sim                 | 1,327,400                                    | -         | -    | 1,327,400                |
| <b>Indirect interests*</b>    |  |           |      |                          |
| Kam Lang Fatt @ Kim Leng Fatt | 10,756,945                                   | 6,071,842 | -    | 16,828,787               |
| Kam Foong Keng                | 838,200                                      | -         | -    | 838,200                  |
| Chin Jit Sin                  | 3,920,542                                    | -         | -    | 3,920,542                |
| Wong Kwan @ Wong Kwong Kwan   | -  | 2,000     | -    | 2,000                    |

\* Included the interest of spouse and children of the directors pursuant to Section 134(12)(c) of the Companies (Amendment) Act, 2007

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 interested in the shares of all the subsidiaries to the extent that the Company has an interest.

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

### 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, other than the following:

## Directors' Report (Continued)

### **DIRECTORS' BENEFITS** (continued)

(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 interests;
- (ii) rental of RM108,000 paid to a company in which the director has substantial financial interests; and

(b) certain directors who received remunerations from the subsidiaries as directors or executive of the subsidiaries.

The details of the above transactions are disclosed in Note 28 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.

### **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 amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## Directors' Report (Continued)

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

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

(d) In the opinion of the directors:

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

### **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 Foong Keng**  
Director

**Kam Foong Sim**  
Director

Kuala Lumpur  
29 February 2008

## Statement by Directors

In the opinion of the directors, the financial statements set out on pages 43 to 92 have been drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

**Kam Foong Keng**  
Director

**Kam Foong Sim**  
Director

Kuala Lumpur  
29 February 2008

## Statutory Declaration

I, Tan Man Soon, being the officer primarily responsible for the financial management of New Hoong Fatt Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 43 to 92 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 )  
29 February 2008 )

Before me:

**A.T. Velu**  
No. W240  
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 43 to 92. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These 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 Financial Reporting 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 2007 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company 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 subsidiaries have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiaries that are 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 subsidiaries were not subject to any qualification and did not include any comment made under Section 174(3) of the Act.

**BDO Binder**

AF : 0206

Chartered Accountants

**Tang Seng Choon**

2011/12/09 (J)

Partner

Kuala Lumpur

29 February 2008



# Balance Sheets

as at 31 December 2007

|                                 |    | 2007<br>RM  | Group<br>2006<br>RM<br>(restated) | 2007<br>RM | Company<br>2006<br>RM |
|---------------------------------|----|-------------|-----------------------------------|------------|-----------------------|
| Note                            |    |             |                                   |            |                       |
| ASSETS                          |    |             |                                   |            |                       |
| Non-current assets              |    |             |                                   |            |                       |
| Property, plant and equipment   | 7  | 151,284,394 | 140,620,597                       | -          | -                     |
| Investment properties           | 8  | -           | 7,200,000                         | -          | -                     |
| Investment in subsidiaries      | 9  | -           | -                                 | 80,751,949 | 80,751,949            |
| Prepaid lease payments for land | 10 | 9,837,992   | 8,200,000                         | -          | -                     |
| Trade and other receivables     | 11 | -           | -                                 | 3,861,617  | 3,832,982             |
| Investments                     | 12 | 83,000      | 83,000                            | -          | -                     |
| Intangible asset - Goodwill     | 13 | 31,225,470  | 31,225,470                        | -          | -                     |
| Total non-current assets        |    | 192,430,856 | 187,329,067                       | 84,613,566 | 84,584,931            |
| Current assets                  |    |             |                                   |            |                       |
| Inventories                     | 14 | 24,475,696  | 22,886,688                        | -          | -                     |
| Trade and other receivables     | 11 | 44,423,912  | 38,829,559                        | 27,500     | 2,370                 |
| Tax recoverable                 |    | -           | 25,148                            | -          | 13,958                |
| Cash and cash equivalents       | 15 | 17,583,570  | 11,807,687                        | 60,054     | 78,258                |
| Total current assets            |    | 86,483,178  | 73,549,082                        | 87,554     | 94,586                |
| Total assets                    |    | 278,914,034 | 260,878,149                       | 84,701,120 | 84,679,517            |

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

## Balance Sheets (Continued)

as at 31 December 2007

|   | Note | 2007<br>RM         | Group<br>2006<br>RM<br>(restated) | 2007<br>RM        | Company<br>2006<br>RM |
|---|------|--------------------|-----------------------------------|-------------------|-----------------------|
| <b>LIABILITIES</b>  |      |                    |                                   |                   |                       |
| <b>Non-current liabilities</b>                              |      |                    |                                   |                   |                       |
| Borrowings (interest bearing)                               | 16   | 10,636,126         | 2,112,739                         | -                 | -                     |
| Deferred tax liabilities                                    | 18   | 13,986,644         | 15,727,037                        | -                 | -                     |
| Total non-current liabilities                               |      | 24,622,770         | 17,839,776                        | -                 | -                     |
| <b>Current liabilities</b>                                  |      |                    |                                   |                   |                       |
| Trade and other payables                                    | 19   | 15,152,451         | 12,140,616                        | 2,376,084         | 2,363,599             |
| Borrowings (interest bearing)                               | 16   | 30,641,705         | 37,868,874                        | -                 | -                     |
| Current tax payable   |      | 848,142            | 706,888                           | 703               | 5,011                 |
| Total current liabilities                                   |      | 46,642,298         | 50,716,378                        | 2,376,787         | 2,368,610             |
| <b>Total liabilities</b>                                    |      | <b>71,265,068</b>  | <b>68,556,154</b>                 | <b>2,376,787</b>  | <b>2,368,610</b>      |
| <b>NET ASSETS</b>   |      | <b>207,648,966</b> | <b>192,321,995</b>                | <b>82,324,333</b> | <b>82,310,907</b>     |
| <b>EQUITY</b>   |      |                    |                                   |                   |                       |
| <b>Equity attributable to equity holders of the Company</b> |      |                    |                                   |                   |                       |
| Share capital   | 20   | 75,156,600         | 75,156,600                        | 75,156,600        | 75,156,600            |
| Reserves  | 21   | 132,492,366        | 117,165,395                       | 7,167,733         | 7,154,307             |
| <b>Total equity</b>   |      | <b>207,648,966</b> | <b>192,321,995</b>                | <b>82,324,333</b> | <b>82,310,907</b>     |

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

# Income Statements

for the financial year ended 31 December 2007

|   |      |                      | Group         |                    | Company    |
|---|------|----------------------|---------------|--------------------|------------|
|   | Note | 2007<br>RM           | 2006<br>RM    | 2007<br>RM         | 2006<br>RM |
| Revenue                                 | 22   | <b>156,756,651</b>   | 156,904,042   | <b>10,762,727</b>  | 12,020,000 |
| Cost of sales                           |      | <b>(111,913,784)</b> | (111,273,061) | -                  | -          |
| Gross profit                            |      | <b>44,842,867</b>    | 45,630,981    | <b>10,762,727</b>  | 12,020,000 |
| Other operating income                  |      | <b>5,234,774</b>     | 9,678,544     | -                  | -          |
| Selling and distribution expenses       |      | <b>(7,310,579)</b>   | (5,958,069)   | -                  | -          |
| Administration expenses                 |      | <b>(15,933,326)</b>  | (15,665,467)  | <b>(440,622)</b>   | (656,450)  |
| Other operating expenses                |      | -                    | (735,409)     | -                  | -          |
| Finance costs                           | 23   | <b>(1,942,778)</b>   | (2,262,089)   | -                  | -          |
| Profit before tax                       | 23   | <b>24,890,958</b>    | 30,688,491    | <b>10,322,105</b>  | 11,363,550 |
| Tax expense                             | 24   | <b>(1,888,300)</b>   | (3,788,777)   | <b>(2,018,906)</b> | (413,013)  |
| Net profit for the financial year       |      | <b>23,002,658</b>    | 26,899,714    | <b>8,303,199</b>   | 10,950,537 |
| Basic earnings per ordinary share (sen) | 25   | <b>30.61</b>         | 35.79         |                    |            |

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

# Statements of Changes in Equity

for the financial year ended 31 December 2007

| Group   | Share capital<br>RM | Share premium<br>RM | Revaluation reserve<br>RM | Retained profits<br>RM | Total<br>RM |
|---|---------------------|---------------------|---------------------------|------------------------|-------------|
| Balance as at 31 December 2005  | 75,156,600          | 4,210,070           | 3,727,256                 | 83,678,760             | 166,772,686 |
| Net profit for the financial year   | -                   | -                   | -                         | 26,899,714             | 26,899,714  |
| Revaluation reserve, net of deferred tax  | -                   | -                   | 9,171,519                 | -                      | 9,171,519   |
| Tax exempt dividends for financial year ended 31 December 2005 (Note 26)                |                     |                     |                           |                        |             |
| - interim dividend  | -                   | -                   | -                         | (2,254,698)            | (2,254,698) |
| - final dividend  | -                   | -                   | -                         | (6,012,528)            | (6,012,528) |
| Tax exempt dividend for financial year ended 31 December 2006 (Note 26)                 |                     |                     |                           |                        |             |
| - interim dividend  | -                   | -                   | -                         | (2,254,698)            | (2,254,698) |
| Balance as at 31 December 2006  | 75,156,600          | 4,210,070           | 12,898,775                | 100,056,550            | 192,321,995 |
| Net profit for the financial year   | -                   | -                   | -                         | 23,002,658             | 23,002,658  |
| Dividend net of tax for financial year ended 31 December 2006 (Note 26)                 |                     |                     |                           |                        |             |
| - final dividend  | -                   | -                   | -                         | (6,035,075)            | (6,035,075) |
| Tax exempt dividend for financial year ended 31 December 2007 (Note 26)                 |                     |                     |                           |                        |             |
| - interim dividend  | -                   | -                   | -                         | (2,254,698)            | (2,254,698) |
| Reversal of deferred tax liability directly related to revaluation reserve (Note 18(a)) | -                   | -                   | 614,086                   | -                      | 614,086     |
| Balance as at 31 December 2007  | 75,156,600          | 4,210,070           | 13,512,861                | 114,769,435            | 207,648,966 |

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

## Statement of Changes in Equity (Continued)

for the financial year ended 31 December 2007

| Company  | Share<br>capital<br>RM | Share<br>premium<br>RM | Retained<br>profits<br>RM | Total<br>RM |
|--|------------------------|------------------------|---------------------------|-------------|
| Balance as at 31 December 2005   | 75,156,600             | 4,210,070              | 2,515,624                 | 81,882,294  |
| Net profit for the financial year  | -                      | -                      | 10,950,537                | 10,950,537  |
| Tax exempt dividends for<br>financial year ended<br>31 December 2005 (Note 26) |                        |                        |                           |             |
| - interim dividend   | -                      | -                      | (2,254,698)               | (2,254,698) |
| - final dividend   | -                      | -                      | (6,012,528)               | (6,012,528) |
| Tax exempt dividend for<br>financial year ended<br>31 December 2006 (Note 26)  |                        |                        |                           |             |
| - interim dividend   | -                      | -                      | (2,254,698)               | (2,254,698) |
| Balance as at 31 December 2006   | 75,156,600             | 4,210,070              | 2,944,237                 | 82,310,907  |
| Net profit for the financial year  | -                      | -                      | 8,303,199                 | 8,303,199   |
| Dividend net of tax for<br>financial year ended<br>31 December 2006 (Note 26)  |                        |                        |                           |             |
| - final dividend   | -                      | -                      | (6,035,075)               | (6,035,075) |
| Tax exempt dividend for<br>financial year ended<br>31 December 2007 (Note 26)  |                        |                        |                           |             |
| - interim dividend   | -                      | -                      | (2,254,698)               | (2,254,698) |
| Balance as at 31 December 2007   | 75,156,600             | 4,210,070              | 2,957,663                 | 82,324,333  |

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

# CashFlowStatements

for the financial year ended 31 December 2007

|  | Note | 2007<br>RM         | Group<br>2006<br>RM | 2007<br>RM          | Company<br>2006<br>RM |
|--|------|--------------------|---------------------|---------------------|-----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>              |      |                    |                     |                     |                       |
| Profit before tax  |      | <b>24,890,958</b>  | 30,688,491          | <b>10,322,105</b>   | 11,363,550            |
| Adjustments for:   |      |                    |                     |                     |                       |
| Allowance for doubtful debts                             |      | <b>3,106</b>       | 163,523             | -                   | -                     |
| Allowance for doubtful debts no longer required          |      | <b>(93,202)</b>    | (9,400)             | -                   | -                     |
| Amortisation of prepaid lease payments                   | 10   | <b>185,437</b>     | 126,393             | -                   | -                     |
| Bad debts written off                                    |      | <b>478</b>         | 1,160               | -                   | -                     |
| Depreciation of property, plant and equipment            | 7    | <b>15,229,583</b>  | 14,484,874          | -                   | -                     |
| Dividend income  |      | -                  | -                   | <b>(10,378,727)</b> | (11,660,000)          |
| Gain from fair value adjustment of investment properties | 8    | -                  | (2,531,377)         | -                   | -                     |
| Loss/(Gain) on disposal of investment properties         |      | <b>60,129</b>      | (2,628,981)         | -                   | -                     |
| Gain on disposal of property, plant and equipment        |      | <b>(331,959)</b>   | (224,416)           | -                   | -                     |
| Impairment loss on property, plant and equipment         | 7    | -                  | 317,989             | -                   | -                     |
| Interest expense   |      | <b>1,942,778</b>   | 2,486,253           | -                   | 224,164               |
| Interest income  |      | <b>(349,380)</b>   | (317,719)           | -                   | -                     |
| Loss on voluntary winding up of a subsidiary             | 9    | -                  | -                   | -                   | 14,738                |
| Property, plant and equipment written off                | 7    | <b>40,033</b>      | 19,137              | -                   | -                     |
| Revaluation deficit on property, plant and equipment     |      | -                  | 417,420             | -                   | -                     |
| Unrealised loss on foreign exchange                      |      | <b>97,208</b>      | 199,351             | -                   | -                     |
| Operating profit/(loss) before working capital changes   |      | <b>41,675,169</b>  | 43,192,698          | <b>(56,622)</b>     | (57,548)              |
| (Increase)/Decrease in inventories                       |      | <b>(1,589,008)</b> | 2,939,912           | -                   | -                     |
| (Increase)/Decrease in trade and other receivables       |      | <b>(5,601,943)</b> | 1,479,308           | <b>(53,765)</b>     | 15,130                |
| Increase/(Decrease) in trade and other payables          |      | <b>3,011,835</b>   | (1,890,378)         | <b>12,485</b>       | (350)                 |
| Cash generated from/(used in) operations                 |      | <b>37,496,053</b>  | 45,721,540          | <b>(97,902)</b>     | (42,768)              |
| Dividend received  |      | -                  | -                   | <b>8,365,958</b>    | 7,938,040             |
| Interest paid  |      | <b>(204)</b>       | (942)               | -                   | -                     |
| Tax (paid)/refunded                                      |      | <b>(2,848,205)</b> | (3,083,213)         | <b>3,513</b>        | 5,258                 |
| Net cash from operating activities                       |      | <b>34,647,644</b>  | 42,637,385          | <b>8,271,569</b>    | 7,900,530             |

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



## CashFlowStatements (Continued)

for the financial year ended 31 December 2007

|  | Note | 2007<br>RM   | Group<br>2006<br>RM | 2007<br>RM  | Company<br>2006<br>RM |
|--|------|--------------|---------------------|-------------|-----------------------|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |      |              |                     |             |                       |
| Proceeds from disposal of investment properties          |      | 7,139,871    | 7,858,124           | -           | -                     |
| Proceeds from disposal of property, plant and equipment  |      | 469,700      | 494,118             | -           | -                     |
| Increase in prepaid lease payments                       | 10   | (1,823,429)  | -                   | -           | -                     |
| Purchase of property, plant and equipment                |      | (26,071,154) | (11,668,499)        | -           | -                     |
| Repayments by subsidiaries                               |      | -            | -                   | -           | 21,657,273            |
| Interest received  |      | 349,380      | 317,719             | -           | -                     |
| Net cash (used in)/from investing activities             |      | (19,935,632) | (2,998,538)         | -           | 21,657,273            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>              |      |              |                     |             |                       |
| Repayments to directors                                  |      | -            | (20,285,000)        | -           | (20,285,000)          |
| Repayments to subsidiaries                               |      | -            | -                   | -           | (747,153)             |
| Interest paid  |      | (1,942,574)  | (2,485,311)         | -           | (224,164)             |
| Repayments of banker's acceptances (Repayments)/Drawdown |      | (1,081,000)  | (6,753,000)         | -           | -                     |
| of revolving credits                                     |      | (5,000,000)  | 10,000,000          | -           | -                     |
| Dividend paid  |      | (8,289,773)  | (8,267,226)         | (8,289,773) | (8,267,226)           |
| Drawdown/(Repayments) of term loans                      |      | 7,377,218    | (9,398,052)         | -           | -                     |
| Net cash used in financing activities                    |      | (8,936,129)  | (37,188,589)        | (8,289,773) | (29,523,543)          |
| Net increase/(decrease) in cash and cash equivalents     |      | 5,775,883    | 2,450,258           | (18,204)    | 34,260                |
| Cash and cash equivalents at beginning of financial year |      | 11,807,687   | 9,357,429           | 78,258      | 43,998                |
| Cash and cash equivalents at end of financial year       | 15   | 17,583,570   | 11,807,687          | 60,054      | 78,258                |

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

# Notes to the Financial Statements

31 December 2007

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of Bursa Malaysia Securities 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, 5<sup>1</sup>/<sub>2</sub> Mile, Jalan Meru, 41050 Klang, Selangor Darul Ehsan.

## 2. PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are disclosed in Note 9 to the financial statements.

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

## 3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRSs") in Malaysia and the provisions of the Companies Act, 1965.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Basis of accounting

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

The preparation of financial statements in conformity with the applicable approved Financial Reporting 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 contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In addition, the directors are also required to exercise their judgement in the process of applying the Group's accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

## Notes to the Financial Statements (Continued)

31 December 2007

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.2 Basis of consolidation

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

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

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

At the acquisition date, the cost of business combination is allocated to identifiable assets, liabilities and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

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

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

Intra-group balances, transactions and unrealised gains and losses on intra-group transactions are eliminated in full. Intra-group loss may indicate an impairment that requires recognition in the consolidated financial statements.

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

## Notes to the Financial Statements (Continued)

31 December 2007

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.3 Property, plant and equipment and depreciation

Property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Cost also comprises the initial estimate of dismantling and removing the item and restoring the site on which it is located for which the Group is obligated to incur when the item is acquired.

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

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

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

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 value, 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. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to asset revaluation reserve.

No depreciation has been provided for in respect of freehold land, buildings under construction and tools and dies development costs. Buildings under construction will be depreciated upon completion, on the same basis as buildings. Tools and dies development costs represent costs incurred in developing tools and dies for future production purposes 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 to its residual values over their estimated useful lives at the following principal annual rates:

|  |             |
|--|-------------|
| Buildings                                | 2% - 10%    |
| 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%         |

## Notes to the Financial Statements (Continued)

31 December 2007

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

At each balance sheet date, the carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the assets' carrying amount is greater than its estimated recoverable amount.

The residual values, useful life and depreciation method are reviewed at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised. When revalued assets are sold, the amounts included in revaluation reserves are transferred to retained earnings.

#### 4.4 Lease

##### (a) Finance lease

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

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

##### (b) Operating lease

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

## Notes to the Financial Statements (Continued)

31 December 2007

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.4 Lease (continued)

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

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

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

Leasehold land that normally has an indefinite economic life and when the risk and rewards incidental to ownership is not transfer substantially by the end of the lease term is treated as an operating lease. The lump-sum upfront lease payments made on entering into or acquiring leasehold land is accounted for as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided except for leasehold land that is classified as an investment property.

If the lease payments cannot be allocated reliably between land and buildings, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Prior to 1 January 2007, the Group had previously classified certain leases of land as finance lease and had recognised the amount of prepaid lease payments as property within its property, plant and equipment. On adoption of FRS 117 Leases, the Group treats such leases as operating leases, with the unamortised carrying amount classified as prepaid lease payments in accordance with the transitional provision in FRS 117. Such prepaid lease payments are amortised over the lease term. The effect of the change in accounting policy is disclosed in Note 5.1 to the financial statements.

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

#### 4.5 Investment properties

Investment properties are properties which are held to earn rentals or for capital appreciation or both. These include properties held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which is determined by directors by making some assumptions, based on market conditions existing at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.



## Notes to the Financial Statements (Continued)

31 December 2007

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.5 Investment properties (continued)

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation surplus. However, if a fair value gain reverses a previously recognised impairment loss, the gain is recognised in the income statements. Upon disposal of the investment property, any surplus previously recorded in equity is transferred to retained earnings, the transfer is not made through the income statement.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

#### 4.6 Investments

##### (a) Subsidiaries

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

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

##### (b) Other investments

Non-current investments other than investments in subsidiaries and investment properties are stated at cost and an allowance for diminution in value is made where in the opinion of the directors, there is a decline other than temporary in the value of such investments.

Upon disposal of such investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

#### 4.7 Goodwill

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

## Notes to the Financial Statements (Continued)

31 December 2007

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.8 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investment in subsidiaries), inventories and investment properties measured at fair value, are reviewed at each balance sheet date to determine whether there is any indication of impairment in value and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

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

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

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

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

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 reserve 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.

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

An impairment loss is 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.

Such reversals 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 account of the same asset. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.

## Notes to the Financial Statements (Continued)

31 December 2007

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.9 Foreign currencies

##### 4.9.1 Functional and presentation currency

The separate financial statements of each entity in the Group are measured using the functional currency which is the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

##### 4.9.2 Foreign currencies transactions and translations

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each balance sheet date, foreign currency monetary items are translated using the closing rates. Non-monetary items that are measured in terms of historical cost in a foreign currency is translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

#### 4.10 Inventories

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

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

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

#### 4.11 Revenue recognition

##### Company

Revenue from management fees for management services rendered to subsidiaries is recognised in the income statement upon performance of services.

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

## Notes to the Financial Statements (Continued)

31 December 2007

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.11 Revenue recognition (continued)

##### 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.

Rental income is accounted for on a straight line basis over the tenure of an ongoing tenancy.

#### 4.12 Interest income

Interest income is recognised as it accrues.

#### 4.13 Employee benefits

##### 4.13.1 Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year when employees have rendered their services to the Group and the Company.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

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

##### 4.13.2 Defined contribution plans

The Company and subsidiaries incorporated in Malaysia make contributions to statutory provident fund and recognise the contributions payable:

- (i) after deducting contributions already paid as a liability; and
- (ii) as an expense in the financial year in which the employees render their services.

#### 4.14 Borrowing costs

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

## Notes to the Financial Statements (Continued)

31 December 2007

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.15 Income tax

Income taxes include all domestic taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes and real property gains taxes payable on disposal of properties, prior to 1 April 2007, if any.

Taxes in the income statement comprises current tax and deferred tax.

##### 4.15.1 Current tax

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

Current tax for the current and prior periods is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantially enacted by the balance sheet date.

##### 4.15.2 Deferred tax

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

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects either accounting profit or taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at 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.

Current tax and deferred tax should be charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

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

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

## Notes to the Financial Statements (Continued)

31 December 2007

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.16 Provisions

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

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

#### 4.17 Segment information

Segment information is presented in respect of the Group's business and geographical segments. The primary reporting segment information is in respect of business segments as the Group risk and rates of return are affected predominantly by differences in the products it produces, while the secondary information is reported geographically.

A segment with a majority of operating income earned from providing product or services to external clients and whose operating income, results or assets are 10 percent or more of all the segments is reported separately. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are to be used for more than one period.

#### 4.18 Financial instruments

Financial instruments are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distribution to holders of an equity instrument is debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### (a) Receivables

Trade and other receivables, including amounts owing by subsidiaries are carried at anticipated realisable value.

Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

## Notes to the Financial Statements (Continued)

31 December 2007

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 4.18 Financial instruments (continued)

##### (b) 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.

##### (c) Payables

Payables, including amounts owing to subsidiaries are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity. Payables are initially and subsequently measured at cost.

##### (d) 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, they are charged to the income statement.

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

##### (e) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

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

#### 5.1 New FRS and amendment to FRS that are mandatory for annual periods beginning on or after 1 January 2007

On 1 January 2007, the Group and the Company adopted the following new FRS and amendment to FRS which are mandatory for annual periods beginning on or after 1 January 2007:

|                         |  |
|-------------------------|--|
| FRS 6                   | Exploration for and Evaluation of Mineral Resources  |
| FRS 117                 | Leases   |
| FRS 119 <sub>2004</sub> | Amendment to FRS 119 <sub>2004</sub> Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures |
| FRS 124                 | Related party disclosures  |

The adoption of FRS 117, 119 and 124 has not resulted in significant changes in accounting policies of the Group. The principal changes in accounting policies and their effects resulting from the adoption of the new FRS are summarised below.



## Notes to the Financial Statements (Continued)

31 December 2007

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

#### 5.1 New FRS and amendment to FRS that are mandatory for annual periods beginning on or after 1 January 2007 (continued)

FRS 117: Leases

Under FRS 117, land and buildings elements of a leasehold land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease. The up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payments made for the leasehold land represents prepaid lease payments that are amortised on a straight-line basis over the remaining lease term.

In accordance with the transitional provisions of FRS 117, the unamortised amount of leasehold land of RM8.2 million as at 1 January 2007 (Note 10), which was stated at valuation is retained as the surrogate carrying amount of prepaid lease payments. The classification of leasehold land as prepaid land lease payments has been accounted for retrospectively. There were no effects on the consolidated income statement for the year ended 31 December 2007 and the Company's financial statements.

FRS 6 is not relevant to the Group's operations.

#### 5.2 New FRS and amendments to FRS not adopted

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139, which effective date is deferred to a date to be announced by the MASB. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of the standards as required by paragraph 30(b) of FRS 108 is not disclosed.

The Group has also not adopted the following FRSs and amendments that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group. The directors do not anticipate that the application of these standards when they are effective will have a material impact on the results and the financial position of the Group.

(a) FRS which are effective for annual periods beginning on or after 1 July 2007 are as follows:

|         |  |
|---------|--|
| FRS 107 | Cash Flow Statements   |
| FRS 111 | Construction Contracts   |
| FRS 112 | Income Taxes   |
| FRS 118 | Revenue  |
| FRS 120 | Accounting for Government Grants and Disclosure of Government Assistance |
| FRS 134 | Interim Financial Reporting  |
| FRS 137 | Provisions, Contingent Liabilities and Contingent Assets                 |

These amendments align the MASB's FRS with the equivalent International Accounting Standards ('IAS'), both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements. FRS 111 and FRS 120 are not relevant to the Group's operations. The Group will apply the remaining amendments for its annual period beginning 1 January 2008.

## Notes to the Financial Statements (Continued)

31 December 2007

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

#### 5.2 New FRS and amendments to FRS not adopted (continued)

- (b) Framework for the Preparation and Presentation of Financial Statements ('Framework'), which is effective for annual periods beginning on or after 1 July 2007.

The Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not an MASB approved accounting standard and hence does not define standards for any particular measurement or disclosure issue. The Group will apply this Framework for its annual period beginning 1 January 2008.

- (c) Amendments and IC Interpretations which are effective for annual periods beginning on or after 1 July 2007 are as follows:

|                      |  |
|----------------------|--|
| Amendment to FRS 121 | The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation                           |
| IC Interpretation 1  | Changes in Existing Decommissioning, Restoration and Similar Liabilities   |
| IC Interpretation 2  | Members' Shares in Co-operative Entities and Similar Instruments   |
| IC Interpretation 5  | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds               |
| IC Interpretation 6  | Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment            |
| IC Interpretation 7  | Applying the Restatement Approach under FRS 129 <sub>2004</sub> Financial Reporting in Hyperinflationary Economies |
| IC Interpretation 8  | Scope of FRS 2   |

These IC Interpretations are not relevant to the Group's operations.

## Notes to the Financial Statements (Continued)

31 December 2007

### 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

#### 6.1 Critical judgements made in applying accounting policies

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

##### Classification between investment properties and property, plant and equipment

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

The Group has temporarily let out a few units of shop lots held for future use as owner-occupied properties. These properties are not classified as investment properties because it is not the Group's intention to hold these properties in the long-term for capital appreciation or rental income. These properties are classified as property, plant and equipment.

#### 6.2 Key sources of estimation uncertainty

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

##### (i) Impairment of goodwill on consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries on which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in Note 13 to the financial statements.

##### (ii) Depreciation of property, plant and equipment

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

##### (iii) Valuation of investment properties and property, plant and equipment - freehold land and buildings

Some judgements have been exercised in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year's value, market freehold rental and other factors used in the valuation process. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

## Notes to the Financial Statements (Continued)

31 December 2007

### 7. PROPERTY, PLANT AND EQUIPMENT

#### Group

| 2007  | Balance<br>at 1.1.2007<br>RM | Additions<br>RM | Disposals<br>RM | Written<br>off<br>RM | Reclassi-<br>fications<br>RM | Balance<br>at 31.12.2007<br>RM |
|---|------------------------------|-----------------|-----------------|----------------------|------------------------------|--------------------------------|
| <b>Cost unless otherwise stated</b>         |                              |                 |                 |                      |                              |                                |
| Freehold land                               |                              |                 |                 |                      |                              |                                |
| - at 2006 valuation                         | 29,862,141                   | -               | -               | -                    | -                            | 29,862,141                     |
| Buildings                                   |                              |                 |                 |                      |                              |                                |
| - at 2006 valuation                         | 41,342,000                   | -               | -               | -                    | -                            | 41,342,000                     |
| - at cost                                   | 112,340                      | 1,849,325       | -               | -                    | 4,408,195                    | 6,369,860                      |
| Plant and machinery                         | 43,441,259                   | 9,503,066       | (133,737)       | (87,171)             | -                            | 52,723,417                     |
| Tools, equipment and<br>air-conditioners    | 3,512,057                    | 415,838         | -               | (144,689)            | -                            | 3,783,206                      |
| Moulds and dies                             | 102,256,842                  | 5,105,356       | -               | -                    | 4,869,666                    | 112,231,864                    |
| Motor vehicles                              | 3,947,126                    | 844,691         | (692,958)       | -                    | -                            | 4,098,859                      |
| Furniture, fittings and<br>office equipment | 4,235,673                    | 750,007         | (16,500)        | (18,372)             | -                            | 4,950,808                      |
| Cabin containers                            | 25,700                       | -               | -               | -                    | -                            | 25,700                         |
| Buildings under construction                | 3,467,640                    | 1,771,634       | -               | -                    | (4,408,195)                  | 831,079                        |
| Tools and dies<br>development costs         | 1,891,682                    | 5,831,237       | -               | (34,838)             | (4,869,666)                  | 2,818,415                      |
|   | 234,094,460                  | 26,071,154      | (843,195)       | (285,070)            | -                            | 259,037,349                    |

## Notes to the Financial Statements (Continued)

31 December 2007

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

#### Group

| 2007  | Balance<br>at 1.1.2007<br>RM | Charge<br>for the<br>financial<br>year<br>RM    | Disposals<br>RM | Written<br>off<br>RM           | Reclassi-<br>fication<br>RM | Balance<br>at 31.12.2007<br>RM |
|---|------------------------------|---|-----------------|--------------------------------|-----------------------------|--------------------------------|
| <b>Accumulated depreciation</b>             |                              |   |                 |                                |                             |                                |
| Freehold land                               |                              |   |                 |                                |                             |                                |
| - at 2006 valuation                         | -                            | -   | -               | -                              | -                           | -                              |
| Buildings                                   |                              |   |                 |                                |                             |                                |
| - at 2006 valuation                         | -                            | 927,810   | -               | -                              | -                           | 927,810                        |
| - at cost                                   | 38,761                       | 92,111  | -               | -                              | -                           | 130,872                        |
| Plant and machinery                         | 30,958,207                   | 4,084,919                                       | (133,735)       | (87,166)                       | -                           | 34,822,225                     |
| Tools, equipment and<br>air-conditioners    | 1,749,835                    | 305,140   | -               | (139,890)                      | -                           | 1,915,085                      |
| Moulds and dies                             | 54,931,690                   | 8,680,666                                       | -               | -                              | -                           | 63,612,356                     |
| Motor vehicles                              | 2,302,306                    | 556,182   | (559,619)       | -                              | -                           | 2,298,869                      |
| Furniture, fittings and<br>office equipment | 3,150,027                    | 582,585   | (12,100)        | (17,981)                       | -                           | 3,702,531                      |
| Cabin containers                            | 25,048                       | 170   | -               | -                              | -                           | 25,218                         |
| Buildings under construction                | -                            | -   | -               | -                              | -                           | -                              |
| Tools and dies<br>development costs         | -                            | -   | -               | -                              | -                           | -                              |
|   | 93,155,874                   | 15,229,583                                      | (705,454)       | (245,037)                      | -                           | 107,434,966                    |
| <b>Impairment loss</b>                      |                              |   |                 |                                |                             |                                |
|   | Balance<br>at 1.1.2007<br>RM | Impairment loss for the<br>financial year<br>RM |                 | Balance<br>at 31.12.2007<br>RM |                             |                                |
| Mould and dies                              | 317,989                      | -   |                 | 317,989                        |                             |                                |

## Notes to the Financial Statements (Continued)

31 December 2007

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

#### Group

| 2006  | Balance<br>at 1.1.2006<br>(restated)<br>RM | Additions<br>RM | Disposals<br>RM | Written<br>Off<br>RM | Revaluation<br>RM | Reclassi-<br>fications<br>RM | Balance<br>at 31.12.2006<br>RM |
|---|--|-----------------|-----------------|----------------------|-------------------|------------------------------|--------------------------------|
| <b>Cost unless otherwise stated</b>         |  |                 |                 |                      |                   |                              |                                |
| Freehold land                               |  |                 |                 |                      |                   |                              |                                |
| - at 2006 valuation                         | -  | -               | -               | -                    | -                 | 29,862,141                   | 29,862,141                     |
| - at 2002 valuation                         | 13,062,654                                 | -               | -               | -                    | 2,690,225         | (15,752,879)                 | -                              |
| - at cost                                   | 12,654,292                                 | -               | -               | -                    | 1,454,970         | (14,109,262)                 | -                              |
| Buildings                                   |  |                 |                 |                      |                   |                              |                                |
| - at 2006 valuation                         | -  | -               | -               | -                    | -                 | 41,342,000                   | 41,342,000                     |
| - at 2002 valuation                         | 24,993,910                                 | -               | -               | -                    | 2,890,148         | (27,884,058)                 | -                              |
| - at cost                                   | 9,345,528                                  | 168,612         | -               | -                    | 304,678           | (9,706,478)                  | 112,340                        |
| Plant and machinery                         | 43,658,922                                 | 940,923         | (964,946)       | (193,640)            | -                 | -                            | 43,441,259                     |
| Tools, equipment and<br>air-conditioners    | 3,204,700                                  | 399,128         | (1,300)         | (90,471)             | -                 | -                            | 3,512,057                      |
| Moulds and dies                             | 94,926,764                                 | 2,799,608       | -               | (300,000)            | -                 | 4,830,470                    | 102,256,842                    |
| Motor vehicles                              | 3,964,238                                  | 920,174         | (937,286)       | -                    | -                 | -                            | 3,947,126                      |
| Furniture, fittings and<br>office equipment | 4,011,651                                  | 303,420         | -               | (79,398)             | -                 | -                            | 4,235,673                      |
| Cabin containers                            | 25,700                                     | -               | -               | -                    | -                 | -                            | 25,700                         |
| Buildings under<br>construction             | 6,164,693                                  | 1,054,411       | -               | -                    | -                 | (3,751,464)                  | 3,467,640                      |
| Tools and dies<br>development costs         | 1,650,634                                  | 5,082,223       | -               | (10,705)             | -                 | (4,830,470)                  | 1,891,682                      |
|   | 217,663,686                                | 11,668,499      | (1,903,532)     | (674,214)            | 7,340,021         | -                            | 234,094,460                    |

## Notes to the Financial Statements (Continued)

31 December 2007

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

#### Group

| 2006  | Balance<br>at 1.1.2006<br>(restated)<br>RM | Charge<br>for the<br>financial<br>year<br>RM | Disposals<br>RM | Written<br>Off<br>RM | Revaluation<br>RM | Reclassi-<br>fication<br>RM | Balance<br>at 31.12.2006<br>RM |
|---|--|--|-----------------|----------------------|-------------------|-----------------------------|--------------------------------|
| <b>Accumulated depreciation</b>             |  |  |                 |                      |                   |                             |                                |
| Freehold land                               |  |  |                 |                      |                   |                             |                                |
| - at 2002 valuation                         | -  | -  | -               | -                    | -                 | -                           | -                              |
| - at cost                                   | -  | -  | -               | -                    | -                 | -                           | -                              |
| Buildings                                   |  |  |                 |                      |                   |                             |                                |
| - at 2002 valuation                         | 1,603,199                                  | 532,335                                      | -               | -                    | (2,135,534)       | -                           | -                              |
| - at cost                                   | 563,135                                    | 291,525                                      | -               | -                    | (815,899)         | -                           | 38,761                         |
| Plant and machinery                         | 28,038,584                                 | 4,005,251                                    | (891,989)       | (193,639)            | -                 | -                           | 30,958,207                     |
| Tools, equipment and<br>air-conditioners    | 1,558,733                                  | 276,879                                      | (555)           | (85,222)             | -                 | -                           | 1,749,835                      |
| Moulds and dies                             | 46,980,040                                 | 8,251,650                                    | -               | (300,000)            | -                 | -                           | 54,931,690                     |
| Motor vehicles                              | 2,482,128                                  | 561,464                                      | (741,286)       | -                    | -                 | -                           | 2,302,306                      |
| Furniture, fittings and<br>office equipment | 2,660,643                                  | 565,600                                      | -               | (76,216)             | -                 | -                           | 3,150,027                      |
| Cabin containers                            | 24,878                                     | 170  | -               | -                    | -                 | -                           | 25,048                         |
| Buildings under<br>construction             | -  | -  | -               | -                    | -                 | -                           | -                              |
| Tools and dies<br>development costs         | -  | -  | -               | -                    | -                 | -                           | -                              |
|   | 83,911,340                                 | 14,484,874                                   | (1,633,830)     | (655,077)            | (2,951,433)       | -                           | 93,155,874                     |

|                        | Balance<br>at 1.1.2006<br>RM | Impairment loss for the<br>financial year<br>RM | Balance<br>at 31.12.2006<br>RM |
|------------------------|------------------------------|---|--------------------------------|
| <b>Impairment loss</b> |                              |   |                                |
| Moulds and dies        | -                            | 317,989   | 317,989                        |



## Notes to the Financial Statements (Continued)

31 December 2007

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

#### Group

|  | Balance<br>at 31.12.2007<br>RM | Balance<br>at 31.12.2006<br>RM |
|--|--------------------------------|--------------------------------|
| <b>Net book value</b>                    |                                |                                |
| Freehold land                            |                                |                                |
| - at 2006 valuation                      | 29,862,141                     | 29,862,141                     |
| Buildings                                |                                |                                |
| - at 2006 valuation                      | 40,414,190                     | 41,342,000                     |
| - at cost                                | 6,238,988                      | 73,579                         |
| Plant and machinery                      | 17,901,192                     | 12,483,052                     |
| Tools, equipment and air-conditioners    | 1,868,121                      | 1,762,222                      |
| Moulds and dies                          | 48,301,519                     | 47,007,163                     |
| Motor vehicles                           | 1,799,990                      | 1,644,820                      |
| Furniture, fittings and office equipment | 1,248,277                      | 1,085,646                      |
| Cabin containers                         | 482                            | 652                            |
| Buildings under construction             | 831,079                        | 3,467,640                      |
| Tools and dies development costs         | 2,818,415                      | 1,891,682                      |
|  | <b>151,284,394</b>             | <b>140,620,597</b>             |

Freehold land and building of a subsidiary with net book value of RM7,096,194 (2006: RM7,200,000), which were charged to a licensed bank for credit facilities granted to the subsidiary had been discharged during the financial year.

The freehold land and buildings of the Company were revalued by the directors in the previous financial year by reference to the indicative market value based on existing use method.

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

| Group         | Cost<br>RM        | Accumulated<br>depreciation<br>RM | Net book<br>value<br>RM |
|---------------|-------------------|-----------------------------------|-------------------------|
| <b>2007</b>   |                   |                                   |                         |
| Freehold land | 22,914,738        | -                                 | 22,914,738              |
| Buildings     | 38,290,653        | (5,100,590)                       | 33,190,063              |
|               | <b>61,205,391</b> | <b>(5,100,590)</b>                | <b>56,104,801</b>       |
| <b>2006</b>   |                   |                                   |                         |
| Freehold land | 22,914,738        | -                                 | 22,914,738              |
| Buildings     | 38,290,653        | (4,308,010)                       | 33,982,643              |
|               | <b>61,205,391</b> | <b>(4,308,010)</b>                | <b>56,897,381</b>       |

## Notes to the Financial Statements (Continued)

31 December 2007

### 8. INVESTMENT PROPERTIES

| 2007                    | Balance<br>at 1.1.2007<br>RM                         | Gain from<br>fair value<br>adjustments<br>RM | Disposals<br>RM  | Balance<br>at 31.12.2007<br>RM          |
|-------------------------|--|--|--|---|
| <b>Group</b>            |  |  |  |   |
| <b>Carrying amounts</b> |  |  |  |   |
| Freehold land           | 2,800,000  | -  | (2,800,000)  | -                                       |
| Building                | 4,400,000  | -  | (4,400,000)  | -                                       |
|                         | <b>7,200,000</b>                                     | <b>-</b>                                     | <b>(7,200,000)</b>                                     | <b>-</b>                                |
| <b>2006</b>             | <b>Balance<br/>at 1.1.2006<br/>(restated)<br/>RM</b> | <b>Disposals<br/>RM</b>                      | <b>Gain from<br/>fair value<br/>adjustments<br/>RM</b> | <b>Balance<br/>at 31.12.2006<br/>RM</b> |
| <b>Group</b>            |  |  |  |   |
| <b>Carrying amounts</b> |  |  |  |   |
| Freehold land           | 3,867,570  | (2,321,984)                                  | 1,254,414  | 2,800,000                               |
| Building                | 5,905,424  | (2,782,387)                                  | 1,276,963  | 4,400,000                               |
|                         | <b>9,772,994</b>                                     | <b>(5,104,371)</b>                           | <b>2,531,377</b>                                       | <b>7,200,000</b>                        |

## Notes to the Financial Statements (Continued)

31 December 2007

### 9. INVESTMENT IN SUBSIDIARIES

|                           | 2007<br>RM | Company<br>2006<br>RM |
|---------------------------|------------|-----------------------|
| Unquoted shares - at cost | 80,751,949 | 80,751,949            |

Details of the subsidiaries, which are incorporated in Malaysia, are as follows:

| Company name                                | Effective Equity Interest |      | Principal Activities  |
|---|---------------------------|------|---|
|   | 2007                      | 2006 |   |
| New Hoong Fatt Auto Supplies Sdn. Bhd.      | 100%                      | 100% | Marketing, distribution and trading of automotive spare parts and accessories |
| NJ Manufacturing Industries Sdn. Bhd.       | 100%                      | 100% | Manufacturing and marketing of automotive parts                               |
| Jhi Soon Manufacturing Industries Sdn. Bhd. | 100%                      | 100% | Manufacturing and marketing of automotive parts                               |
| Hoeken Industrial Sdn. Bhd.                 | 100%                      | 100% | Property investment   |
| Advancesoft ICT Sdn. Bhd.                   | 100%                      | 100% | Dealing in computer software, consultancy and management services.            |
| New Hoong Fatt Industries Sdn. Bhd.         | 100%                      | 100% | Inactive  |

All subsidiaries are audited by BDO Binder.

#### *Winding up of a subsidiary*

In the previous financial year, NJ Coatings Sdn. Bhd., a wholly-owned subsidiary was placed under member's voluntary winding up and its surplus of assets were distributed by the liquidator by way of offset against the amount owing by the Company.

The winding up has no significant financial impact on the financial position, financial result and cash flows of the Group for the previous financial year.

## Notes to the Financial Statements (Continued)

31 December 2007

### 10. PREPAID LEASE PAYMENTS FOR LAND

|  | 2007             | Group<br>2006<br>(restated) |
|--|------------------|-----------------------------|
|  | RM               | RM                          |
| <b>Cost</b>                              |                  |                             |
| Balance as at 1 January                  | 8,326,393        | 8,326,393                   |
| Addition during the financial year       | 1,823,429        | -                           |
| Balance as at 31 December                | 10,149,822       | 8,326,393                   |
| <b>Accumulated amortisation</b>          |                  |                             |
| Balance as at 1 January                  | 126,393          | -                           |
| Charge for the financial year            | 185,437          | 126,393                     |
| Balance as at 31 December                | 311,830          | 126,393                     |
| <b>Carrying amount as at 31 December</b> | <b>9,837,992</b> | <b>8,200,000</b>            |
| Analysed as:                             |                  |                             |
| Long term leasehold land                 | 8,064,035        | 8,200,000                   |
| Short term leasehold land                | 1,773,957        | -                           |
|  | <b>9,837,992</b> | <b>8,200,000</b>            |

## Notes to the Financial Statements (Continued)

31 December 2007

### 11. TRADE AND OTHER RECEIVABLES

|  | 2007<br>RM        | Group<br>2006<br>RM | 2007<br>RM       | Company<br>2006<br>RM |
|--|-------------------|---------------------|------------------|-----------------------|
| <b>Non-current</b>   |                   |                     |                  |                       |
| Amounts owing by subsidiaries  | -                 | -                   | 3,861,617        | 3,832,982             |
| <b>Current</b>   |                   |                     |                  |                       |
| <u>Trade</u>   |                   |                     |                  |                       |
| Third parties  | 40,860,070        | 37,197,676          | -                | -                     |
| Less: Allowance for doubtful debts, net of bad debts written off of RM5,490 (2006:Nil) for the Group | (592,429)         | (688,015)           | -                | -                     |
|  | 40,267,641        | 36,509,661          | -                | -                     |
| <u>Non-trade</u>   |                   |                     |                  |                       |
| Other receivables  | 247,738           | 151,276             | -                | -                     |
| Deposits   | 164,158           | 157,158             | 2,500            | 2,370                 |
| Prepayments  | 3,744,375         | 2,011,464           | 25,000           | -                     |
|  | 4,156,271         | 2,319,898           | 27,500           | 2,370                 |
|  | 44,423,912        | 38,829,559          | 27,500           | 2,370                 |
| <b>Total</b>   | <b>44,423,912</b> | <b>38,829,559</b>   | <b>3,889,117</b> | <b>3,835,352</b>      |

#### Company

The amounts owing by subsidiaries arose mainly from advances, management fee receivable and payments made on behalf, which are interest-free, unsecured and are not receivable within the next twelve months except when the financial positions of the subsidiaries permit repayment and that such repayment will not adversely affect the ability of the subsidiaries to carry on their operations as going concerns.

#### Group

- (a) Included in trade receivables of the Group are amounts totalling RM22,774 (2006: RM63,503) owing by companies in which a director of the Company has substantial financial interest.

Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 days to 160 days.

- (b) Included in prepayments are advance payments of RM3,398,673 (2006: RM1,955,296) paid to suppliers for the purchase of property, plant and equipment.

## Notes to the Financial Statements (Continued)

31 December 2007

### 12. INVESTMENTS - AT COST

|                             | 2007<br>RM | Group<br>2006<br>RM |
|-----------------------------|------------|---------------------|
| Unquoted shares in Malaysia | 83,000     | 83,000              |

### 13. INTANGIBLE ASSET - GOODWILL

|                                       | 2007<br>RM | Group<br>2006<br>RM |
|---------------------------------------|------------|---------------------|
| <b>Carrying amount</b>                |            |                     |
| Balance as at 1 January / 31 December | 31,225,470 | 31,225,470          |

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

The recoverable amount of a cash-generating unit is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering 7 years period and assume no growth rate.

The key assumptions used for value in use calculations are as follows:

|                                |   |
|--------------------------------|---|
| Period of projected cash flows | 7 years based on the estimated remaining useful life of assets and operation of subsidiary acquired |
| Discount rate                  | 13.1%   |

Management determined budgeted gross margin and results based on past performance and its expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

With regard to the assessment of value in use, the management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially different from its recoverable amount and therefore, goodwill is not impaired for the financial year.

### 14. INVENTORIES

|                  | 2007<br>RM        | Group<br>2006<br>RM |
|------------------|-------------------|---------------------|
| <u>At cost</u>   |                   |                     |
| Raw materials    | 10,306,347        | 9,689,375           |
| Work-in-progress | 1,064,694         | 1,167,393           |
| Finished goods   | 12,962,511        | 11,912,349          |
| Consumables      | 142,144           | 117,571             |
|                  | <b>24,475,696</b> | <b>22,886,688</b>   |

## Notes to the Financial Statements (Continued)

31 December 2007

### 15. CASH AND CASH EQUIVALENTS

|                        | 2007<br>RM        | Group<br>2006<br>RM | 2007<br>RM    | Company<br>2006<br>RM |
|------------------------|-------------------|---------------------|---------------|-----------------------|
| Cash and bank balances | 7,048,732         | 6,626,822           | 60,054        | 78,258                |
| Short term placements  | 10,534,838        | 5,180,865           | -             | -                     |
|                        | <b>17,583,570</b> | <b>11,807,687</b>   | <b>60,054</b> | <b>78,258</b>         |

### 16. BORROWINGS (INTEREST BEARING)

|                                | 2007<br>RM        | Group<br>2006<br>RM |
|--------------------------------|-------------------|---------------------|
| <b>Current - unsecured</b>     |                   |                     |
| Bankers' acceptances           | 19,900,000        | 20,981,000          |
| Revolving credits              | 5,000,000         | 10,000,000          |
| Term loans (Note 17)           | 5,741,705         | 6,887,874           |
|                                | <b>30,641,705</b> | <b>37,868,874</b>   |
| <b>Non-current - unsecured</b> |                   |                     |
| Term loans (Note 17)           | 10,636,126        | 2,112,739           |
|                                | <b>41,277,831</b> | <b>39,981,613</b>   |
| <b>Total borrowings</b>        |                   |                     |
| Bankers' acceptances           | 19,900,000        | 20,981,000          |
| Revolving credits              | 5,000,000         | 10,000,000          |
| Term loans (Note 17)           | 16,377,831        | 9,000,613           |
|                                | <b>41,277,831</b> | <b>39,981,613</b>   |



## Notes to the Financial Statements (Continued)

31 December 2007

### 17. TERM LOANS - UNSECURED

|  | 2007<br>RM        | Group<br>2006<br>RM |
|--|-------------------|---------------------|
| Term loan I repayable by 36 equal monthly instalments of RM277,777 each commencing July 2004       | -                 | 1,666,667           |
| Term loan II repayable by 36 equal monthly instalments of RM230,556 each commencing June 2005      | 1,152,778         | 3,919,444           |
| Term loan III repayable by 33 equal monthly instalments of RM204,545 each commencing August 2005   | 948,339           | 3,414,502           |
| Term loan IV repayable by 36 equal monthly instalments of RM78,000 each commencing October 2007    | 2,584,640         | -                   |
| Term loan V repayable by 36 equal monthly instalments of RM61,000 each commencing January 2008     | 2,195,673         | -                   |
| Term loan VI repayable by 20 equal quarterly instalments of RM52,500 each commencing December 2007 | 997,500           | -                   |
| Term loan VII repayable by 60 equal monthly instalments of RM35,954 each commencing June 2007      | 1,690,140         | -                   |
| Term loan VIII repayable by 60 equal monthly instalments of RM57,303 each commencing May 2007      | 2,648,761         | -                   |
| Term loan IX repayable by 20 equal quarterly instalments of RM75,000 each commencing February 2008 | 1,500,000         | -                   |
| Term loan X repayable by 60 equal monthly instalments of RM46,667 each commencing October 2007     | 2,660,000         | -                   |
|  | <b>16,377,831</b> | <b>9,000,613</b>    |
| Repayable as follows:  |                   |                     |
| - within one year (Note 16)  | 5,741,705         | 6,887,874           |
| - one to five years (Note 16)  | 10,636,126        | 2,112,739           |
|  | <b>16,377,831</b> | <b>9,000,613</b>    |

## Notes to the Financial Statements (Continued)

31 December 2007

### 18. DEFERRED TAX LIABILITIES

(a) The deferred tax liabilities are made up of the following:

|   | 2007<br>RM  | Group<br>2006<br>RM |
|---|-------------|---------------------|
| Balance as at 1 January   | 15,727,037  | 13,104,468          |
| Recognised in equity  |             |                     |
| - surplus arising from revaluation of property, plant and equipment   | -           | 2,111,656           |
| - reversal due to abolishment of Real Property Gain Tax               | (367,857)   | -                   |
| - reversal due to reduction in income tax rate                        | (246,229)   | -                   |
|   | 15,112,951  | 15,216,124          |
| Transfer (from)/to income statement                                   |             |                     |
| - current year (Note 24)  |             |                     |
| - excess of capital allowances over corresponding depreciation        | (952,658)   | 348,717             |
| - surplus arising from fair value adjustment of investment properties | -           | 126,569             |
| - reversal due to abolishment of real property gain tax               | (126,569)   | -                   |
| - crystallised from revaluation of property, plant and equipment      | (45,334)    | (8,286)             |
|   | (1,124,561) | 467,000             |
| - (over)/under provisions in prior year (Note 24)                     |             |                     |
| - excess of capital allowance over corresponding depreciation         | (1,746)     | 43,913              |
| Balance as at 31 December   | 13,986,644  | 15,727,037          |

## Notes to the Financial Statements (Continued)

31 December 2007

### 18. DEFERRED TAX LIABILITIES (continued)

(b) The deferred tax liabilities are made up of the following:

|   | 2007<br>RM        | Group<br>2006<br>RM |
|---|-------------------|---------------------|
| Surplus arising from fair value adjustment of investment properties | -                 | 126,569             |
| Surplus arising from revaluation of property, plant and equipment   | 1,932,011         | 2,591,431           |
| Excess of capital allowances over corresponding depreciation        | 12,054,633        | 13,009,037          |
|   | <b>13,986,644</b> | <b>15,727,037</b>   |

### 19. TRADE AND OTHER PAYABLES

|                   | 2007<br>RM        | Group<br>2006<br>RM | 2007<br>RM       | Company<br>2006<br>RM |
|-------------------|-------------------|---------------------|------------------|-----------------------|
| <b>Current</b>    |                   |                     |                  |                       |
| <u>Trade</u>      |                   |                     |                  |                       |
| Third parties     | 5,394,428         | 4,479,469           | -                | -                     |
| <u>Non-trade</u>  |                   |                     |                  |                       |
| Other payables    | 3,097,984         | 1,418,556           | -                | -                     |
| Dividend payables | 2,267,084         | 2,260,599           | 2,267,084        | 2,260,599             |
| Accruals          | 4,392,955         | 3,981,992           | 109,000          | 103,000               |
|                   | <b>9,758,023</b>  | <b>7,661,147</b>    | <b>2,376,084</b> | <b>2,363,599</b>      |
| <b>Total</b>      | <b>15,152,451</b> | <b>12,140,616</b>   | <b>2,376,084</b> | <b>2,363,599</b>      |

#### Group

(a) Included in trade payables of the Group are amounts totalling RM182,165 (2006: RM143,488) owing to companies in which a director of the Company has substantial financial interests.

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 days to 120 days.

(b) Included in other payables is advance payments received from customers amounting to RM363,307 (2006: RM853,816).

## Notes to the Financial Statements (Continued)

31 December 2007

### 20. SHARE CAPITAL

|                                 | Group/Company               |                         |                             |                         |
|---------------------------------|-----------------------------|-------------------------|-----------------------------|-------------------------|
|                                 | 2007<br>Number of<br>shares | 2007<br>Number of<br>RM | 2006<br>Number of<br>shares | 2006<br>Number of<br>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 31 December       | 75,156,600                  | 75,156,600              | 75,156,600                  | 75,156,600              |

### 21. RESERVES

|                        | Group       |             | Company    |            |
|------------------------|-------------|-------------|------------|------------|
|                        | 2007<br>RM  | 2006<br>RM  | 2007<br>RM | 2006<br>RM |
| (a) Non-distributable: |             |             |            |            |
| Share premium          | 4,210,070   | 4,210,070   | 4,210,070  | 4,210,070  |
| Revaluation reserve    | 13,512,861  | 12,898,775  | -          | -          |
| (b) Distributable:     |             |             |            |            |
| Retained profits       | 114,769,435 | 100,056,550 | 2,957,663  | 2,944,237  |
|                        | 132,492,366 | 117,165,395 | 7,167,733  | 7,154,307  |

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

- (i) tax exempt income amounting to approximately RM5,537,000 (2006: RM2,613,000) 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 2007 without incurring additional tax liability.

Effective from 1 January 2008, the Company is given an option to make an irrevocable election to move to a single tier system to frank tax exempt dividend up to maximum amount of retained profit or continue to use its tax exempt account or tax credit under Section 108 of Income Tax Act, 1967 for purpose of dividend distribution until it is fully utilised or latest by 31 December 2013. As a result, there will not be any additional tax liability resulting from franking the payment of dividends out of the Company's retained profits as at balance sheet date.

## Notes to the Financial Statements (Continued)

31 December 2007

### 22. REVENUE

|                                    | Group              |                    | Company           |                   |
|------------------------------------|--------------------|--------------------|-------------------|-------------------|
|                                    | 2007<br>RM         | 2006<br>RM         | 2007<br>RM        | 2006<br>RM        |
| Sale of goods                      | 156,397,230        | 155,920,050        | -                 | -                 |
| Rendering of services              | 2,088              | 503,992            | -                 | -                 |
| Rental income                      | 357,333            | 480,000            | -                 | -                 |
| Management fee                     | -                  | -                  | 384,000           | 360,000           |
| Dividends income from subsidiaries | -                  | -                  | 10,378,727        | 11,660,000        |
|                                    | <b>156,756,651</b> | <b>156,904,042</b> | <b>10,762,727</b> | <b>12,020,000</b> |

### 23. PROFIT BEFORE TAX

|  | Note | 2007<br>RM | Group<br>2006<br>RM | 2007<br>RM | Company<br>2006<br>RM |
|--|------|------------|---------------------|------------|-----------------------|
| This is arrived at after charging/(crediting):   |      |            |                     |            |                       |
| Allowance for doubtful debts                     |      | 3,106      | 163,523             | -          | -                     |
| Amortisation of prepaid lease payments           | 10   | 185,437    | 126,393             | -          | -                     |
| Auditors' remuneration:                          |      |            |                     |            |                       |
| - statutory                                      |      |            |                     |            |                       |
| - current year                                   |      | 64,900     | 53,000              | 11,000     | 8,000                 |
| - under provision in prior year                  |      | -          | 4,500               | -          | -                     |
| - non-statutory                                  |      | 2,000      | 2,000               | 2,000      | 2,000                 |
| Bad debts written off                            |      | 478        | 1,160               | -          | -                     |
| Depreciation of property, plant and equipment    | 7    | 15,229,583 | 14,484,874          | -          | -                     |
| Directors' remunerations                         |      |            |                     |            |                       |
| - fees   |      |            |                     |            |                       |
| - payable by the Company                         |      | 98,000     | 95,000              | 98,000     | 95,000                |
| - payable by subsidiaries                        |      | 334,500    | 318,500             | -          | -                     |
| - emoluments other than fees                     |      |            |                     |            |                       |
| - payable by the Company                         |      | 47,000     | 47,000              | 47,000     | 47,000                |
| - payable by subsidiaries                        |      | 1,518,528  | 1,449,439           | -          | -                     |
| Impairment loss on property, plant and equipment | 7    | -          | 317,989             | -          | -                     |

## Notes to the Financial Statements (Continued)

31 December 2007

### 23. PROFIT BEFORE TAX (continued)

|  | Note | 2007<br>RM | Group<br>2006<br>RM | 2007<br>RM  | Company<br>2006<br>RM |
|--|------|------------|---------------------|-------------|-----------------------|
| This is arrived at after charging/(crediting):           |      |            |                     |             |                       |
| Interest expense on:                                     |      |            |                     |             |                       |
| - bankers' acceptances                                   |      | 979,952    | 1,272,788           | -           | -                     |
| - bank overdrafts  |      | 204        | 942                 | -           | -                     |
| - term loans   |      | 547,368    | 702,221             | -           | -                     |
| - revolving credits                                      |      | 415,254    | 286,138             | -           | -                     |
| - amount owing to directors                              |      | -          | 224,164             | -           | 224,164               |
| Loss on voluntary winding up of a subsidiary             |      | -          | -                   | -           | 14,738                |
| Management fee from subsidiaries                         |      | -          | -                   | 384,000     | 360,000               |
| Property, plant and equipment written off                | 7    | 40,033     | 19,137              | -           | -                     |
| Realised loss on foreign exchange                        |      | 229,841    | 185,857             | -           | -                     |
| Rental of factory and premises                           |      | 272,550    | 248,300             | -           | -                     |
| Revaluation deficit on property, plant and equipment     |      | -          | 417,420             | -           | -                     |
| Unrealised loss on foreign exchange                      |      | 97,208     | 199,351             | -           | -                     |
| Allowance for doubtful debts no longer required          |      | (93,202)   | (9,400)             | -           | -                     |
| Dividend income from unquoted subsidiaries               |      |            |                     |             |                       |
| - gross  |      | -          | -                   | (7,454,700) | (1,507,000)           |
| - tax exempt   |      | -          | -                   | (2,924,027) | (10,153,000)          |
| Gain from fair value adjustment of investment properties | 8    | -          | (2,531,377)         | -           | -                     |
| Loss/(Gain) on disposal of investment properties         |      | 60,129     | (2,628,981)         | -           | -                     |
| Gain on disposal of property, plant and equipment        |      | (331,959)  | (224,416)           | -           | -                     |
| Interest income from:                                    |      |            |                     |             |                       |
| - fixed deposits   |      | (18,051)   | -                   | -           | -                     |
| - others   |      | (331,329)  | (317,719)           | -           | -                     |
| Rental income  |      | (396,666)  | (1,139,709)         | -           | -                     |

The estimated monetary value of benefits-in-kind received by the directors in respect of the Group amounted to RM87,752 (2006: RM68,078).

## Notes to the Financial Statements (Continued)

31 December 2007

### 24. TAX EXPENSES

|  | Group              |            | Company          |            |
|--|--------------------|------------|------------------|------------|
|  | 2007<br>RM         | 2006<br>RM | 2007<br>RM       | 2006<br>RM |
| Current tax expense based on profit for the financial year | <b>2,976,698</b>   | 3,287,838  | <b>2,018,804</b> | 426,971    |
| Deferred tax liabilities (Note 18)                         | <b>(1,124,561)</b> | 467,000    | -                | -          |
|  | <b>1,852,137</b>   | 3,754,838  | <b>2,018,804</b> | 426,971    |
| Under/(Over) provision in prior years:                     |                    |            |                  |            |
| - current tax expense                                      | <b>37,909</b>      | (9,974)    | <b>102</b>       | (13,958)   |
| - deferred tax liabilities (Note 18)                       | <b>(1,746)</b>     | 43,913     | -                | -          |
|  | <b>1,888,300</b>   | 3,788,777  | <b>2,018,906</b> | 413,013    |

Income tax is calculated at the statutory tax rate of 27% (2006: 28%) of the estimated taxable profit for the fiscal year. The statutory tax rate will be reduced to 26% from the current year's rate of 27% for the fiscal year of assessment 2008 and to 25% for the fiscal year of assessment 2009 onwards. The computation of deferred tax as at 31 December 2007 has reflected these changes.

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

|  | Group         |           | Company      |           |
|--|---------------|-----------|--------------|-----------|
|  | 2007<br>%     | 2006<br>% | 2007<br>%    | 2006<br>% |
| Average applicable tax rate  | <b>27.0</b>   | 28.0      | <b>27.0</b>  | 28.0      |
| Reduction in deferred taxes  |               |           |              |           |
| resulting from reduction in tax rate   | <b>(8.3)</b>  | (1.9)     | -            | -         |
| Double deduction of expenses   | <b>(0.1)</b>  | (0.2)     | -            | -         |
| Non-taxable income   | <b>(2.4)</b>  | (3.3)     | <b>(7.6)</b> | (25.0)    |
| Non-allowable expenses   | <b>4.2</b>    | 2.7       | <b>0.2</b>   | 0.7       |
| Reinvestment allowance incentives  | <b>(12.4)</b> | (12.6)    | -            | -         |
| Reduction in statutory tax rate on first RM500,000 chargeable income of certain subsidiaries | <b>(0.6)</b>  | (0.5)     | -            | -         |
|  | <b>7.4</b>    | 12.2      | <b>19.6</b>  | 3.7       |
| Under/(Over) provision in prior years  | <b>0.2</b>    | 0.1       | -            | (0.1)     |
| Average effective tax rate   | <b>7.6</b>    | 12.3      | <b>19.6</b>  | 3.6       |

## Notes to the Financial Statements (Continued)

31 December 2007

### 25. EARNINGS PER SHARE

The basic earnings per ordinary share is calculated by dividing the consolidated profit after tax of RM23,002,658 (2006: RM26,899,714) by the number of ordinary shares in issue during the financial year of 75,156,600 (2006: 75,156,600).

### 26. DIVIDENDS PER SHARE

|  | Group/Company                |                                  |                              |                                  |
|--|------------------------------|----------------------------------|------------------------------|----------------------------------|
|  | 2007                         |                                  | 2006                         |                                  |
|  | Gross dividend per share sen | Amount of dividend net of tax RM | Gross dividend per share sen | Amount of dividend net of tax RM |
| Interim dividends declared/paid in respect of: |                              |                                  |                              |                                  |
| - current financial year                       | 3                            | 2,254,698                        | 3                            | 2,254,698                        |
| - previous financial year                      | -                            | -                                | 3                            | 2,254,698                        |
| Final dividend paid in respect of :            |                              |                                  |                              |                                  |
| - previous financial year                      | 11                           | 6,035,075                        | 8                            | 6,012,528                        |
|  | <b>14</b>                    | <b>8,289,773</b>                 | <b>14</b>                    | <b>10,521,924</b>                |
| Net dividend per share (sen)                   |                              | <b>11.03</b>                     |                              | <b>14.00</b>                     |

As approved by the shareholders at the Annual General Meeting held on 10 May 2007, a final dividend of 11 sen per share, less tax 27% amounting to RM6,035,075 in respect of the financial year ended 31 December 2006 was paid on 14 June 2007 and was accounted for as an appropriation of retained earnings in the current financial year.

An exempt interim dividend in respect of the financial year ended 31 December 2007 of 3 sen per share amounting to RM2,254,698 has been declared by the directors on 25 October 2007. This dividend was paid on 11 January 2008 and has been accounted for as an appropriation of retained earnings in the financial year in which it is declared.

A final tax exempt dividend in respect of the financial year ended 31 December 2007 of 8 sen per ordinary share amounting to RM6,012,528 has been proposed by the directors after the balance sheet date for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current year do not reflect this proposed dividend. This dividend, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the year ending 31 December 2008.



## Notes to the Financial Statements (Continued)

31 December 2007

### 27. FINANCIAL INSTRUMENTS

#### (a) Financial risk management objectives and policies

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

#### (i) Foreign currency risk

The Group is exposed to transactional currency risk. Such exposures arise from substantial purchases of raw materials and moulds from Taiwan, China, India and South Korea. These purchases are mainly invoiced in New Taiwan Dollar and the US Dollar. The Group also sells to customers in Egypt, Pakistan, Thailand, Taiwan, Saudi Arabia and South America. As the currencies giving rise to this risk are primarily the US Dollar and New Taiwan Dollar. As the effect of the foreign currency risk is immaterial, the Group does not enter into any hedging contract as at the balance sheet date.

The net unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

|  | 2007<br>RM       | Group<br>2006<br>RM |
|--|------------------|---------------------|
| Financial assets and liabilities not held in functional currencies |                  |                     |
| <u>Trade and other receivables</u>                                 |                  |                     |
| US Dollar  | 6,121,688        | 5,800,696           |
| New Taiwan Dollar  | 2,102,262        | 393,642             |
|  | <b>8,223,950</b> | <b>6,194,338</b>    |
| <u>Trade and other payables</u>                                    |                  |                     |
| US Dollar  | 3,050,334        | 1,023,103           |

#### (ii) 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.

## Notes to the Financial Statements (Continued)

31 December 2007

### 27. FINANCIAL INSTRUMENTS (continued)

#### (a) Financial risk management objectives and policies (continued)

##### (iii) 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 and term loan. 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.

The following tables set out the carrying amounts, the effective interest rates as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

|                            | Effective<br>interest rate<br>per annum<br>% | Within<br>1 year<br>RM'000 | 1 - 2<br>years<br>RM'000 | 2 - 3<br>years<br>RM'000 | 3 - 4<br>years<br>RM'000 | 5<br>years<br>RM'000 | Total<br>RM'000 |
|----------------------------|--|----------------------------|--------------------------|--------------------------|--------------------------|----------------------|-----------------|
| <b>Group</b>               |  |                            |                          |                          |                          |                      |                 |
| <b>At 31 December 2007</b> |  |                            |                          |                          |                          |                      |                 |
| <b>Floating rates</b>      |  |                            |                          |                          |                          |                      |                 |
| Bankers' acceptances       | 3.83 - 3.86                                  | 19,900                     | -                        | -                        | -                        | -                    | 19,900          |
| Revolving credits          | 4.33   | 5,000                      | -                        | -                        | -                        | -                    | 5,000           |
| Term loans                 | 5.55   | 949                        | -                        | -                        | -                        | -                    | 949             |
| <b>Fixed rates</b>         |  |                            |                          |                          |                          |                      |                 |
| Term loans                 | 4.70 - 5.75                                  | 4,793                      | 3,692                    | 3,522                    | 2,135                    | 1,287                | 15,429          |
| <b>At 31 December 2006</b> |  |                            |                          |                          |                          |                      |                 |
| <b>Floating rates</b>      |  |                            |                          |                          |                          |                      |                 |
| Bankers' acceptances       | 3.93 - 4.25                                  | 20,981                     | -                        | -                        | -                        | -                    | 20,981          |
| Revolving credits          | 4.35 - 4.75                                  | 10,000                     | -                        | -                        | -                        | -                    | 10,000          |
| Term loans                 | 5.55   | 2,455                      | 960                      | -                        | -                        | -                    | 3,415           |
| <b>Fixed rates</b>         |  |                            |                          |                          |                          |                      |                 |
| Term loans                 | 4.70 - 4.95                                  | 4,433                      | 1,153                    | -                        | -                        | -                    | 5,586           |

##### (iv) Credit risk

Cash deposits and receivables may give rise to credit risk which require the loss to be recognised if a counter party fails to perform as contracted. In order to manage this risk, it is the Group's policy to monitor the financial standing of these counter parties and perform credit evaluation on customers requiring credit.

The Group 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.

## Notes to the Financial Statements (Continued)

31 December 2007

### 27. FINANCIAL INSTRUMENTS (continued)

#### (b) Fair values

The carrying amounts of the financial instruments of the Group and of the Company as at balance sheet date approximate their fair values due to relatively short term maturity of these financial instruments except as set out below:

|   | Group                    |                     | Company                  |                     |
|---|--------------------------|---------------------|--------------------------|---------------------|
|   | Carrying<br>amount<br>RM | Fair<br>value<br>RM | Carrying<br>amount<br>RM | Fair<br>value<br>RM |
| <b>At 31 December 2007</b>              |                          |                     |                          |                     |
| Investments                             | 83,000                   | *                   | -                        | -                   |
| Amount owing by<br>subsidiary companies | -                        | -                   | 3,861,617                | #                   |
| Term loans                              | 16,377,831               | 16,453,282          | -                        | -                   |
| <b>At 31 December 2006</b>              |                          |                     |                          |                     |
| Investments                             | 83,000                   | *                   | -                        | -                   |
| Amount owing by<br>subsidiary companies | -                        | -                   | 3,832,982                | #                   |
| Term loans                              | 9,000,613                | 8,970,405           | -                        | -                   |

\* It is not practical to estimate the fair value of the long term unquoted investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. The Company believes that the carrying amount of the investments approximately their fair values based on their estimated net realisable value.

# It is not practical to estimate the fair value of the amount owing by subsidiaries because of the lack of fixed repayment terms and the inability to estimate fair value without incurring excessive costs. The Group do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The following methods and assumptions are used to determine the fair values of financial instruments:

- The fair values of the borrowings are estimated by discounting future cash flows at the current market interest rate available to the Group for similar financial instruments.
- The carrying amounts of other financial assets and liabilities maturing within 12 months approximate their fair values due to the relatively short term maturity of these financial instruments.

## Notes to the Financial Statements (Continued)

31 December 2007

### 28. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

|                                   | 2007<br>RM | Group<br>2006<br>RM |
|-----------------------------------|------------|---------------------|
| Sales to:                         |            |                     |
| - Pong Codan Marketing Sdn. Bhd.  | 8,256      | 6,708               |
| - Pong Codan Rubber (M) Sdn. Bhd. | 261,501    | 283,080             |
| Purchases from:                   |            |                     |
| - Pong Codan Marketing Sdn. Bhd.  | 1,120,660  | 984,219             |
| - Pong Codan Rubber (M) Sdn. Bhd. | 378,735    | 367,289             |
| Rental paid to                    |            |                     |
| LF Kim Holdings Sdn. Bhd.         | 108,000    | 108,000             |

The transactions have been entered into in the normal course of business and are based on negotiated and mutually agreed terms.

The relationships between the Group and the related parties, other than those disclosed elsewhere in the financial statements, are as follows:

#### Identities of related parties

Pong Codan Marketing Sdn. Bhd.  
Pong Codan Rubber (M) Sdn. Bhd.  
LF Kim Holdings Sdn. Bhd.

}  
}  
}

#### Relationship with the Group

Companies in which a director of the Company, Mr. Kam Lang Fatt @ Kim Leng Fatt has substantial financial interests

## Notes to the Financial Statements (Continued)

31 December 2007

### 28. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

#### (c) Compensation of key management personnel

The remuneration of key management personnel for the financial year was as follows:

|   | Group            |                  | Company        |                |
|---|------------------|------------------|----------------|----------------|
|   | 2007<br>RM       | 2006<br>RM       | 2007<br>RM     | 2006<br>RM     |
| Directors' emoluments payable to:       |                  |                  |                |                |
| Executive directors:                    |                  |                  |                |                |
| - fees                                  | 354,500          | 338,500          | 20,000         | 20,000         |
| - directors' emoluments other than fees | 1,349,456        | 1,291,419        | 20,000         | 20,000         |
| - EPF contributions                     | 189,072          | 178,020          | -              | -              |
| Non-executive directors:                |                  |                  |                |                |
| - fees                                  | 78,000           | 75,000           | 78,000         | 75,000         |
| - directors' emoluments other than fees | 27,000           | 27,000           | 27,000         | 27,000         |
|   | <b>1,998,028</b> | <b>1,909,939</b> | <b>145,000</b> | <b>142,000</b> |

### 29. CAPITAL COMMITMENTS

|   | Group            |            |
|---|------------------|------------|
|   | 2007<br>RM       | 2006<br>RM |
| Contracted but not provided for in respect of property, plant and equipment | <b>7,053,142</b> | 6,360,000  |

### 30. CONTINGENT LIABILITIES - UNSECURED

|  | Company           |                   |
|--|-------------------|-------------------|
|  | 2007<br>RM        | 2006<br>RM        |
| Guarantee in favour of banks for banking facilities utilised by subsidiaries | <b>41,277,831</b> | 39,981,613        |
| Guarantee in favour of third parties for supply of goods to subsidiaries     | <b>1,142,534</b>  | 295,024           |
|  | <b>42,420,365</b> | <b>40,276,637</b> |

## Notes to the Financial Statements (Continued)

31 December 2007

### 31. EMPLOYEES AND STAFF COSTS

|  | 2007<br>RM        | Group<br>2006<br>RM | 2007<br>RM     | Company<br>2006<br>RM |
|--|-------------------|---------------------|----------------|-----------------------|
| <b>Staff costs</b>   |                   |                     |                |                       |
| Salaries, fee, wages, overtime, allowances and commissions | 15,066,880        | 14,330,640          | 220,000        | 220,000               |
| EPF contributions  | 1,551,517         | 1,531,531           | -              | -                     |
| SOCSSO contributions                                       | 189,282           | 181,474             | -              | -                     |
| Bonus  | 1,210,931         | 1,332,578           | -              | -                     |
|  | <b>18,018,610</b> | <b>17,376,223</b>   | <b>220,000</b> | <b>220,000</b>        |

### 32. SEGMENTAL INFORMATION

The Group's operations comprise the following main business segments:

Manufacturing : manufacturing and marketing of automobile parts

Trading : marketing, distribution and trading of automobile spare parts and accessories

Others : Investment holding, property investment, computer software, consultancy and management services

(a) Business segment

| 2007                | Manufacturing<br>RM'000 | Trading<br>RM'000 | Others<br>RM'000 | Elimi-<br>nations<br>RM'000 | Consolidated<br>RM'000 |
|---------------------|-------------------------|-------------------|------------------|-----------------------------|------------------------|
| <b>Revenue</b>      |                         |                   |                  |                             |                        |
| External sales      | 40,865                  | 115,535           | 357              | -                           | 156,757                |
| Inter-segment sales | 70,115                  | -                 | 3,211            | (73,326)                    | -                      |
| Total               | <b>110,980</b>          | <b>115,535</b>    | <b>3,568</b>     | <b>(73,326)</b>             | <b>156,757</b>         |

## Notes to the Financial Statements (Continued)

31 December 2007

### 32. SEGMENTAL INFORMATION (continued)

#### (a) Business segment (continued)

| 2007  | Manufacturing<br>RM'000 | Trading<br>RM'000 | Others<br>RM'000 | Elimi-<br>nations<br>RM'000 | Consolidated<br>RM'000 |
|---|-------------------------|-------------------|------------------|-----------------------------|------------------------|
| <b>Results</b>  |                         |                   |                  |                             |                        |
| Segment results (external)                                  | 22,026                  | 4,576             | 232              | -                           | 26,834                 |
| Finance costs   |                         |                   |                  |                             | (1,943)                |
| Profit before tax   |                         |                   |                  |                             | 24,891                 |
| Tax expense   |                         |                   |                  |                             | (1,888)                |
| Profit for the financial year                               |                         |                   |                  |                             | 23,003                 |
| <b>Other information</b>                                    |                         |                   |                  |                             |                        |
| Segment assets  | 209,164                 | 69,464            | 286              | -                           | 278,914                |
| Total assets  |                         |                   |                  |                             | 278,914                |
| Segment liabilities   | 8,819                   | 3,905             | 2,428            | -                           | 15,152                 |
| Unallocated corporate liabilities:                          |                         |                   |                  |                             | 56,113                 |
| - borrowings  |                         |                   |                  |                             | 41,278                 |
| - tax liability   |                         |                   |                  |                             | 848                    |
| - deferred tax liabilities                                  |                         |                   |                  |                             | 13,987                 |
| Total liabilities   |                         |                   |                  |                             | 71,265                 |
| Capital expenditure   | 22,965                  | 4,866             | 64               | -                           | 27,895                 |
| Depreciation and amortisation                               | 14,139                  | 1,268             | 8                | -                           | 15,415                 |
| Non-cash expenses, other than depreciation and amortisation | 139                     | 5                 | 60               | -                           | 204                    |
|   |                         |                   |                  |                             | 43,514                 |

## Notes to the Financial Statements (Continued)

31 December 2007

### 32. SEGMENTAL INFORMATION (continued)

(a) Business segment (continued)

| 2006   | Manufacturing<br>RM'000 | Trading<br>RM'000 | Others<br>RM'000 | Elimi-<br>nations<br>RM'000 | Consolidated<br>RM'000 |
|--|-------------------------|-------------------|------------------|-----------------------------|------------------------|
| <b>Revenue</b>   |                         |                   |                  |                             |                        |
| External sales   | 41,299                  | 115,125           | 480              | -                           | 156,904                |
| Inter-segment sales  | 66,305                  | -                 | 10,358           | (76,663)                    | -                      |
| Total  | 107,604                 | 115,125           | 10,838           | (76,663)                    | 156,904                |
| <b>Results</b>   |                         |                   |                  |                             |                        |
| Segment results<br>(external)                                  | 25,661                  | 4,327             | 2,963            | -                           | 32,951                 |
| Finance costs  |                         |                   |                  |                             | (2,262)                |
| Profit before tax  |                         |                   |                  |                             | 30,689                 |
| Tax expense  |                         |                   |                  |                             | (3,789)                |
| Profit for the financial year                                  |                         |                   |                  |                             | 26,900                 |
| <b>Other information</b>                                       |                         |                   |                  |                             |                        |
| Segment assets   | 194,374                 | 59,060            | 7,419            | -                           | 260,853                |
| Unallocated corporate assets                                   |                         |                   |                  |                             | 25                     |
| Total assets   |                         |                   |                  |                             | 260,878                |
| Segment liabilities  | 5,767                   | 3,907             | 2,466            | -                           | 12,140                 |
| Unallocated corporate liabilities:                             |                         |                   |                  |                             | 56,416                 |
| - borrowings   |                         |                   |                  |                             | 39,982                 |
| - tax liability  |                         |                   |                  |                             | 707                    |
| - deferred tax liabilities                                     |                         |                   |                  |                             | 15,727                 |
| Total liabilities  |                         |                   |                  |                             | 68,556                 |
| Capital expenditure  | 10,637                  | 1,031             | -                | -                           | 11,668                 |
| Depreciation and amortisation                                  | 13,366                  | 1,125             | 120              | -                           | 14,611                 |
| Impairment loss  | 318                     | -                 | -                | -                           | 318                    |
| Non-cash expenses, other than<br>depreciation and amortisation | 641                     | 167               | -                | -                           | 808                    |
|  |                         |                   |                  |                             | 27,405                 |



## Notes to the Financial Statements (Continued)

31 December 2007

### 32. SEGMENTAL INFORMATION (continued)

#### (b) Geographical segment

In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of assets.

|           | Revenue        |                | Segment assets |                | Capital expenditure |               |
|-----------|----------------|----------------|----------------|----------------|---------------------|---------------|
|           | 2007           | 2006           | 2007           | 2006           | 2007                | 2006          |
|           | RM'000         | RM'000         | RM'000         | RM'000         | RM'000              | RM'000        |
| Malaysia  | 116,965        | 117,839        | 274,069        | 256,530        | 27,895              | 11,668        |
| Asean     | 7,690          | 8,287          | 836            | 1,043          | -                   | -             |
| Non Asean | 32,102         | 30,778         | 4,009          | 3,305          | -                   | -             |
|           | <b>156,757</b> | <b>156,904</b> | <b>278,914</b> | <b>260,878</b> | <b>27,895</b>       | <b>11,668</b> |

### 33. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 29 February 2008.

## List of Properties / Senarai Hartanah

as at 31 December 2007 / pada 31 Disember 2007

| Location   | Description/<br>Existing Use   | Land Area/<br>Built-Up Area                            | Tenure/<br>Approximate<br>Age of Building                                    | Date of Last<br>Revaluation<br>or Acquisition             | Net Book<br>Value<br>(RM'000)             |
|--|--|--|--|---|---|
| <i>Lokasi</i>  | <i>Keterangan/<br/>Kegunaan</i>  | <i>Keluasan<br/>Tanah/Luas<br/>Kawasan<br/>Terbina</i> | <i>Jenis Hakmilik/<br/>Anggaran<br/>Usia<br/>Bangunan</i>                    | <i>Tarikh<br/>Penilaian<br/>Semula atau<br/>Pembelian</i> | <i>Nilai Buku<br/>Bersih<br/>(RM'000)</i> |
| GRN 28195<br>Lot 6342<br>Mukim of Setapak<br>District of Kuala<br>Lumpur<br>Federal Territory        | 3-storey<br>shophouse/Office<br>and warehouse<br><i>Rumah kedai 3<br/>tingkat/Pejabat<br/>dan gudang</i>                           | 152 sq m/<br>457 sq m                                  | Freehold/<br>39 years<br><br><i>Pegangan<br/>bebas/<br/>39 tahun</i>         | 21.12.06  | 564                                       |
| HS(M) 22101<br>No. PT 29778 &<br>GM 1827 Lot 5028<br>Mukim of Kapar<br>District of Klang<br>Selangor | Industrial land<br>and building/<br>Office and factory<br><i>Tanah perindustrian<br/>dan bangunan/<br/>Pejabat dan kilang</i>      | 31,240 sq m/<br>27,600 sq m                            | Freehold/<br>9 - 16 years<br><br><i>Pegangan<br/>bebas/<br/>9 - 16 tahun</i> | 21.12.06  | 25,500                                    |
| GM 3890<br>Lot 5043<br>Mukim of Kapar<br>District of Klang<br>Selangor                               | Industrial land<br>and building/<br>Office and<br>warehouse<br><i>Tanah perindustrian<br/>dan bangunan/<br/>Pejabat dan gudang</i> | 10,918 sq m/<br>9,486 sq m                             | Freehold/<br>5 years<br><br><i>Pegangan<br/>bebas/<br/>5 tahun</i>           | 21.12.06  | 8,672                                     |
| GM 1672<br>Lot 5044<br>Mukim of Kapar<br>District of Klang<br>Selangor                               | Industrial land<br>and building/<br>Warehouse<br><i>Tanah perindustrian<br/>dan bangunan/<br/>Gudang</i>                           | 10,031 sq m/<br>17,756 sq m                            | Freehold/<br>5 years<br><br><i>Pegangan<br/>bebas/<br/>5 tahun</i>           | 21.12.06  | 10,821                                    |
| HS(M)35401<br>Lot 5045<br>No. PT 54723<br>Mukim of Kapar<br>District of Klang<br>Selangor            | Industrial land<br>and building/<br>Factory<br><i>Tanah perindustrian<br/>dan bangunan/<br/>Kilang</i>                             | 10,085 sq m/<br>6,154 sq m                             | Freehold/<br>7 years<br><br><i>Pegangan<br/>bebas/<br/>7 tahun</i>           | 21.12.06  | 7,096                                     |

## List of Properties / Senarai Hartanah (Continued / Sambungan)

as at 31 December 2007 / pada 31 Disember 2007

| Location   | Description/<br>Existing Use  | Land Area/<br>Built-Up Area                              | Tenure/<br>Approximate<br>Age of Building                          | Date of Last<br>Revaluation<br>or Acquisition             | Net Book<br>Value<br>(RM'000)             |
|--|---|--|--|---|---|
| <i>Lokasi</i>  | <i>Keterangan/<br/>Kegunaan</i>   | <i>Keluasan<br/>Tanah / Luas<br/>Kawasan<br/>Terbina</i> | <i>Jenis Hakmilik/<br/>Anggaran<br/>Usia<br/>Bangunan</i>          | <i>Tarikh<br/>Penilaian<br/>Semula atau<br/>Pembelian</i> | <i>Nilai Buku<br/>Bersih<br/>(RM'000)</i> |
| GM 1859<br>Lot 5046<br>Mukim of Kapar<br>District of Klang<br>Selangor         | Industrial land<br>and building/<br>Office and factory<br><i>Tanah perindustrian<br/>dan bangunan/<br/>Pejabat dan kilang</i> | 10,669 sq m/<br>6,314 sq m                               | Freehold/<br>5 years<br><br><i>Pegangan<br/>bebas/<br/>5 tahun</i> | 21.12.06  | 7,304                                     |
| HS(M) 36093<br>No. PT 56761<br>Mukim of Kapar<br>District of Klang<br>Selangor | Industrial land<br>and building/<br>Factory<br><i>Tanah perindustrian<br/>dan bangunan/<br/>Kilang</i>                        | 20,109 sq m/<br>1,171 sq m                               | Freehold/<br>5 years<br><br><i>Pegangan<br/>bebas/<br/>5 tahun</i> | 21.12.06  | 5,885                                     |
| GM 4325<br>Lot 4982<br>Mukim of Kapar<br>District of Klang<br>Selangor         | Vacant land<br><br><i>Tanah kosong</i>  | 12,141 sq m/<br>-  | Freehold/<br>-<br><br><i>Pegangan<br/>bebas/ -</i>                 | 21.12.06  | 1,500                                     |
| GM 593<br>Lot 4983<br>Mukim of Kapar<br>District of Klang<br>Selangor          | Vacant<br>agricultural land<br><br><i>Tanah pertanian<br/>kosong</i>  | 12,141 sq m/<br>-  | Freehold/<br>-<br><br><i>Pegangan<br/>bebas/ -</i>                 | 21.12.06  | 1,500                                     |
| GM 2445<br>Lot 4984<br>Mukim of Kapar<br>District of Klang<br>Selangor         | Vacant land<br><br><i>Tanah kosong</i>  | 12,141 sq m/<br>-  | Freehold/<br>-<br><br><i>Pegangan<br/>bebas/ -</i>                 | 21.12.06  | 1,500                                     |

## List of Properties / Senarai Hartanah (Continued / Sambungan)

as at 31 December 2007 / pada 31 Disember 2007

| Location   | Description/<br>Existing Use   | Land Area/<br>Built-Up Area                              | Tenure/<br>Approximate<br>Age of Building   | Date of Last<br>Revaluation<br>or Acquisition             | Net Book<br>Value<br>(RM'000)             |
|--|--|--|---|---|---|
| <i>Lokasi</i>  | <i>Keterangan/<br/>Kegunaan</i>  | <i>Keluasan<br/>Tanah / Luas<br/>Kawasan<br/>Terbina</i> | <i>Jenis Hakmilik/<br/>Anggaran<br/>Usia<br/>Bangunan</i>   | <i>Tarikh<br/>Penilaian<br/>Semula atau<br/>Pembelian</i> | <i>Nilai Buku<br/>Bersih<br/>(RM'000)</i> |
| GM 5582<br>Lot 5065<br>Mukim of Kapar<br>Daerah of Klang<br>Selangor   | Vacant industrial<br>land<br><br><i>Tanah perindustrian<br/>kosong</i>   | 12,141 sq m/<br>-  | Freehold/<br>-<br><br><i>Pegangan<br/>bebas/-</i>   | 21.12.06  | 2,300                                     |
| Pajakan Negeri (WP)<br>26293 - 26297<br>Lot-Lot 47051 - 47055<br>Mukim Batu Daerah<br>Kuala Lumpur<br>Negeri Wilayah<br>Persekutuan KL | Industrial land<br>and building/<br>Own use and<br>partially rented<br>out as office and<br>warehouse<br><i>Tanah perindustrian<br/>dan bangunan/<br/>Kegunaan sendiri<br/>dan separuh<br/>disewa sebagai<br/>pejabat dan gudang</i> | 7,264 sq m/<br>2,680 sq m                                | Leasehold of<br>99 years<br>expiring on<br>16.06.2067/<br>34 years<br><br><i>Pajakan 99<br/>tahun berakhir<br/>16.06.2067/<br/>34 tahun</i> | 21.12.06  | 10,283                                    |
| Pajakan Negeri<br>CL015413797<br>Miles 5 1/2<br>Tuaran Road<br>District of Kota<br>Kinabalu Sabah                                      | Industrial land<br>and building/<br>Office and<br>warehouse<br><i>Tanah perindustrian<br/>dan bangunan/<br/>Pejabat dan gudang</i>   | 3,565 sq m/<br>1,780 sq m                                | Leasehold of<br>60 years<br>expiring on<br>29.09.2028/<br>1 year<br><br><i>Pajakan 60<br/>tahun berakhir<br/>29.09.2028/<br/>1 tahun</i>    | 16.05.07  | 3,366                                     |

## Analysis of Shareholdings / Analisa Pegangan Saham

as at 17 March 2008 / pada 17 Mac 2008

|  |   |   |
|--|---|---|
| Authorised Share Capital / <i>Modal Saham Dibenarkan</i>                       | : | RM100,000,000.00  |
| Issued and Paid-Up Share Capital /<br><i>Modal Saham Terbitan dan Berbayar</i> | : | RM75,156,600.00   |
| Class of Shares / <i>Kelas Saham</i>   | : | Ordinary shares of RM1.00 each /<br><i>Saham biasa RM1.00 sesaham</i>     |
| No. of Shareholders / <i>Bilangan Pemegang Saham</i>                           | : | 1,572   |
| Voting Rights / <i>Hak Mengundi</i>  | : | One vote per ordinary share /<br><i>Satu undi bagi setiap saham biasa</i> |

### DISTRIBUTION OF SHAREHOLDINGS / PENGAGIHAN PEGANGAN SAHAM

| Size of Shareholdings /<br><i>Saiz Pegangan Saham</i>                             | Shareholders /<br><i>Pemegang Saham</i> | %             | Shareholdings /<br><i>Pegangan Saham</i> | %             |
|---|---|---------------|--|---------------|
| 1 - 99  | 2                                       | 0.13          | 10                                       | 0.00          |
| 100 - 1,000   | 305                                     | 19.40         | 275,600                                  | 0.37          |
| 1,001 - 10,000  | 957                                     | 60.88         | 4,129,590                                | 5.49          |
| 10,001 - 100,000  | 253                                     | 16.09         | 7,139,100                                | 9.50          |
| 100,001 - less than 5% of issued shares /<br><i>kurang dari 5% terbitan saham</i> | 52                                      | 3.31          | 27,954,413                               | 37.20         |
| 5% and above of issued shares /<br><i>5% dan ke atas terbitan saham</i>           | 3                                       | 0.19          | 35,657,887                               | 47.44         |
| <b>TOTAL / JUMLAH</b>   | <b>1,572</b>                            | <b>100.00</b> | <b>75,156,600</b>                        | <b>100.00</b> |

Note : 5% of issued shares = 3,757,829 shares

*Nota : 5% terbitan saham = 3,757,829 saham*

### SUBSTANTIAL SHAREHOLDERS / PEMEGANG SAHAM UTAMA

| Name / <i>Nama</i>            | No. of Shares Held/<br><i>Bilangan Saham Dipegang</i> |                                     | Total Shareholdings /<br><i>Jumlah Pegangan Saham</i> | %     |
|-------------------------------|---|-------------------------------------|---|-------|
|                               | Direct /<br><i>Langsung</i>                           | Indirect /<br><i>Tidak Langsung</i> |   |       |
| Kam Lang Fatt @ Kim Leng Fatt | 21,700,400  | 16,828,787 <sup>1</sup>             | 38,529,187  | 51.27 |
| Wong Ah Moy @ Wong Yoke Len   | 10,036,945  | 28,492,242 <sup>2</sup>             | 38,529,187  | 51.27 |
| Kam Foong Keng                | 3,920,542   | 838,200 <sup>3</sup>                | 4,758,742   | 6.33  |

<sup>1</sup> Deemed interested in the shares of the Company held by L F Kim Holdings Sdn Bhd of which he is a substantial shareholder and director, and shares held by his spouse, Wong Ah Moy @ Wong Yoke Len and his children, Kam Foong Keng, Kam Foong Sim, Kam Cheong Loong, Kam Kin Foong and Kam Fong Mei.

*Dianggap mempunyai kepentingan dalam saham yang dipegang oleh L F Kim Holdings Sdn Bhd di mana beliau adalah pemegang saham utama dan pengarah, dan saham yang dipegang oleh isterinya, Wong Ah Moy @ Wong Yoke Len dan anaknya, Kam Foong Keng, Kam Foong Sim, Kam Cheong Loong, Kam Kin Foong dan Kam Fong Mei.*

## Analysis of Shareholdings / Analisa Pegangan Saham

as at 17 March 2008 / pada 17 Mac 2008 (Continued / Sambungan)

- <sup>2</sup> Deemed interested in the shares held by L F Kim Holdings Sdn Bhd of which she is a substantial shareholder and director, and shares held by her spouse, Kam Lang Fatt @ Kim Leng Fatt and her children, Kam Foong Keng, Kam Foong Sim, Kam Cheong Loong, Kam Kin Foong and Kam Fong Mei.  
*Dianggap mempunyai kepentingan dalam saham yang dipegang oleh L F Kim Holdings Sdn Bhd di mana beliau adalah pemegang saham utama dan pengarah, dan saham yang dipegang oleh suaminya, Kam Lang Fatt @ Kim Leng Fatt dan anak-anaknya, Kam Foong Keng, Kam Foong Sim, Kam Cheong Loong, Kam Kin Foong dan Kam Fong Mei.*
- <sup>3</sup> Deemed interested in the shares held by her spouse, Chin Jit Sin.  
*Dianggap mempunyai kepentingan dalam saham yang dipegang oleh suaminya, Chin Jit Sin.*

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

| Name / Nama  | Shareholdings /<br>Pegangan Saham | %            |
|--|-----------------------------------|--------------|
| 1. Kam Lang Fatt @ Kim Leng Fatt   | 21,700,400                        | 28.87        |
| 2. Wong Ah Moy @ Wong Yoke Len   | 10,036,945                        | 13.35        |
| 3. Kam Foong Keng  | 3,920,542                         | 5.22         |
| 4. Lembaga Tabung Haji   | 2,622,300                         | 3.49         |
| 5. Yogeswaran a/I Subramaniam  | 2,355,500                         | 3.13         |
| 6. Lee Kam Tai   | 2,343,600                         | 3.12         |
| 7. Patricia Lim Pek Yew  | 1,630,200                         | 2.17         |
| 8. Diong Siew Gi   | 1,545,913                         | 2.06         |
| 9. Wong Fong Ngoh  | 1,439,600                         | 1.92         |
| 10. Diong Siew Gi  | 1,359,600                         | 1.81         |
| 11. Alliancegroup Nominees (Tempatan) Sdn Bhd<br>Pheim Asset Management Sdn Bhd For / Untuk Employees Provident Fund | 1,251,000                         | 1.66         |
| 12. Chin Jit Sin   | 838,200                           | 1.12         |
| 13. Wong Fong Ngoh   | 744,000                           | 0.99         |
| 14. L F Kim Holdings Sdn Bhd   | 720,000                           | 0.96         |
| 15. Kam Foong Sim  | 675,000                           | 0.90         |
| 16. Kam Foong Sim  | 652,400                           | 0.87         |
| 17. Jason Lim Yu Sang  | 583,000                           | 0.78         |
| 18. Yoi Chi @ Lim Yoi Chi  | 566,700                           | 0.75         |
| 19. Koay Keng Ling   | 464,200                           | 0.62         |
| 20. Lien, Li-Yu  | 452,800                           | 0.60         |
| 21. Lee Leh Choo   | 419,500                           | 0.56         |
| 22. Koay Keng Teik @ Koay Chia Wah   | 411,600                           | 0.55         |
| 23. Koay Keng Huat   | 383,100                           | 0.51         |
| 24. Lai Fook Hoy   | 381,800                           | 0.51         |
| 25. Lim Pin Kong   | 372,000                           | 0.50         |
| 26. Lim Pin Kong   | 368,100                           | 0.49         |
| 27. Tseng Wan-I  | 306,000                           | 0.41         |
| 28. Kam Fong Mei   | 284,200                           | 0.38         |
| 29. Kam Cheong Loong   | 270,000                           | 0.36         |
| 30. Kam Kin Foong  | 269,700                           | 0.36         |
| <b>TOTAL / JUMLAH</b>  | <b>59,367,900</b>                 | <b>78.99</b> |

## Analysis of Shareholdings / Analisa Pegangan Saham

as at 17 March 2008 / pada 17 Mac 2008 (Continued / Sambungan)

### DIRECTORS' INTERESTS (based on Register of Directors' Shareholdings) KEPENTINGAN PENGARAH-PENGARAH (menurut Daftar Pegangan Saham Pengarah)

| Name of Directors / Nama Pengarah | No. of Shares /<br>Bilangan Saham |                              | Total Shareholdings /<br>Jumlah Pegangan Saham | %     |
|-----------------------------------|-----------------------------------|------------------------------|--|-------|
|                                   | Direct /<br>Langsung              | Indirect /<br>Tidak Langsung |  |       |
| Kam Lang Fatt @ Kim Leng Fatt     | 21,700,400                        | 16,828,787 <sup>1</sup>      | 38,529,187                                     | 51.27 |
| Chin Jit Sin                      | 838,200                           | 3,920,542 <sup>2</sup>       | 4,758,742                                      | 6.33  |
| Kam Foong Keng                    | 3,920,542                         | 838,200 <sup>3</sup>         | 4,758,742                                      | 6.33  |
| Kam Foong Sim                     | 1,327,400                         | -                            | 1,327,400                                      | 1.77  |
| Wong Kwan @ Wong Kwong Kwan       | 24,000                            | 2,000 <sup>4</sup>           | 26,000   | 0.03  |
| Danny Ng Siew L'Leong             | -                                 | -                            | -  | -     |
| Datuk Dr. Anis bin Ahmad          | -                                 | -                            | -  | -     |

- <sup>1</sup> Deemed interested in the shares of the Company held by L F Kim Holdings Sdn Bhd of which he is a substantial shareholder and director, and shares held by his spouse, Wong Ah Moy @ Wong Yoke Len and his children, Kam Foong Keng, Kam Foong Sim, Kam Cheong Loong, Kam Kin Foong and Kam Fong Mei.  
*Dianggap mempunyai kepentingan dalam saham yang dipegang oleh L F Kim Holdings Sdn Bhd di mana beliau adalah pemegang saham utama dan pengarah, dan saham yang dipegang oleh isterinya, Wong Ah Moy @ Wong Yoke Len dan anak-anaknya, Kam Foong Keng, Kam Foong Sim, Kam Cheong Loong, Kam Kin Foong dan Kam Fong Mei.*
- <sup>2</sup> Deemed interested in the shares held by his spouse, Kam Foong Keng.  
*Dianggap mempunyai kepentingan dalam saham yang dipegang oleh isterinya, Kam Foong Keng.*
- <sup>3</sup> Deemed interested in the shares held by her spouse, Chin Jit Sin.  
*Dianggap mempunyai kepentingan dalam saham yang dipegang oleh suaminya, Chin Jit Sin.*
- <sup>4</sup> Deemed interested in the shares held by his spouse, Leong Sin Who @ Leong Swee Hong.  
*Dianggap mempunyai kepentingan dalam saham yang dipegang oleh isterinya, Leong Sin Who @ Leong Swee Hong.*

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Eleventh (11th) Annual General Meeting of **NEW HOONG FATT HOLDINGS BERHAD** will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 15 May 2008 at 9.30 a.m. for the following purposes:

### AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2007 together with the Reports of the Directors and Auditors thereon.
2. To declare a final tax exempt dividend of eight percentum (8%) per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2007.  
**Ordinary Resolution 1**
3. To re-elect the following Directors retiring by rotation pursuant to Article 78 of the Company's Articles of Association, and who being eligible, offer themselves for re-election:
  - (i) Madam Kam Foong Keng **Ordinary Resolution 2**
  - (ii) Mr Danny Ng Siew L'Leong **Ordinary Resolution 3**
4. To re-appoint Mr Wong Kwan @ Wong Kwong Kwan, the Director who, being over the age of seventy (70) years, retires pursuant to Section 129 of the Companies Act, 1965, and being eligible offers himself for re-appointment.  
**Ordinary Resolution 4**
5. To approve an increment of RM1,000 in respect of the fees for each of the Independent Non-Executive Directors.  
**Ordinary Resolution 5**
6. To approve the Directors' fees of RM98,000 for the financial year ended 31 December 2007.  
**Ordinary Resolution 6**
7. To re-appoint Messrs BDO Binder as Auditors of the Company and to authorise the Directors to fix their remuneration.  
**Ordinary Resolution 7**
8. **Special Business**  
To consider and if thought fit, pass the following resolutions:
  - (i) **Authority to Issue and 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 and allot shares in 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 percentum (10%) of the issued share capital of the Company at the time of issue and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued, subject to the Companies Act, 1965, the Articles of Association of the Company and approval from the Bursa Malaysia Securities Berhad and other relevant bodies where such approval is necessary."

**Ordinary Resolution 8**



## Notice of Annual General Meeting (Continued)

### (ii) Special Resolution - Proposed Amendments to the Articles of Association

"That the Article 35A (1) of the Articles of Association be amended to read as follows:-

Where:-

- (a) the securities of the Company are listed on another stock exchange; and
- (b) the Company is exempted from compliance with section 14 of the Securities Industry (Central Depositories) Act 1991 or section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Depository in respect of such securities,

the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.

That the Article 35A (2) of the Articles of Association be deleted in its entirety." **Special Resolution 1**

9. To transact any other business for which due notice has been given.

### NOTICE OF DIVIDEND ENTITLEMENT

**NOTICE IS ALSO HEREBY GIVEN THAT** subject to the approval of the shareholders at the Eleventh (11th) Annual General Meeting of the Company, a final tax exempt dividend of eight percentum (8%) per ordinary share of RM1.00 each for the financial year ended 31 December 2007 will be paid on 26 June 2008 to Depositors whose names appear in the Record of Depositors on 30 May 2008.

A depositor shall qualify for entitlement only in respect of:

- (a) Securities transferred into the Depositor's Securities Account before 5.00 p.m. on 30 May 2008 in respect of transfers; and
- (b) Securities bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board  
**MAH LI CHEN** (MAICSA 7022751)  
 Company Secretary

Kuala Lumpur  
 23 April 2008

## Notice of Annual General Meeting (Continued)

### STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Further details of the Directors standing for re-election or re-appointment are set out in the Directors' Profile appearing on pages 12 to 17 of the Annual Report.

#### Notes :

1. Every member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote for him/her. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar in a particular case. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
2. The Proxy Form must be signed by the appointer or if the appointer is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
3. The original signed and/or sealed copy of the Proxy Form must be deposited at the Registered Office of the Company at 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.

#### 4. Explanatory Notes on Special Business

##### (i) *Authority to Issue and Allot Shares pursuant to Section 132D of the Companies Act, 1965*

The proposed Ordinary Resolution 8, if passed, will empower the Directors to issue shares and allot up to a maximum of ten percentum (10%) of the issued share capital of the Company at the time of such allotment for such purposes as they consider would be in the best interest of the Company. This would avoid any delay and cost involved in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

##### (ii) *Proposed Amendments to the Articles of Association*

The proposed Special Resolution 1 if passed, will give effect to the proposed amendments to the Article 35A (1) and Article 35A (2) of the Articles of Association ("the Articles") and render the Articles consistent to Chapter 7 of the Listing Requirements of the Bursa Securities.

## Notis Mesyuarat Agung Tahunan

**DENGAN INI DIMAKLUMKAN BAHAWA** Mesyuarat Agung Tahunan **NEW HOONG FATT HOLDINGS BERHAD** yang ke-Sebelas (11) akan diadakan di Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, pada hari Khamis, 15 Mei 2008, pada pukul 9.30 pagi bagi tujuan-tujuan berikut:

1. Menerima Penyata Perakaunan yang telah diaudit bagi tahun kewangan berakhir 31 Disember 2007 bersama dengan Laporan-Laporan Pengarah dan Juruaudit.
2. Mengisytiharkan dividen akhir dikecualikan cukai sebanyak lapan peratus (8%) sesaham biasa berharga RM1.00 setiap satu bagi tahun kewangan berakhir 31 Disember 2007. **Resolusi Biasa 1**

3. Melantik semula Pengarah-Pengarah berikut yang bersara mengikut Artikel 78 Tataurusan Syarikat, dan oleh kerana layak, menawarkan diri mereka untuk dilantik semula:

(i) Puan Kam Foong Keng

**Resolusi Biasa 2**

(ii) Encik Danny Ng Siew L'Leong

**Resolusi Biasa 3**

4. Melantik semula Encik Wong Kwan @ Wong Kwong Kwan, Pengarah yang berumur melebihi tujuh puluh (70) tahun dan bersara menurut Seksyen 129 Akta Syarikat, 1965, dan oleh kerana layak, menawarkan diri sendiri untuk dilantik semula. **Resolusi Biasa 4**

5. Meluluskan kenaikan ke atas yuran setiap Pengarah Bebas Bukan Eksekutif sebanyak RM1,000.

**Resolusi Biasa 5**

6. Meluluskan yuran Pengarah sebanyak RM98,000 bagi tahun kewangan berakhir 31 Disember 2007.

**Resolusi Biasa 6**

7. Melantik semula Tetuan BDO Binder sebagai Juruaudit Syarikat dan memberi kuasa kepada Pengarah-Pengarah untuk menetapkan bayaran kepada mereka. **Resolusi Biasa 7**

### 8. Sebagai Urusan Khas

Mempertimbangkan dan jika difikir wajar, meluluskan Resolusi-Resolusi berikut:

#### (i) Kuasa untuk Menerbit dan Menawar Saham menurut Seksyen 132D Akta Syarikat, 1965

"BAHAWA tertakluk kepada Seksyen 132D Akta Syarikat, 1965, para Pengarah dengan ini diberi kuasa untuk menerbit dan menawar saham dalam Syarikat pada bila-bila masa sehingga tamat Mesyuarat Agung Tahunan yang berikutnya dan mengikut terma-terma dan syarat-syarat tertentu bagi tujuan-tujuan yang tertentu mengikut pertimbangan yang difikirkan layak oleh Pengarah-Pengarah, dengan syarat jumlah agregat saham-saham yang diterbitkan tidak melebihi sepuluh peratus (10%) daripada modal saham terbitan Syarikat pada masa terbitan, dan Pengarah-Pengarah adalah diberi kuasa untuk mendapatkan kelulusan bagi penyenaraian dan penawaran saham-saham tambahan yang diterbitkan, tertakluk kepada Akta Syarikat, 1965, Tataurusan Syarikat dan kelulusan dari Bursa Malaysia Securities Berhad serta kelulusan-kelulusan yang diperlukan dari pihak penguatkuasaan berkaitan."

**Resolusi Biasa 8**

## Notis Mesyuarat Agung Tahunan (Sambungan)

### (ii) **Resolusi Khas - Cadangan Pindaan Artikel-Artikel Tataurus Syarikat**

"BAHAWA Artikel 35A(1) Tataurus Syarikat adalah dipindahkan seperti berikut:

"Where:-

- (a) the securities of the Company are listed on another stock exchange; and
- (b) the Company is exempted from compliance with section 14 of the Securities Industry (Central Depositories) Act 1991 or section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Depository in respect of such securities,

the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.

Bahawa Artikel 35A (2) Tataurus Syarikat adalah dibatalkan secara keseluruhannya."

**Resolusi Khas 1**

9. Untuk menjalankan sebarang urusan niaga lain yang notis mengenainya telahpun diberikan.

### **NOTIS BERKELAYAKAN DIVIDEN**

**DENGAN INI JUGA DIMAKLUMKAN BAHAWA** tertakluk kepada kelulusan oleh pemegang-pemegang saham pada Mesyuarat Agung Tahunan Syarikat yang ke-Sebelas (11), dividen akhir dikecualikan cukai sebanyak lapan peratus (8%) sesaham biasa berharga RM1.00 setiap satu bagi tahun kewangan berakhir 31 Disember 2007 yang akan dibayar pada 26 Jun 2008 kepada pendeposit sepertimana yang terdapat di dalam Rekod Pendeposit pada 30 Mei 2008.

Pendeposit hanya layak untuk menerima dividen berhubung dengan:

- (a) Sekuriti yang dipindahkan ke dalam Akaun Sekuriti Pendeposit sebelum 5.00 petang pada 30 Mei 2008 berkaitan dengan pemindahan; dan
- (b) Sekuriti yang dibeli di Bursa Malaysia Securities Berhad atas dasar dengan kelayakan menurut Peraturan-Peraturan Bursa Malaysia Securities Berhad.

Dengan Perintah Lembaga Pengarah  
**MAH LI CHEN** (MAICSA 7022751)  
 Setiausaha Syarikat

Kuala Lumpur  
 23 April 2008

## Notis Mesyuarat Agung Tahunan (Sambungan)

### **PENYATA MENGIRINGI NOTIS MESYUARAT AGUNG TAHUNAN**

Butir-butir yang selanjutnya bagi Pengarah-Pengarah yang akan dilantik semula, dinyatakan di dalam Profil Pengarah dari mukasurat 12 hingga 17 di dalam Laporan Tahunan ini.

#### **Nota-nota:**

1. Setiap ahli syarikat yang layak menghadiri dan mengundi dalam mesyuarat ini berhak untuk melantik tidak lebih dari dua (2) proksi untuk menghadiri dan mengundi bagi pihak dirinya. Seseorang proksi boleh, tetapi tidak semestinya seorang ahli syarikat. Jika proksi bukan seorang ahli syarikat, beliau tidak semestinya seorang peguam, juruaudit syarikat yang diluluskan atau seorang yang telah diluluskan oleh Pendaftar dalam kes yang tertentu. Bagi ahli yang melantik dua (2) proksi, perlantikan proksi adalah tidak sah kecuali yang menyatakan bahagian pegangannya yang diwakili oleh setiap proksi.
2. Surat cara perlantikan proksi mestilah secara bertulis dan ditandatangani oleh pelantik sendiri atau sekiranya ahli merupakan sebuah perbadanan, samada secara cop meterai atau ditandatangani oleh pegawai atau peguamcara, yang diberi kuasa sedemikian.
3. Surat cara perlantikan proksi yang asal dan telah disempurnakan, mestilah diserahkan ke Pejabat Berdaftar Syarikat di 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.
4. Nota-nota Penerangan Kepada Urusan Khas
  - (i) Kuasa untuk Menerbit dan Menawar Saham menurut Seksyen 132D Akta Syarikat, 1965  
 Resolusi Biasa 8, sekiranya diluluskan, akan memberikan Pengarah-Pengarah kuasa untuk menerbit dan menawarkan saham-saham Syarikat, tidak melebihi sepuluh peratus (10%) dari modal saham terbitan Syarikat untuk tujuan-tujuan yang difikirkan wajar oleh Pengarah-Pengarah sejajar dengan kepentingan Syarikat. Dengan kelulusan ini juga dapat mengelakkan sebarang kelewatan dan perbelanjaan yang terlibat untuk mengadakan mesyuarat agung bagi meluluskan penerbitan saham-saham tersebut. Kuasa tersebut, kecuali dibatalkan dan dipinda di dalam mesyuarat agung, akan tamat pada mesyuarat agung tahunan Syarikat yang berikutnya.
  - (ii) Cadangan Pindaan Artikel-Artikel Tataurus Syarikat  
 Sekiranya diluluskan, Resolusi Khas 1 akan menguatkuasakan cadangan pindaan kepada Artikel 35A (1) dan Artikel 35A (2) Tataurus Syarikat ("Artikel-Artikel tersebut") dan akan melaraskan Artikel-Artikel tersebut dengan Bab 7, Syarat-Syarat Penyenaraian Bursa Malaysia Securities Berhad.

I/We ..... (full name of shareholder in block letters) and  
 NRIC No. / ID No. / Company No. .... (new) ..... (old)  
 of .....  
 ..... (full address) being a member of NEW HOONG FATT  
 HOLDINGS BERHAD, hereby appoint .....  
 (full name in block letters & NRIC No. of proxy) or failing him/her, .....  
 (full name in block letters & NRIC No. of proxy) or failing which, the Chairman of The Meeting as my/our proxy to attend and  
 vote for me/us on my/our behalf at the Eleventh (11th) Annual General Meeting of the Company to be held at Dewan  
 Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on  
 Thursday, 15 May 2008 at 9.30 a.m. or at any adjournment thereof and to vote as indicated below:

|                       | Agenda   | For | Against |
|-----------------------|--|-----|---------|
| Ordinary Resolution 1 | Declaration of final tax exempt dividend of 8%   |     |         |
| Ordinary Resolution 2 | Re-election of Madam Kam Foong Keng as Director  |     |         |
| Ordinary Resolution 3 | Re-election of Mr Danny Ng Siew L'Leong as Director  |     |         |
| Ordinary Resolution 4 | Re-appointment of Mr Wong Kwan @ Wong Kwong Kwan as Director   |     |         |
| Ordinary Resolution 5 | Approval of Increment of Directors' Fees of RM1,000 for each Independent Non-Executive Director      |     |         |
| Ordinary Resolution 6 | Approval of Directors' Fees of RM98,000  |     |         |
| Ordinary Resolution 7 | Re-appointment of Auditors and authorise Directors to fix their remuneration                         |     |         |
| Ordinary Resolution 8 | Authority to Directors to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965 |     |         |
| Special Resolution 1  | Proposed Amendments to the Articles of Association of the Company                                    |     |         |

(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 ..... 2008

|                             |  |
|-----------------------------|--|
| No. of Ordinary Shares held |  |
| CDS Account No.             |  |

.....  
 Signature/Common Seal of Member

Notes:

1. Every member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote for him/her. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar in a particular case. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
2. The Proxy Form must be signed by the appointer or if the appointer is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
3. The original signed and/or sealed copy of the Proxy Form must be deposited at the Registered Office of the Company at 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.

Saya/Kami ..... (nama penuh pemegang saham dalam huruf besar)  
dan No. KP / No. ID / No. Syarikat ..... (baru) ..... (lama)  
dari .....  
..... (alamat penuh) sebagai ahli NEW HOONG FATT HOLDINGS  
BERHAD, dengan ini melantik .....  
(nama penuh dalam huruf besar & No. KP proksi) dan /atau jika beliau tidak dapat hadir, .....  
..... (nama penuh dalam huruf besar & No. KP proksi)  
atau jika beliau tidak dapat hadir, Pengerusi Mesyuarat tersebut, sebagai proksi saya/kami untuk mengundi bagi  
pihak saya/kami di Mesyuarat Agung Tahunan Syarikat yang ke-Sebelas (11) yang akan diadakan di Dewan Berjaya,  
Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur pada hari  
Khamis, 15 Mei 2008 jam 9.30 pagi dan pada sebarang penangguhannya seperti berikut:

|                  | <b>Agenda</b>  | <b>Menyokong</b> | <b>Menentang</b> |
|------------------|--|------------------|------------------|
| Resolusi Biasa 1 | Pengisytiharan dividen akhir dikecualikan cukai sebanyak 8%                                    |                  |                  |
| Resolusi Biasa 2 | Pemilihan semula Puan Kam Foong Keng sebagai Pengarah  |                  |                  |
| Resolusi Biasa 3 | Pemilihan semula Encik Danny Ng Siew L'Leong sebagai Pengarah                                  |                  |                  |
| Resolusi Biasa 4 | Perlantikan semula Encik Wong Kwan @ Wong Kwong Kwan sebagai Pengarah                          |                  |                  |
| Resolusi Biasa 5 | Meluluskan kenaikan ke atas yuran setiap Pengarah Bebas Bukan Eksekutif sebanyak RM1,000       |                  |                  |
| Resolusi Biasa 6 | Meluluskan yuran Pengarah sebanyak RM98,000  |                  |                  |
| Resolusi Biasa 7 | Perlantikan semula Juruaudit dan memberi kuasa kepada Pengarah untuk menetapkan bayaran mereka |                  |                  |
| Resolusi Biasa 8 | Kuasa di bawah Seksyen 132D Akta Syarikat, 1965 untuk Pengarah menerbit dan menawar saham      |                  |                  |
| Resolusi Khas 1  | Cadangan Pindaan bagi Artikel-Artikel Tataurus Syarikat  |                  |                  |

(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.)

Ditandatangani pada ..... haribulan ..... 2008

|   |  |
|---|--|
| <b>Bilangan Saham Biasa yang dipegang</b> |  |
| <b>No. CDS Akaun</b>                      |  |

.....  
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. Jika proksi bukan seorang ahli syarikat, beliau tidak semestinya seorang peguam, juruaudit syarikat yang diluluskan atau seorang yang telah diluluskan oleh Pendaftar dalam kes yang tertentu. Bagi ahli yang melantik dua (2) proksi, perlantikan proksi tidak laku sekiranya tidak menyatakan bahagian pegangannya yang diwakili oleh setiap proksi.
- 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 berlangsung.

**NEW HOONG FATT HOLDINGS BERHAD** (425709-K)

Lot 5043, 5½ Miles, Jalan Meru, 41050 Klang

Selangor Darul Ehsan, Malaysia

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