NEW HOONG FATT HOLDINGS BERHAD
(425709-K)

ANNUAL REPORT 2011

Developing Global Partnership

Mission

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

Misi

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

Cover Rationale
Rasional Muka Depan

Developing Global Partnerships

The cover design depicts NHF's commitment to growth both locally and internationally. In its quest to further develop the business, NHF has been actively exploring new markets internationally. Today, NHF exports to about 50 countries around the world, and will continue to work towards expanding its network of dealers and distributors. The stars in the sky represent the most important markets where NHF is developing global partnerships.

Memperkembangkan Rakan-Rakan Perkongsian Antarabangsa

Rekabentuk muka surat depan memaparkan komitmen NHF terhadap perkembangan dalam kedua-dua pasaran tempatan dan antarabangsa. Dalam usahanya untuk perkembangan lagi perniagaannya, NHF telah giat menerokai pasaran baru di antarabangsa. Kini, NHF telah mengeksport ke lebih kurang 50 buah negara di seluruh dunia, dan akan terus mengembangkan lagi rangkaian peniaga dan pengedarnya. Bintang-bintang di langit mewakili pasaran yang terpenting dimana NHF sedang memperkembangkan rakan-rakan perkongsian antarabangsa.

15TH ANNUAL GENERAL MEETING
MESYUARAT AGUNG TAHUNAN KE-15

Venue / *Tempat*	:	**Dewan Berjaya, Bukit Kiara Equestrian & Country Resort Jalan Bukit Kiara, Off Jalan Damansara 60000 Kuala Lumpur**
Date & Time	:	**Monday, 18 June 2012 at 10 a.m.**
Tarikh & Masa	:	***Isnin, 18 Jun 2012 pada jam 10 pagi***

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COMPANY'S PROFILE

PROFIL SYARIKAT

The NEW HOONG FATT ("NHF") Group, established in 1977 as a trading company, has since grown to become a major distributor of genuine and alternative automotive replacement body parts in Malaysia. It provides Automotive Parts Solutions to the local replacement market. Locally, NHF has its headquarters in Klang, Selangor, three (3) branches in Kuala Lumpur, and a branch in Kota Kinabalu, Sabah to cater to its extensive distribution channel of more than 1,000 wholesalers and retailers throughout Malaysia. In 2011, the NHF Group set up branch offices in Jakarta, Indonesia and Shanghai, China to attempt to capture the market there.

Having gained vast experience in trading and distribution, the NHF Group ventured into manufacturing of metal and plastic automotive replacement body parts, such as door, hood, fender, trunk lid, bumper, grille and lamps. The establishment of these manufacturing plants has led the Group to become the leader in the distribution of alternative automotive replacement body parts in Malaysia. Expertise in research and development of tool and dies enabled the Group to go beyond Malaysia, exporting to about 50 countries in the ASEAN, Middle East, Pakistan, Central and South America, Europe, Taiwan, China, India, Africa and Russia.

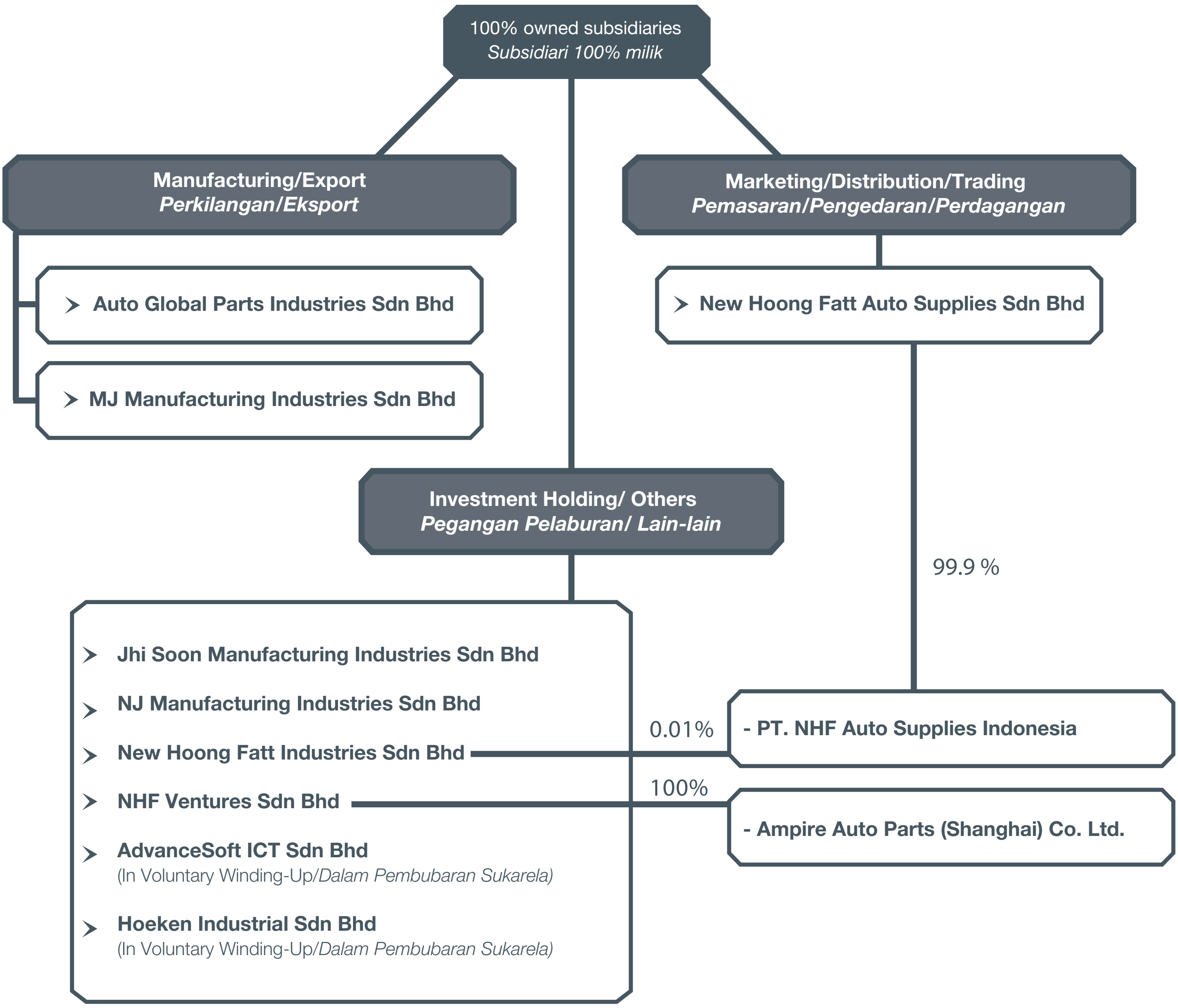
For growth opportunity, the Group will further expand its product range, continuously improve its product quality and developing global partnerships.

Kumpulan New Hoong Fatt ("NHF") ditubuhkan pada tahun 1977 sebagai syarikat pemasaran. Sejak itu, NHF telah berkembang menjadi pembekal utama alat-alat ganti automotif yang tulen dan alternatif di Malaysia. Ia membekal Penyelesaian Alat-Alat Ganti Automotif kepada pasaran tempatan. Di pasaran tempatan, NHF mempunyai ibu pejabatnya di Klang, Selangor, tiga (3) cawangan di Kuala Lumpur dan satu di Kota Kinabalu, Sabah untuk membekalkan perkhidmatannya kepada rangkaian pengedarannya yang melebihi 1,000 pemborong dan peruncit di seluruh Malaysia. Pada tahun 2011, Kumpulan NHF telah menubuhkan cawangannya di Jakarta, Indonesia dan Shanghai, negara China untuk cuba menawan pasaran di sana.

Setelah mendapat pengalaman yang luas di bahagian pemasaran dan pengedaran, Kumpulan NHF telah menceburi dalam sektor pengeluaran alat-alat ganti automotif besi dan plastik seperti pintu, bonet depan, fender, bonet belakang, bumper, gril dan lampu. Penubuhan kilang-kilang ini telah mendorong Kumpulan menjadi pembekal utama dalam pengedaran alat-alat ganti automotif yang alternatif di Malaysia. Kepakaran dalam penyelidikan dan pembangunan dalam "tools and dies" membolehkan Kumpulan ini keluar dari Malaysia, dan mengeksport ke lebih kurang 50 negara di ASEAN, Timur Tengah, Pakistan, Amerika Tengah dan Selatan, Eropah, Taiwan, China, India, Afrika dan Rusia.

Untuk peluang pembangunan, Kumpulan ini akan terus mempelbagaikan keluaran, terus meningkatkan kualiti produknya dan memperkembangkan rakan-rakan perkongsian antarabangsa.

NEW HOONG FATT HOLDINGS BERHAD



CORPORATE INFORMATION
MAKLUMAT KORPORAT

BOARD OF DIRECTORS / *LEMBAGA PENGARAH*

1 **Kam Foong Keng**
(Executive Chairman /
Pengerusi Eksekutif)

2 **Chin Jit Sin**
(Managing Director /
Pengarah Urusan)

3 **Kam Foong Sim**
(Executive Director /
Pengarah Eksekutif)

4 **Wong Yoke Nyen**
(Independent Non-Executive Director /
Pengarah Bebas Bukan Eksekutif)

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

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

SECRETARIES / *SETIAUSAHA - SETIAUSAHA*

1 **Yeoh Chong Keat** (MIA2736)
2 **Rebecca Leong Siew Kwan** (MAICSA 7045547)

AUDITORS / *JURUAUDIT*

BDO
Chartered Accountants / *Akauntan Bertauliah*

REGISTERED OFFICE / *PEJABAT BERDAFTAR*

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

PRINCIPAL BANKERS / *BANK-BANK UTAMA*

Citibank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad

REGISTRAR / *PENDAFTAR*

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

STOCK EXCHANGE LISTING / *PENYENARAIAN BURSA SAHAM*

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

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of New Hoong Fatt Holdings Berhad ("New Hoong Fatt") for the financial year ended 31 December 2011.

INDUSTRY OVERVIEW

The automotive industry worldwide demonstrated significant resilience in 2011 amidst uncertainty in the global economy, led by Europe and the United States. The spotlight has remained on Asia with China showcasing its dominance in the 2011 automotive sales market, recording a Total Industry Volume (TIV) of 18.5 million units, a 2.4% increase from 2010.

Within the ASEAN region, automotive sales in Indonesia ended the year on a high note, achieving a record 894,164 units, a substantial 16.9% increase from 2010. Other major markets such as Japan and Thailand experienced considerable setbacks in terms of supply chain which adversely affected automotive sales due to the earthquake and tsunami in Japan and then the floods in Thailand. Despite of these challenges, Thailand closed off the year by recording TIV of 794,081 units, a drop of 0.8% compared to the year before. On the local front, total vehicle sales for 2011 recorded a slight decline by 0.8% to 600,123 units as compared to 605,156 units in 2010.

On a macro perspective, the 2012 automotive industry is anticipated to remain on an upswing trend. China has forecasted a growth of 8% in 2012, and is expected to account for the majority of global automotive sales. Emulating growth trends are other key markets such as India which forecasted an 11% to 13% expansion in 2012. While the Indonesian market is expected to develop at a rate of 5%, other ASEAN countries are also likely to record upbeat figures. Similarly, Malaysian automotive sales indicate promising growth with stronger consumer confidence, forecasting TIV of 615,000 units, an improvement of 2.5% from 2011.

New Hoong Fatt is encouraged by on-going regional trade incentives such as the Asean Free Trade Agreement and ASEAN-China Free Trade Agreement which will continue easing the process of its exports as it nurtures the regional businesses.

FINANCIAL REVIEW

For the financial year ended 31 December 2011, the Group's consolidated revenue dropped by 3.1% to RM215.6 million compared to RM222.5 million in 2010. The decrease in revenue was mainly due to reduced revenue contribution from the disposal of a subsidiary, New Kean Tat Auto Parts Sdn. Bhd. in third quarter of 2011. This reduction however, was mitigated somewhat by the increase in revenue from exports which jumped by 26.1% compared to 2010.

The Group's profit before taxation of RM25.9 million represented a decrease of 17.3% from RM31.3 million in 2010. The decrease was mainly due to higher goodwill impairment of RM1.9 million for the current financial year under review compared to 2010, and operating loss amounting to RM1.6 million arising from the overseas subsidiaries in Indonesia and China which were incorporated during the year.

Net Profit after Non-controlling Interest stood at RM19.8 million, a reduction of 27.5% from RM27.3 million in 2010. This decrease was the result of higher taxation due to the full utilisation of reinvestment allowance by the Group in 2011. Consequently, earnings per share dropped to 26.35 sen for the financial year under review compared to 36.26 sen previously.

Towards the end of 2011, the Group re-valued all its landed properties. The valuation was carried out to reflect the fair value of its land and buildings. The revaluation had resulted in a revaluation surplus of RM29.3 million, causing the net assets for the financial year under review to increase by RM0.39 per ordinary share. As at the end of the financial year under review, net assets per ordinary share recorded a high of RM3.85 compared to RM3.32 in 2010.

DIVIDENDS

In respect of the financial year under review, an interim single-tier dividend of 3 sen per ordinary share of RM1.00 each, amounting to RM2,254,698 was paid to shareholders on 20 December 2011. In addition, a final single-tier dividend of 8 sen plus a special final single-tier dividend of 1 sen per share, amounting to RM6,764,094 was recommended for approval of the shareholders at the upcoming Annual General Meeting. This brings the total single-tier dividends to 12 sen for the financial year under review.

These dividends were paid and recommended in line with New Hoong Fatt's policy to ensure shareholders are awarded with consistent dividend payments, thus creating value to their investment.

BUSINESS REVIEW

In 2011, the Group remained focused on implementing its strategy of expansion. The beginning of the year saw the Group setting up a subsidiary in Jakarta, Indonesia, namely PT. NHF Auto Supplies Indonesia. New Hoong Fatt then expanded its territory into the world's largest automotive market, by establishing a trading subsidiary in Shanghai, China in June 2011. A wholly-owned subsidiary, Ampire Auto Parts (Shanghai) Co. Ltd., was part of the Group's aggressive expansion plan to capture international markets and grow globally. Cementing the Group's presence in China, New Hoong Fatt also participated in the Automechanika Expo in Shanghai, allowing the Group to foster new business relationships, while enhancing relationships with existing customers.

During the year, the Group made further investments in technology to enhance manufacturing capacity and capabilities, most noteworthy being the 3-Dimensional laser cutting equipment from Germany. In addition, investments were also made to expand its warehouse capacity to meet growing demands.

New Hoong Fatt believes that these measures will prepare the Group to embrace market challenges to achieve future growth both locally and globally.

FUTURE PROSPECTS

For 2012, New Hoong Fatt will endeavour to maintain its position as a leading provider and manufacturer of quality automotive replacement parts. On track with its expansion strategy, it hopes to gain additional business partners as well as further cultivate its relationship with existing customers. To cater to increasing capacity, New Hoong Fatt is in the midst of re-developing its property in Segambut by expanding its warehouse capacity by an additional 20,000 square feet. Construction is expected to be completed at the end of 2012. In addition, to re-align the branches of the trading arm and for better synergy and use of resources, the Gombak branch's business will be consolidated with the branch in Segambut effective from June 2012. Significant efforts have been made to enhance the manufacturing value chain with investments totalling approximately RM100 million over the last five years. The Group expects to invest another RM100 million over the next five years to make further improvements in technology including those that involve research and development. As a manufacturer, the Group aims to constantly improve and advance itself to ensure that its output retains a value-added factor.

Having established a presence in Shanghai and Jakarta, the challenge now is to build the sales network in these key markets. We recognise the great potential of China and its forecasted automotive sales figure of 20 million units for 2012 is a testament to the growth in the country. As for Indonesia, its population of 240 million and positive automotive sales figures continue to make the country an attractive market for the Group's business. Given the recent TIV, these markets are anticipated to continue dominating the industry in years to come.

NHF believes it is well positioned to take advantage of the growing markets in China, Indonesia and India. With a strong global supply network and a wide range of quality products, NHF is confident of continuing its role as the leading manufacturer and supplier of automotive replacement parts.

CORPORATE SOCIAL RESPONSIBILITY

New Hoong Fatt has continued to place a high value on reinforcing the company's belief in corporate social responsibility and as a strong advocate, continues to engage in internal and external community initiatives. The Group has collaborated with various educational institutions to establish the Group's Talent Development Programme in its aim to provide vocational training to students.

The first programme entailed a six-month apprenticeship, in which New Hoong Fatt teamed up with the Selangor Human Resources Development Centre (SHRDC). A combination of theoretical and practical training, this programme offers secondary school leavers (aged between 18 to 24 years) an opportunity for vocational certification and future work placement opportunities. Successful graduates will earn a level 2 qualification in Industrial Automation. This apprenticeship programme started in October 2011.

The second programme consisted of a three-month internship that targeted university students pursuing degree courses in relevant fields such as mechanical engineering or business administration. The first intake started in December 2011 with eight students from two notable institutes of higher learning. These interns were assigned to different departments including engineering, metal, plastic, electronic data processing and purchasing division.

Continuing its goal of impacting communities, New Hoong Fatt channelled its internal welfare programmes towards helping a local orphanage, Pertubuhan Kebajikan Anak-Anak Yatim Dan Miskin, Sungai Pinang in Klang. The Group also conducted its annual Blood Donation and Health Awareness campaign. Apart from its regular blood donation drive, the Group utilised this event as an opportunity to raise funds for the above-mentioned welfare home by collecting old newspapers for recycling. In addition, New Hoong Fatt hosted 21 children from this home at the Group's Family Day.

As new relationships are being forged and existing partnerships being strengthened, New Hoong Fatt hopes to remain a positive contributor to the local community and beyond.

ACKNOWLEDGEMENT

I would like to recognise our esteemed shareholders, valued suppliers, loyal partners, customers and financiers as well as the relevant authorities for their continuous support rendered to the Group over the years. I would also like to take the opportunity to express my sincere appreciation to our trusted Board of Directors for their constant leadership and guidance.

On behalf of the Board of Directors, I would like to extend our gratitude to the Group's management and staff for their invaluable contributions and commitment to the Company in achieving its objectives. Thank you for your hard work and being a part of this business.

KAM FOONG KENG
Executive Chairman

Para pemegang saham sekalian,

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan New Hoong Fatt Holdings Berhad ("New Hoong Fatt") bagi tahun kewangan berakhir 31 Disember 2011.

TINJAUAN INDUSTRI

Dalam tahun 2011, keadaan ekonomi global adalah tidak tertentu. Keadaan ini diketuai oleh Eropah dan Amerika, dimana industri automotif di seluruh dunia menunjukkan pemulihan yang ketara. Tumpuan industri masih kekal di Asia dengan negara China merupakan pasaran jualan automotif yang berdominasi pada tahun 2011. Ianya merekod jumlah jualan industri ("TIV") sebanyak 18.5 juta unit, peningkatan sebanyak 2.4% dari tahun 2010.

Dalam negara-negara di rantau ASEAN, jualan automotif di Indonesia mengakhiri tahun 2011 dengan angka yang tinggi, sebanyak 894,164 unit, iaitu peningkatan yang ketara sebanyak 16.9% berbanding dengan tahun 2010. Pasaran utama yang lain, seperti Jepun dan Thailand telah mengalami cabaran yang besar dalam rantaian bekalannya dimana ianya telah menjejaskan jualan automotif. Ini adalah disebabkan oleh gempa bumi dan tsunami yang dialami di Jepun dan banjir di Thailand. Walaupun dengan cabaran ini, Thailand telah merakam TIV sebanyak 794,081 unit pada tahun ini, penurunan sebanyak 0.8% berbanding dengan tahun sebelumnya. Untuk pasaran tempatan pula, jumlah jualan kenderaan bagi tahun 2011 telah mencatatkan sedikit kemerosotan sebanyak 0.8% kepada 600,123 unit berbanding dengan 605,156 unit pada tahun 2010.

Dari segi makro, industri automotif pada tahun 2012 dijangka akan kekal pada trend yang meningkat. Negara China telah meramalkan peningkatan sebanyak 8% pada tahun 2012, dan ianya dijangka akan mewakili kebanyakan jualan automotif global.

Trend pertumbuhan adalah sama untuk pasaran utama yang lain seperti India dimana ianya dijangka berkembang sebanyak 11% hingga 13% pada tahun 2012. Pasaran Indonesia dijangka berkembang pada kadar 5%, sementara pasaran untuk negara ASEAN yang lain juga dijangkakan mencapai angka yang tinggi. Dengan keyakinan pengguna yang lebih kukuh, jualan automotif di Malaysia juga menunjukkan tanda pertumbuhan yang memberangsangkan, dengan jangkaan TIV sebanyak 615,000 unit, iaitu peningkatan 2.5% berbanding dengan 2011.

Dengan bertujuan untuk memperkembangkan perniagaan di kawasan serantaunya, New Hoong Fatt digalakkan oleh insentif-insentif perdagangan serantau seperti "Asean Free Trade Agreement" dan "ASEAN-China Free Trade Agreement", dimana ianya akan terus memudahkan proses eksportnya.

TINJAUAN KEWANGAN

Bagi tahun kewangan yang berakhir 31 Disember 2011, hasil pendapatan konsolidasi Kumpulan telah turun sebanyak 3.1% kepada RM215.6 juta, berbanding dengan RM222.5 juta pada tahun 2010. Penurunan dalam hasil pendapatan ini adalah berpunca dari pengurangan sumbangan hasil pendapatan daripada sebuah subsidiari, New Kean Tat Auto Parts Sdn. Bhd yang telah dijual pada suku tahun yang ketiga 2011. Penurunan ini bagaimanapun telah dapat dikurangkan dengan adanya peningkatan hasil pendapatan dari eksport yang telah meningkat sebanyak 26.1% berbanding dengan tahun 2010.

Keuntungan sebelum cukai bagi Kumpulan sebanyak RM25.9 juta menunjukkan penurunan sebanyak 17.3% daripada RM31.3 juta bagi tahun 2010. Penyusutan ini adalah disebabkan oleh peningkatan nilai muhibah sebanyak RM1.9 juta untuk tahun kewangan dalam tinjauan ini berbanding dengan tahun 2010, dan kerugian operasi sebanyak RM1.6 juta yang timbul daripada subsidiari di luar negara iaitu Indonesia dan negara China yang telah diperbadankan pada tahun ini.

Keuntungan bersih selepas kepentingan yang tidak dikawal berjumlah RM19.8 juta, menunjukkan pengurangan sebanyak 27.5% daripada RM27.3 juta pada tahun 2010. Penurunan ini adalah hasil daripada cukai yang lebih tinggi disebabkan oleh penggunaan sepenuhnya elaun pelaburan semula untuk Kumpulan pada tahun 2011. Akibatnya, perolehan sesaham telah menurun kepada 26.35 sen bagi tahun kewangan dalam tinjauan ini berbanding dengan 36.26 sen pada tahun sebelumnya.

Menjelang hujung tahun 2011, Kumpulan telah menilai semula semua hartanah-hartanahnya. Penilaian ini telah dijalankan untuk menunjukkan nilai saksama hartanah dan bangunannya. Penilaian semula ini telah menghasilkan penilaian semula yang lebih tinggi sebanyak RM29.3 juta, akibatnya aset bersih bagi tahun kewangan dalam tinjauan ini meningkat sebanyak RM0.39 sesaham biasa. Pada akhir tahun kewangan ini, aset bersih sesaham merekodkan angka yang lebih tinggi berjumlah RM3.85 berbanding dengan RM3.32 pada tahun 2010.

DIVIDEN-DIVIDEN

Berkenaan dengan tahun kewangan dalam tinjauan ini, dividen interim satu peringkat sebanyak 3 sen sesaham biasa berharga RM1.00 sesaham, berjumlah RM2,254,698 telah dibayar kepada semua pemegang saham pada 20 Disember 2011. Tambahan lagi, dividen akhir satu peringkat sebanyak 8 sen, bersama dengan dividen khas akhir satu peringkat sebanyak 1 sen sesaham, yang berjumlah RM6,764,094 telah dicadangkan untuk diluluskan oleh pemegang saham pada Mesyuarat Agung Tahunan yang akan datang. Ini telah membawa kepada jumlah dividen satu peringkat kepada 12 sen bagi tahun kewangan yang ditinjau.

Dividen-dividen ini adalah dibayar dan dicadangkan sejajar dengan polisi New Hoong Fatt demi memastikan bahawa para pemegang sahamnya diberi pembayaran dividen yang berterusan, dan menambah nilai ke atas pelaburan mereka.

TINJAUAN PERNIAGAAN

Pada tahun 2011, Kumpulan kekal menumpukan perhatiannya terhadap perlaksanaan strategi untuk perkembangan syarikatnya. Pada awal tahun ini, Kumpulan telah menubuhkan sebuah subsidiari di Jakarta, Indonesia, bernama PT. NHF Auto Supplies Indonesia. Selepas itu, New Hoong Fatt mengembangkan kawasan pasarannya ke pasaran automotif terbesar di dunia dengan menubuhkan perniagaan subsidiarinya di Shanghai, negara China pada Jun 2011. Sebuah subsidiari yang dimiliki sepenuhnya, Ampire Auto Parts (Shanghai) Co. Ltd., merupakan sebahagian daripada pelan agresif Kumpulan untuk menawan pasaran antarabangsa dan berkembang secara global. Demi memperkukuhkan kehadiran Kumpulan di negara China, New Hoong Fatt juga telah menyertai Ekspo Automechanika di Shanghai, yang membolehkan Kumpulan menjalinkan hubungan perniagaan yang baru, disamping memupuk hubungan dengan pelanggan-pelanggan yang sedia ada.

Sepanjang tahun ini, Kumpulan ini terus melabur dalam teknologi untuk mempertingkatkan kapasiti dan keupayaan pengeluarannya, yang paling perlu diberi perhatian ialah kelengkapan dengan pemotong laser 3-Dimensi dari Jerman. Tambahan pula, pelaburan juga dibuat untuk mengembangkan kapasiti gudang untuk memenuhi permintaan yang semakin meningkat.

New Hoong Fatt percaya bahawa langkah-langkah ini akan mempersiapkan Kumpulan untuk mengharungi cabaran-cabaran pasaran supaya dapat mencapai pertumbuhan pada masa yang akan datang di tempatan dan secara global.

PROSPEK MASA HADAPAN

Bagi tahun 2012, New Hoong Fatt akan berusaha untuk mengekalkan kedudukannya sebagai pembekal dan pengeluar utama untuk alat-alat gantian automotif yang berkualiti. Sejajar dengan strategi perkembangan, ia berharap boleh mendapat lebih rakan kongsi perniagaan dan juga memupuk hubungan dengan pelanggan-pelanggan yang sedia ada. Untuk memenuhi kapasiti yang semakin bertambah, New Hoong Fatt sedang berada dalam pembangunan semula hartanah di Segambut dengan mengembangkan kapasiti gudangnya dengan tambahan 20,000 kaki persegi. Pembinaan dijangka akan disiapkan pada hujung tahun 2012. Tambahan pula, untuk menjajar semula cawangan-cawangan di bahagian perdagangan, dan untuk penggabungan dan penggunaan sumber yang lebih baik, perniagaan cawangan Gombak akan disatukan dengan cawangan Segambut bermula dari Jun 2012.

Usaha yang ketara telah dibuat untuk meningkatkan nilai rantaian pengeluaran dengan pelaburan berjumlah lebih kurang RM100 juta sepanjang 5 tahun yang lepas. Kumpulan menjangkakan akan melabur RM100 juta lagi untuk 5 tahun yang seterusnya untuk meningkatkan teknologi termasuk teknologi yang terlibat dalam penyelidikan dan pembangunan. Sebagai pengeluar, Kumpulan bermatlamat untuk sentiasa memajukan dirinya bagi memastikan pengeluarannya mengekalkan faktor yang menambah nilai.

Dengan penubuhan syarikat di Shanghai dan Jakarta, cabaran kini adalah untuk menubuhkan rangkaian jualan di pasaran-pasaran utama ini. Kami mengiktiraf potensi negara China dan jangka jualan automotif jumlah 20 juta unit dalam tahun 2012 adalah bukti pertumbuhan di dalam negara ini. Bagi Indonesia, populasinya yang terdiri daripada 240 juta orang dan angka jualan automotif yang positif terus menjadikan negara itu sebagai pasaran yang menggalakan bagi perniagaan Kumpulan. Bagi TIV yang kebelakangan ini, pasaran-pasaran ini dijangka akan berterusan mendominasikan industri pada masa akan datang.

New Hoong Fatt percaya ianya berada dalam keadaan yang baik untuk mengambil manfaat atas kejayaan daripada pertumbuhan pasaran-pasaran di negara China, Indonesia dan India. Dengan pembekalan rangkaian global yang kukuh dan lingkungan produk-produk yang luas dan berkualiti, New Hoong Fatt yakin dalam peranannya untuk terus menjadi pengeluar dan pembekal utama bagi alat-alat gantian automotif.

TANGGUNGJAWAB KORPORAT SOSIAL

New Hoong Fatt telah berterusan mengukuhkan kepercayaannya dalam tanggungjawab korporat sosial, dan sebagai penyokong yang kuat, akan terus melibatkan diri dalam inisiatif komuniti dalaman dan luaran. Kumpulan ini telah bekerjasama dengan beberapa institusi pendidikan untuk menubuhkan Program Pembangunan Bakat bertujuan untuk membekalkan latihan vokasional kepada pelajar-pelajar.

Program yang pertama melibatkan program perantisan selama 6 bulan di mana New Hoong Fatt telah berganding bahu dengan Pusat Pembangunan Sumber Manusia Selangor (SHRDC). Suatu kombinasi antara latihan teori dan praktikal, program ini menawarkan kepada lepasan sekolah menengah (berumur di antara 18 hingga 24) satu peluang untuk persijilan vokasional dan peluang penempatan pekerjaan pada masa depan. Penuntut yang berjaya akan mendapat kelayakan tahap kedua dalam Industri Automasi. Program Perantisan ini telah bermula pada Oktober 2011.

Program yang kedua ialah internship selama tiga bulan untuk pelajar-pelajar universiti yang sedang melanjutkan pelajaran ijazah dalam bidang yang berkenaan seperti kejuruteraan mekanikal atau pentadbiran perniagaan. Pengambilan pertama telah bermula pada Disember 2011 dengan 8 orang pelajar dari dua institusi pengajian tinggi yang terkenal. Pelajar-pelajar internship ini telah diagihkan kepada pelbagai jabatan termasuk kejuruteraan, bahagian mengecap logam, bahagian penyaduran plastik, data pemprosesan elektronik dan bahagian pembelian.

Dalam keinginannya untuk meneruskan matlamat yang memberi kesan kepada komuniti-komuniti, New Hoong Fatt telah menyalurkan program kebajikan dalamannya untuk menolong sebuah rumah anak yatim tempatan, iaitu Pertubuhan Kebajikan Anak-Anak Yatim Dan Miskin, di Sungai Pinang, Klang. Kumpulan juga telah melaksanakan kempen derma darah dan kesedaran kesihatan tahunannya. Selain daripada derma darah tahunan yang menggalakkan, Kumpulan memanfaatkan acara ini sebagai suatu peluang untuk mengumpul dana kepada rumah kebajikan yang dinyatakan di atas dengan mengumpulkan suratkhabar-suratkhabar lama untuk di kitar semula. Tambahan pula, 21 orang kanak-kanak dari rumah kebajikan ini telah dihoskan oleh New Hoong Fatt di acara Hari Keluarga Kumpulan.

Dengan hubungan-hubungan yang baru yang telah dijalinkan dan rakan perkongsian yang sedia ada yang kukuh, New Hoong Fatt berharap dapat kekal menjadi penyumbang yang positif untuk komuniti tempatan dan di luar kawasannya.

PENGHARGAAN

Saya ingin memberi pengiktirafan kepada para pemegang saham yang dihormati, pembekal-pembekal yang dihargai, rakan-rakan perkongsian yang setia, para pelanggan dan pembiaya kewangan serta pihak berkuasa yang berkenaan di atas sokongan yang berterusan diberikan kepada Kumpulan sepanjang tahun ini. Saya juga ingin mengambil kesempatan ini untuk menyampaikan penghargaan ikhlas saya kepada Lembaga Pengarah yang dipercayai, di atas kepimpinan dan bimbingan mereka yang berterusan.

Bagi pihak Lembaga Pengarah, saya juga ingin memberikan tanda penghargaan kepada pihak pengurusan dan kakitangan Kumpulan di atas sumbangan yang tidak ternilai dan komitmen mereka kepada Syarikat untuk mencapai matlamatnya. Terima kasih ke atas usaha kerja anda dan keinginan anda menjadi sebahagian daripada perniagaan ini.

KAM FOONG KENG
Pengerusi Eksekutif

FIVE – YEAR GROUP FINANCIAL SUMMARY
RINGKASAN KEWANGAN LIMA TAHUN KUMPULAN

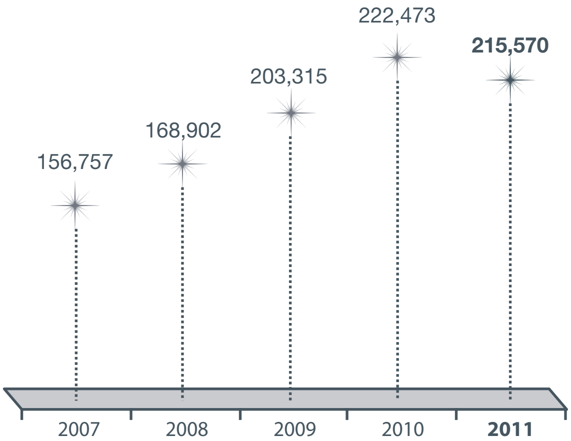
	2011	2010	2009	2008	2007
Revenue (RM'000) *Hasil (RM'000)*	**215,570**	222,473	203,315	168,902	156,757
Profit Before Taxation (RM'000) *Keuntungan Sebelum Cukai (RM'000)*	**25,859**	31,304	25,730	21,601	24,891
Profit After Taxation (RM'000) *Keuntungan Selepas Cukai (RM'000)*	**19,805***	27,254*	21,973*	18,281	23,003
Total Assets (RM'000) *Jumlah Aset (RM'000)*	**346,596**	331,614	305,547	295,210	278,914
Total Borrowings (RM'000) *Jumlah Pinjaman (RM'000)*	**26,984**	46,953	38,011	51,665	41,278
Shareholders' Fund (RM'000) *Dana Pemegang Saham (RM'000)*	**289,177**	249,604	231,368	217,663	207,649
Basic Earnings Per Share *Perolehan Asas Sesaham*	**26.35 sen**	36.26 sen	29.24 sen	24.32 sen	30.61 sen
Net Assets Per Share *Aset Bersih Sesaham*	**RM3.85**	RM3.32	RM3.08	RM2.90	RM2.76
Dividend Per Share *Dividen Sesaham*	**12 sen[1]**	13 sen[1]	12 sen[1]	11 sen[1]	11 sen[2]

[1] Single tier dividend / *Dividen satu peringkat*

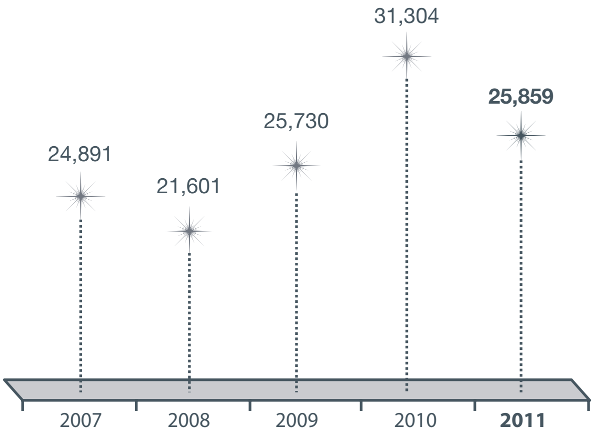
[2] Tax exempt dividend / *Dividen dikecualikan cukai*

* After Non-controlling Interest / *Selepas Kepentingan yang tidak dikawal*

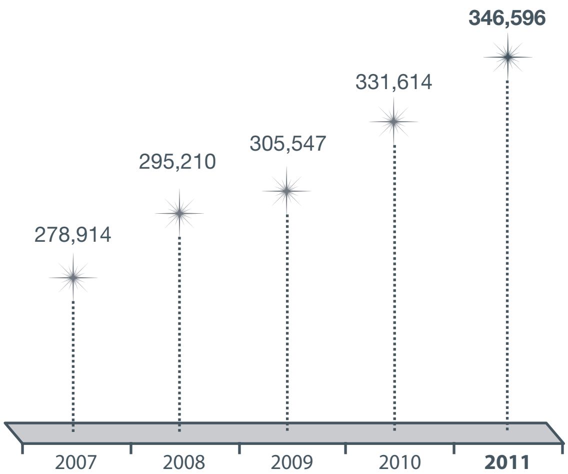
Revenue (RM'000)
Hasil (RM'000)



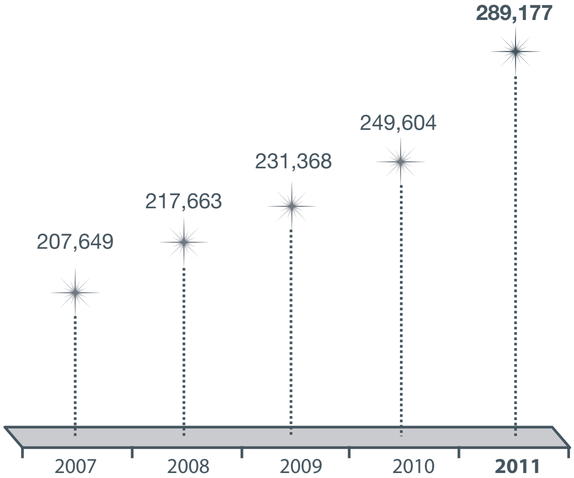
Profit Before Tax (RM'000)
Keuntungan Sebelum Cukai (RM'000)



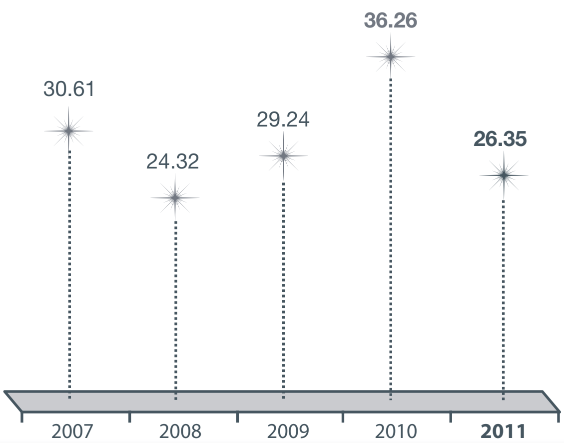
Total Assets (RM'000)
Jumlah Aset (RM'000)



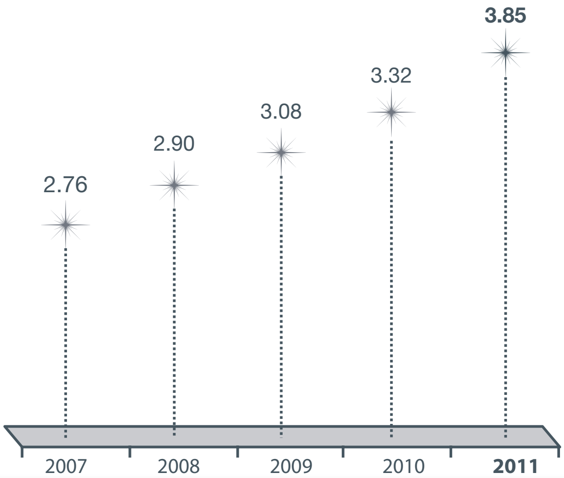
Shareholders' Fund (RM'000)
Dana Pemegang Saham (RM'000)



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



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



Activities / *Aktiviti-Aktiviti*	Date / *Tarikh*
Announcement of Results ***Pengumuman Keputusan***	
Unaudited results for first quarter ended 31 March 2011 *Keputusan belum diaudit bagi suku pertama berakhir 31 Mac 2011*	5 May 2011 5 Mei 2011
Unaudited results for second quarter ended 30 June 2011 *Keputusan belum diaudit bagi suku kedua berakhir 30 Jun 2011*	28 July 2011 28 Julai 2011
Unaudited results for third quarter ended 30 September 2011 *Keputusan belum diaudit bagi suku ketiga berakhir 30 September 2011*	10 November 2011 10 November 2011
Unaudited results for fourth quarter ended 31 December 2011 *Keputusan belum diaudit bagi suku ke-empat berakhir 31 Disember 2011*	27 February 2012 27 Februari 2012
Interim Dividend ***Dividen Interim***	
- Declaration *Pengisytiharan*	10 November 2011 10 November 2011
- Entitlement *Kelayakan*	30 November 2011 30 November 2011
- Payment *Pembayaran*	20 December 2011 20 Disember 2011
Final Dividend ***Dividen Akhir***	
- Recommendation *Cadangan*	27 February 2012 27 Februari 2012
- Entitlement *Kelayakan*	22 June 2012 22 Jun 2012
- Payment *Pembayaran*	12 July 2012 12 Julai 2012
Issuance of Annual Report 2011 ***Penerbitan Laporan Tahunan 2011***	25 May 2012 25 Mei 2012
Fifteenth (15th) Annual General Meeting ***Mesyuarat Agung Tahunan yang ke-Limabelas (15)***	18 June 2012 18 Jun 2012

Kam Foong Keng

Aged 48, Executive Chairman

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

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

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

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

Berusia 48 tahun, Pengerusi Eksekutif

Puan Kam telah dilantik sebagai Pengarah Eksekutif Kumpulan pada 8 April 1998, dan kemudiannya dilantik sebagai Pengerusi Eksekutif pada 15 Mei 2008. Beliau juga merupakan ahli Jawatankuasa Ganjaran. Beliau memiliki Ijazah Sarjana Muda dalam bidang Perniagaan dari South Australia Institute of Technology [sekarang dikenali sebagai University of South Australia], Australia.

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

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

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

Chin Jit Sin

Aged 50, Managing Director

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

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

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

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

Berusia 50 tahun, Pengarah Urusan

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

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

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

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

Kam Foong Sim

Aged 47, Non-Independent Executive Director

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

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

Ms Kam is the sibling of Kam Foong Keng, sibling-in-law of Chin Jit Sin, and daughter of Wong Ah Moy @ Wong Yoke Len, 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.

Berusia 47 tahun, Pengarah Eksekutif Bukan Bebas

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

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

Cik Kam adalah adik kepada Kam Foong Keng, adik ipar kepada Chin Jit Sin dan anak kepada Wong Ah Moy @ Wong Yoke Len, 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.

Wong Yoke Nyen

Aged 53, Independent Non-Executive Director

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

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

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

Mr Wong holds directorships in three public listed companies, namely XiDeLang Holdings Ltd, Benalec Holdings Berhad and Focus Lumber Berhad, as well as several private limited companies.

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

Berusia 53 tahun, Pengarah Bebas Bukan Eksekutif

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

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

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

Encik Wong merupakan Pengarah bagi tiga syarikat awam yang tersenarai yang lain, iaitu, XiDeLang Holdings Ltd, Benalec Holdings Berhad dan Focus Lumber Berhad, serta beberapa buah syarikat swasta.

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

Datuk Dr. Anis bin Ahmad

Aged 66, Independent Non-Executive Director

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

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

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

Currently, Datuk Dr. Anis is 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.

Berusia 66 tahun, Pengarah Bebas Bukan Eksekutif

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

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

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

Ketika ini, Datuk Dr. Anis adalah Pengerusi bagi Lembaga Pengarah di Y.S.P. Southeast Asia Holding Berhad, 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.

Danny Ng Siew L'Leong

Aged 53, Independent Non-Executive Director

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

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

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

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

Berusia 53 tahun, Pengarah Bebas Bukan Eksekutif

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

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

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

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

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

1. All of the Directors of New Hoong Fatt Holdings Berhad are Malaysians.
   Semua Pengarah New Hoong Fatt Holdings Berhad adalah warganegara Malaysia.

2. None of the Directors have any conviction for offences within the past ten (10) years, other than traffic offences, if any.
   Tiada Pengarah pernah disabitkan dengan kesalahan undang-undang dalam tempoh sepuluh (10) tahun yang lalu, selain daripada kesalahan undang-undang trafik, jika ada.

CALENDAR OF EVENTS 2011
TAKWIM PERISTIWA 2011

Date	Events
11 January	In-house workshop on Translating Leaders' Performance Plans to Individual Indicators and Goals
20 February	Bowling Tournament
9 March	In-house workshop on 2 Page Project Management
10 March	In-house workshop on Structured Problem Solving
20 March	NHF Family Day
5 April	In-house workshop on Service Level Agreement
17 April	5th Annual Blood Donation and Health Check Campaign
15 May	Volley Ball Tournament
19 May	Fourteenth (14th) Annual General Meeting
26 June	Visit to orphanage home – Pertubuhan Kebajikan Anak-Anak Yatim Dan Miskin, Sungai Pinang in Klang
1 August	Road Safety Campaign for one (1) month before Hari Raya Festival
12 August	Hari Raya Festival celebration amongst NHF employees
18 August	Signing of Memorandum of Understanding with the Selangor Human Resources Development Centre (SHRDC) to launch a six-month apprenticeship programme
23 September	In-house training on 5S Good Housekeeping
4 October	Visit by students and teachers from Taylor's University College
9 October	Football Tournament
20 November	Futsal Tournament
23 November	In-house Kaizen workshop on Waste Elimination Techniques
1 December	Intake of 3 months Internship Programme
7-10 December	Participation in Automechanika Shanghai exhibition
18 December	Traditional games tournament amongst NHF employees

The Board of Directors ("Board") of New Hoong Fatt Holdings Berhad ("NHF" or "the Company") recognises that good corporate governance culture adds value to the Company and remains firmly committed to the good corporate governance practice as stated in the Malaysian Code on Corporate Governance (revised 2007) ("the Code") so as to safeguard the interests of its shareholders and enhance shareholders value. The Board is pleased to report on how the Company and the Group have complied with the Code throughout the financial year ended 31 December 2011.

A. THE BOARD OF DIRECTORS

1. Board Balance and its Role

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

Throughout the financial year ended 31 December 2011, the Board size remained at six (6) members, comprising the Executive Chairman, Managing Director and an Executive Director while the remaining three (3) Directors are independent non-executive members. The composition reflects a well-balanced board with diversity in experience, skills, competence and gender which fairly reflect the investment of the minority shareholders. The Directors with their wide and varied range of expertise provide a collective mix of skills and experience required for the successful direction of the Group. A brief description on the background of each Director is presented in the Directors' Profile in this Annual Report.

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

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

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

As in previous years, after duly reviewed by the Nomination Committee, Mr. Danny Ng Siew L'Leong remains the Company's Senior Independent Non-Executive Director to whom concerns of shareholders may be conveyed. There were no queries from shareholders directed to him during the financial year.

2. Re-election

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

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

3. Board Meetings and Supply of Information to the Board

Board meetings are planned in advance to maximize attendance by Directors. During the financial year ended 31 December 2011, four (4) Board meetings were conducted and attendance at the meetings is as follows:

Name of Director	No. of Meetings Attended
Kam Foong Keng	4/4
Chin Jit Sin	4/4
Kam Foong Sim	4/4
Wong Yoke Nyen	4/4
Danny Ng Siew L'Leong	3/4
Datuk Dr. Anis bin Ahmad	4/4

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

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

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

In between Board meetings, matters requiring the approval or sanction of the Board are approved by way of circular resolutions enclosing relevant information to enable the Board to make informed decisions. All circular resolutions approved by the Board will be tabled for notation at the next Board meeting. The Board is also notified of any disclosures or announcements made to Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, where applicable.

4. Company Secretary

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

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

5. Board Committees

The Board has established three (3) Board Committees delegated with specific authorities to assist the Board in executing its duties and responsibilities:

a. Audit Committee

The Audit Committee consists of the following:

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

The Audit Committee Report for 2011 is set out separately in this Annual Report.

b. Nomination Committee

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

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

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

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

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

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

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

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

c. Remuneration Committee

The composition of the Remuneration Committee and the attendance of the Members at the meeting held in 2011 is as follows:

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

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

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

	Salaries and Other Emoluments (RM)	Fee (RM)	Attendance Allowance (RM)	Benefits in kind (RM)	Total (RM)
Executive Directors	1,352,420	287,000*	15,000	73,393	1,727,813
Non-Executive Directors	-	135,000	30,000	-	165,000

* This amount includes fees paid by the subsidiaries.

Range of Remuneration per annum	Executive Directors	Non-Executive Directors
RM50,000 to RM100,000	-	3
RM250,000 to RM300,000	1	-
RM700,000 to RM750,000	1	-
RM750,000 to RM800,000	1	-

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

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

6. Continuing Education of Directors

The Group acknowledges that continuous education is vital for the Board members to gain insight to the changing business environment, the latest regulatory updates, and the state of the local and global economy. All Directors had previously attended the Mandatory Accreditation Programme as prescribed by Bursa Securities. In addition, the Directors continuously evaluate and determine their training needs to enable themselves to be better equipped to discharge their duties as Directors.

During the year 2011, all the Directors had attended various training programmes. Particulars of the seminars and courses attended are as follows:

No.	Type of Training	Title	Duration
1	Seminar	ASEAN-CHINA – Awakening of A New Economy	½ day
2	Seminar	2011 Performance Governance, Risk & Compliance Summit	1 day
3	Course	Corporate Directors' Training Programme	1 day
4	Seminar	National Entrepreneurs Convention 2011	1 day
5	Seminar	CEO Talk on : (1) Impact of the Debt Crisis in USA & Europe on the Malaysian Economy & the Region (2) Highlight of 2012 Budget & Its Implication on Business	½ day
6	Course	Raising the BAR of Corporate Governance	1 day
7	Course	Comprehensive Overview of Standards	2 days
8	Course	Key Developments & Updates on Malaysian Financial Reporting Standards	1 day

B. SHAREHOLDERS AND INVESTOR RELATIONS

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

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

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

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

C. ACCOUNTABILITY AND AUDIT

1. Audit Committee and Financial Reporting

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

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

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

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

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

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

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

3. Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's operations and assets in compliance with the relevant laws and regulations as well as internal procedures and guidelines.

Further information is presented in the Group's Statement on Internal Control set out separately in this Annual Report.

4. Relationship with Auditors

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

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

D. OTHER INFORMATION

1. Material Contracts involving Directors and/or Major Shareholders

Other than those disclosed in the financial statements of the Group and of the Company for the financial year ended 31 December 2011, there were no material contracts entered into or subsisting between the Company and/or its subsidiaries involving Directors and major shareholders' interest during the financial year.

2. Non-Audit Fees

The non-audit fees incurred for services rendered to the Company or its subsidiaries paid to a firm or the affiliated company of the external auditors, for the financial year ended 31 December 2011 amounted to RM4,000.

STATEMENT OF COMPLIANCE WITH THE CODE

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

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

Lembaga Pengarah ("Lembaga") New Hoong Fatt Holdings Berhad ("NHF" atau "Syarikat ini") menyedari bahawa budaya tadbir urus korporat yang baik menambahkan nilai kepada Syarikat dan kekal komited dengan kukuhnya ke atas amalan tadbir urus korporat yang baik seperti yang dinyatakan di dalam Kod Tadbir Urus Korporat Malaysia (pindaan 2007) ("Kod ini") supaya melindungi kepentingan pemegang saham dan mempertingkatkan nilai pemegang saham. Dengan sukacitanya, Lembaga melaporkan bagaimana Syarikat dan Kumpulan ini telah memenuhi Kod ini sepanjang tahun kewangan berakhir 31 Disember 2011.

A. LEMBAGA PENGARAH

1. Keseimbangan Lembaga Dan Peranannya

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

Sepanjang tahun kewangan berakhir 31 Disember 2011, saiz Lembaga ini tetap pada enam (6) ahli, yang terdiri daripada Pengerusi Eksekutif, Pengarah Urusan dan seorang Pengarah Eksekutif manakala tiga (3) orang Pengarah yang lain merupakan pengarah bebas bukan eksekutif. Komposisi ini menunjukkan sebuah lembaga yang seimbang dengan kepelbagaian dalam pengalaman, kemahiran-kemahiran, kecekapan dan jantina, yang jelas dapat mewakili pelaburan pemegang saham minoriti. Pengarah-pengarah ini dengan kepakaran mereka yang meluas dan dalam pelbagai bidang membekalkan gabungan kemahiran dan pengalaman yang diperlukan untuk menuju ke arah kejayaan untuk Kumpulan. Huraian ringkas mengenai latar belakang setiap Pengarah dibentangkan di dalam Profil Pengarah dalam Laporan Tahunan ini.

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

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

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

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

2. Pemilihan Semula

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

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

3. Mesyuarat Lembaga Pengarah dan Penyampaian Maklumat kepadanya

Mesyuarat Lembaga Pengarah adalah dirancang terlebih dahulu untuk memaksimumkan kehadiran Pengarah-pengarah. Semasa tahun kewangan berakhir 31 Disember 2011, empat (4) Mesyuarat Lembaga telah diadakan dan kehadiran mesyuarat adalah seperti berikut:

Nama Pengarah	***Bilangan Mesyuarat Dihadiri***
Kam Foong Keng	*4/4*
Chin Jit Sin	*4/4*
Kam Foong Sim	*4/4*
Wong Yoke Nyen	*4/4*
Danny Ng Siew L'Leong	*3/4*
Datuk Dr. Anis bin Ahmad	*4/4*

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

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

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

Di antara mesyuarat-mesyuarat Lembaga, perkara-perkara yang memerlukan kelulusan atau izin daripada Lembaga Pengarah adalah diluluskan melalui resolusi edaran yang disertakan maklumat berkaitan yang membolehkan Lembaga Pengarah membuat keputusan yang bermaklumat. Kesemua resolusi edaran yang diluluskan oleh Lembaga Pengarah akan dibentangkan untuk notasi di mesyuarat Lembaga yang seterusnya. Lembaga Pengarah juga akan diberitahu mengenai pendedahan atau pengumuman yang dibuat kepada Bursa Malaysia Securities Berhad ("Bursa Sekuriti") dan sebarang pihak berkuasa yang berkaitan, di mana yang berkenaan.

4. Setiausaha Syarikat

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

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

5. Jawatankuasa Lembaga

Lembaga Pengarah telah menubuhkan tiga (3) Jawatankuasa Lembaga yang diberi kuasa-kuasa yang khusus untuk membantu Lembaga dalam melaksanakan tugas-tugas dan tanggungjawab-tanggungjawabnya:

a. Jawatankuasa Audit

Ahli-ahli Jawatankuasa Audit terdiri daripada yang berikut:

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

Laporan Jawatankuasa Audit untuk 2011 adalah terbentang secara berasingan dalam Laporan Tahunan ini.

b. Jawatankuasa Pencalonan

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

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

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

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

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

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

Jawatankuasa ini memantau dan mengawasi rancangan penggantian berturut-turut. Tugas-tugasnya yang lain termasuk penilaian tahunan berkenaan dengan gabungan kemahiran, pengalaman serta lain-lain kebolehan Lembaga Pengarah semasa dan menilai 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 perniagaannya untuk menentukan impak bilangannya terhadap keberkesanan Lembaga.

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

c. Jawatankuasa Ganjaran

Komposisi Jawatankuasa Ganjaran dan kehadiran ahli-ahli di mesyuarat yang diadakan pada 2011 adalah seperti berikut:

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

Jawatankuasa Ganjaran bermesyuarat apabila perlu, sekurang-kurangnya setahun sekali untuk mengesyorkan ganjaran Pengarah Eksekutif kepada Lembaga Pengarah. Penentuan ganjaran bagi Pengarah Bukan Eksekutif adalah urusan Lembaga Pengarah secara menyeluruh dengan Pengarah yang terlibat mengecualikan diri dari mengambil bahagian dalam pertimbangan dan keputusan mengenai pakej ganjaran mereka masing-masing. Dalam membuat cadangannya, Jawatankuasa Ganjaran juga akan melihat maklumat perbandingan yang berkenaan dengan ganjaran bagi Pengarah-pengarah. Yuran Pengarah-pengarah adalah tertakluk kepada kelulusan pemegang-pemegang saham di Mesyuarat Agung Tahunan Syarikat.

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

	Gaji dan lain-lain Emolumen (RM)	***Yuran (RM)***	***Elaun Kehadiran (RM)***	***Manfaat Lain (RM)***	***Jumlah (RM)***
Pengarah Eksekutif	*1,352,420*	*287,000**	*15,000*	*73,393*	*1,727,813*
Pengarah Bukan Eksekutif	*-*	*135,000*	*30,000*	*-*	*165,000*

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

Lingkungan bagi Ganjaran Setahun	***Pengarah Bukan Eksekutif***	***Pengarah Eksekutif***
RM50,000 ke RM100,000	*-*	*3*
RM250,000 ke RM300,000	*1*	*-*
RM700,000 ke RM750,000	*1*	*-*
RM750,000 ke RM800,000	*1*	*-*

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

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

6. Pendidikan Berterusan bagi Pengarah

Kumpulan ini mengakui bahawa pendidikan berterusan adalah sangat penting bagi ahli-ahli Lembaga untuk mendapatkan kefahaman mendalam ke atas perubahan dalam persekitaran perniagaan, kemaskini peraturan-peraturan yang terkini, serta keadaan ekonomi tempatan dan seluruh dunia. Sebelum ini, kesemua Pengarah telah pun menghadiri Program Akreditasi Wajib seperti yang disyorkan oleh Bursa Sekuriti. Tambahan pula, Pengarah-pengarah secara berterusan menilai dan menentukan keperluan latihan mereka supaya mereka lebih bersedia untuk melaksanakan tanggungjawab mereka sebagai Pengarah.

Sepanjang tahun 2011 ini, semua Pengarah telah menghadiri pelbagai program latihan. Butir-butir mengenai seminar dan kursus yang dihadiri adalah seperti berikut:

No.	Jenis Latihan	Tajuk	Tempoh Masa
1	Seminar	ASEAN-CHINA – Kebangkitan Ekonomi Baru	½ hari
2	Seminar	Sidang Kemuncak 2011 bagi Tadbir Urus Prestasi, Risiko & Pematuhan	1 hari
3	Kursus	Program Latihan Pengarah Korporat	1 hari
4	Seminar	Konvensyen Usahawan Nasional 2011	1 hari
5	Seminar	Ceramah CEO mengenai: (1) Kesan Krisis Hutang di USA & Eropah ke atas Ekonomi Malaysia & Rantau Negara (2) Tumpuan Utama Bajet 2012 & Implikasinya ke atas Perniagaan	½ hari
6	Kursus	Peningkatan BAR atas Tadbir Urus Korporat	1 hari
7	Kursus	Gambaran Keseluruhan yang Komprehensif untuk Piawaian-piawaian	2 hari
8	Kursus	Pembangunan yang Utama & Laporan Kemaskini Piawaian Kewangan Malaysia	1 hari

B. PEMEGANG SAHAM DAN PERHUBUNGAN PELABUR

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

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

(i) Laporan Tahunan, yang mengandungi maklumat seperti penilaian perniagaan, penyata kewangan Kumpulan, dan maklumat mengenai Jawatankuasa Audit, Tadbir Urus Korporat serta Pengawalan Dalaman;

(ii) pelbagai pengumuman kepada Bursa Sekuriti, termasuk pengumuman yang tepat waktunya mengenai keputusan kewangan setiap suku tahun. Pada masa yang sama, Syarikat mengamalkan satu polisi untuk mengeluarkan pengumuman awam kepada suratkhabar utama dan media awam;

(iii) sering berdialog kerap dengan penganalisa dan pengurus dana yang mewakili pemegang saham individu atau institusi;

(iv) melayani pertanyaan dari para pemegang saham dan pelabur melalui e-mel dan telefon; dan

(v) laman web Syarikat di www.newhoongfatt.com.my, yang mengandungi laporan tahunan, pengumuman laporan kewangan suku tahun, siaran-siaran akhbar, persembahan taklimat untuk penganalisa dan maklumat korporat lain mengenai NHF.

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

C. AKAUNTABILITI DAN AUDIT

1. Jawatankuasa Audit dan Laporan Kewangan

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

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

2. Penyata Tanggungjawab Pengarah-Pengarah berhubung dengan Penyata Kewangan

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

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

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

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

3. Kawalan Dalaman

Lembaga mengenal pasti tanggungjawab keseluruhannya untuk mengekalkan sistem kawalan dalaman yang kukuh untuk melindungi pelaburan pemegang saham serta operasi dan aset Kumpulan yang mematuhi undang-undang dan peraturan-peraturan yang berkenaan serta prosedur dan panduan dalaman.

Maklumat yang selanjutnya dibentangkan di dalam Penyata Kawalan Dalaman Kumpulan secara berasingan di dalam Laporan Tahunan ini.

4. Hubungan dengan Juruaudit

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

D. MAKLUMAT LAIN

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

Selain daripada yang dikemukakan di penyata-penyata kewangan Kumpulan dan Syarikat untuk tahun kewangan berakhir 31 Disember 2011, Syarikat dan/atau anak-anak syarikatnya tidak memeterai sebarang kontrak mustahak yang melibatkan kepentingan Pengarah-pengarah dan pemegang saham utama.

2. Yuran bukan Audit

Bagi tahun kewangan berakhir 31 Disember 2011, yuran bukan audit yang berpunca dari perkhidmatan kepada Syarikat atau subsidiarinya oleh firma atau pertubuhan yang berkaitan dengan Juruaudit Luaran, adalah sebanyak RM4,000.

Penyata Pematuhan Kod

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

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

The Board of Directors of New Hoong Fatt Holdings Berhad is pleased to present the report of Audit Committee for the financial year ended 31 December 2011.

1. MEMBERSHIP AND MEETINGS

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

Composition of Committee	No of Meetings Attended
Wong Yoke Nyen Chairman and Independent Non-Executive Director	4/4
Danny Ng Siew L'Leong Independent Non-Executive Director	3/4
Datuk Dr. Anis bin Ahmad Independent Non-Executive Director	4/4

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

2. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

2.1 Composition

(a) The Committee shall be appointed from amongst the Board and shall comprise of not less than three (3) members who fulfils the following requirements:

(i) all the audit committee members must be non-executive directors, with a majority of them being independent directors; and

(ii) have at least one (1) member who is a member of the Malaysian Institute of Accountants or who complies with paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

(b) The Chairman, who shall be elected by the Audit Committee, shall be an Independent Director.

(c) In the event of any vacancy resulting in non-compliance with the terms of reference hereof, the vacancy must be filled within three (3) months.

(d) The term of office and performance of the Audit Committee and each of its members must be reviewed by the Board of Directors at least once in every three (3) years in order to determine whether the Audit Committee and members have carried out their duties in accordance with their terms of reference.

2.2 Functions and Duties

(a) In respect of the External Audit, to review :

(i) the audit plan, its scope and nature;

(ii) the audit report;

(iii) the results of the External Auditors' evaluation of the accounting policies and systems of internal accounting controls within the Group;

(iv) the problems and reservations arising from the interim and final audits, and any matter the External Auditors may wish to discuss (in the absence of Management, where necessary);

(v) audit reports and management letter issued by the External Auditors and the implementation of audit recommendations;

(vi) interim financial information; and

(vii) the assistance given by the officers of the Company to the External Auditors.

(b) 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.

(c) 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.

(d) To do the following, in relation to the internal audit function:

(i) review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;

(ii) review the internal audit plan and the results of the internal audit process and, where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;

(iii) review any appraisal or assessment of the performance of members of the internal audit function; and

(iv) where the internal audit function is in-house, approve any appointment or termination of senior staff members and take cognisance of resignations of its staff members, providing them an opportunity to submit reasons for resigning.

(e) To consider the major findings of internal audit and Management's response.

(f) To review any related party transaction and conflict of interest that may arise within the Company or the Group.

(g) To submit to the Board a report on the summary of activities of the Audit Committee in the discharge of its functions and duties in respect of each financial year.

2.3 Rights

The Audit Committee shall:

(a) have authority to investigate any matter within its terms of reference;

(b) have the resources which are required to perform its duties;

(c) have full and unrestricted access to any information pertaining to the Group;

(d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity;

(e) have the right to obtain independent professional or other advice at the Company's expense;

(f) have the right to convene meetings with the Internal and External Auditors, without the attendance of the other Directors or employees of the Group, whenever deemed necessary; and

(g) promptly report to the Bursa Malaysia Securities Berhad matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

2.4 Meetings

(a) The Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

(b) The Company Secretary shall be the Secretary of the Committee.

(c) The Chairman shall upon request of the Internal and External Auditors convene a meeting of the Audit Committee to consider any matter the Auditors believe should be brought to the attention of the Directors or Shareholders.

(d) The External Auditors, the head of finance and the head of Internal Audit have the right to appear at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee.

(e) The Committee should meet with the External Auditors without Executive Directors present at least twice a year.

(f) The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the Chairman of the Board, the Managing Director, the head of finance, the head of internal audit and the External Auditors in order to be kept informed of matters affecting the Company.

3. SUMMARY OF ACTIVITIES

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

(a) reviewed the external audit plan, scope and nature of statutory audit of the Group's financial statements;

(b) reviewed the external audit reports and the results of the External Auditors' examination;

(c) reviewed the External Auditors' recommendations and Management responses in relation thereto;

(d) reviewed the quarterly financial results of the Group;

(e) reviewed the audited financial statements of the Company with the External Auditors;

(f) discussed the impact and extent of applicability of new or proposed changes in Financial Reporting Standards to the Group with the External Auditors;

(g) reviewed the risk assessment of the Group;

(h) reviewed the internal audit plan, internal audit report and internal controls of the Group, together with issues and recommendations arising from each audit cycle and assessed the performance of the Internal Auditors;

(i) reviewed on quarterly basis related party transactions and conflict of interest situations that may arise within the Group;

(j) reviewed the Group's financial results against the budget;

(k) considered the re-appointment of Internal and External Auditors and their respective audit fees;

(l) met twice with the External Auditors without any executives and senior management present except the Company Secretary;

(m) met with senior management in order to be kept informed of operational matters affecting the Group; and

(n) sought professional consultants' advice on the enterprise risk management framework for the Group.

4. INTERNAL AUDIT FUNCTION

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

During the financial year ended 31 December 2011, the Audit Committee reviewed the internal audit plan and internal audit reports generated by the Internal Auditors in connection with the audit works conducted. The Audit Committee also ensured that appropriate actions were taken on the recommendations arising from the audits and implementations were carried out by Management.

Lembaga Pengarah New Hoong Fatt Holdings Berhad dengan sukacitanya membentangkan Laporan Jawatankuasa Audit untuk tahun kewangan berakhir 31 Disember 2011.

1. KEAHLIAN DAN MESYUARAT

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

Komposisi Jawatankuasa	Bilangan Mesyuarat Dihadiri
Wong Yoke Nyen *Pengerusi Jawatankuasa Audit &* *Pengarah Bebas Bukan Eksekutif*	4/4
Danny Ng Siew L'Leong *Pengarah Bebas Bukan Eksekutif*	3/4
Datuk Dr. Anis bin Ahmad *Pengarah Bebas Bukan Eksekutif*	4/4

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

2. TERMA-TERMA RUJUKAN JAWATANKUASA AUDIT

2.1 Komposisi

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

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

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

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

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

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

2.2 Fungsi dan Tugas

(a) Untuk menyemak berkenaan dengan Audit Luaran :

(i) perancangan audit, skop dan dasarnya;

(ii) laporan audit;

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

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

(v) laporan audit dan surat pihak Pengurusan yang dikeluarkan oleh Juruaudit Luaran dan perlaksanaan saranan audit;

(vi) maklumat kewangan interim; dan

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

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

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

(ii) penyelerasan utama yang timbul dari audit;

(iii) andaian kemajuan; dan

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

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

(d) Untuk membuat perkara berikut, mengenai fungsi audit dalaman:

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

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

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

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

(e) Untuk mempertimbangkan hasil utama dari audit dalaman dan tindak balas pihak Pengurusan.

(f) Untuk menyemak sebarang urusan pihak berkaitan dan percanggahan faedah yang mungkin timbul dalam Syarikat atau Kumpulan.

(g) Untuk menyerahkan kepada Lembaga Pengarah laporan mengenai ringkasan kegiatan Jawatankuasa Audit di dalam perlaksanaan fungsi dan tugas mereka untuk setiap tahun kewangan.

2.3 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 atau selain daripadanya di atas perbelanjaan Syarikat;

(f) berhak untuk mengadakan mesyuarat dengan Juruaudit-juruaudit Dalaman dan Luaran, tanpa kehadiran Pengarah-pengarah yang lain atau pekerja Kumpulan, bila diperlukan; dan

(g) melaporkan segera kepada Bursa Malaysia Securities Berhad sebarang urusan yang belum diselesaikan dengan memuaskan oleh Lembaga Pengarah, menyebabkan pengabaian terhadap Syarat-Syarat Penyenaraian Pasaran Utama, Bursa Malaysia Securities Berhad.

2.4 Mesyuarat

(a) Jawatankuasa ini mesti mengadakan mesyuarat sekurang-kurangnya empat (4) kali setiap tahun kewangan. Koram mesyuarat mestilah terdiri daripada dua (2) orang ahli, dimana kebanyakan ahli yang menghadiri mesyuarat tersebut mestilah pengarah bebas.

(b) Setiausaha Syarikat akan menjadi Setiausaha Jawatankuasa.

(c) Atas permintaan Juruaudit-juruaudit Dalaman dan Luaran, Pengerusi Jawatankuasa Audit akan mengadakan mesyuarat Jawatankuasa Audit untuk mempertimbangkan sebarang perkara yang Juruaudit fikir perlu dimaklumkan kepada para Pengarah atau pemegang saham.

(d) Juruaudit Luaran, ketua bahagian kewangan dan ketua bahagian audit dalaman berhak untuk hadir di mana-mana mesyuarat Jawatankuasa Audit dan mesti hadir apabila dikehendaki oleh Jawatankuasa.

(e) Jawatankuasa ini sepatutnya bertemu dengan Juruaudit Luaran tanpa kehadiran Pengarah Eksekutif sekurang-kurangnya dua (2) kali setahun.

(f) *Pengerusi Jawatankuasa Audit sepatutnya menumpukan perhatian berterusan dengan pengurusan kanan, seperti Pengerusi Lembaga Pengarah, Pengarah Urusan, ketua bahagian kewangan, ketua bahagian audit dalaman dan Juruaudit Luaran supaya dimaklumkan perkara-perkara yang mempengaruhi Syarikat.*

3. RINGKASAN KEGIATAN

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

(a) *menyemak perancangan audit luaran, skop dan dasar audit berkanun ke atas penyata kewangan Kumpulan;*

(b) *menyemak laporan audit dari Juruaudit Luaran dan keputusan pemeriksaan Juruaudit Luaran;*

(c) *menyemak saranan dari Juruaudit Luaran dan sehubungan dengan itu, tindak balas dari pihak Pengurusan;*

(d) *menyemak keputusan kewangan Kumpulan setiap suku tahun;*

(e) *menyemak bersama dengan Juruaudit Luaran penyata kewangan yang diaudit;*

(f) *berbincang dengan Juruaudit Luaran kesan dan takat penerapan dari Piawaian Laporan Kewangan yang baru terhadap Kumpulan;*

(g) *menyemak penilaian risiko Kumpulan;*

(h) *menyemak perancangan audit dalaman, laporan Juruaudit Dalaman dan kawalan dalaman Kumpulan, bersama dengan isu-isu dan saranan yang timbul dari setiap kitaran audit dan menilai prestasi Juruaudit Dalaman;*

(i) *setiap suku tahun, menyemak urus niaga pihak berkaitan dan percanggahan faedah yang mungkin timbul dalam Kumpulan;*

(j) *menyemak keputusan kewangan Kumpulan berbanding dengan bajet;*

(k) *mempertimbangkan perlantikan semula Juruaudit-juruaudit Dalaman dan Luaran serta yuran audit mereka masing-masing;*

(l) *bertemu dengan Juruaudit Luaran dua kali tanpa kehadiran eksekutif-eksekutif dan pengurusan kanan kecuali Setiausaha Syarikat;*

(m) *bertemu dengan pengurusan kanan untuk dimaklumkan perkara-perkara operasi yang mempengaruhi Syarikat; dan*

(n) *memperolehi nasihat perunding profesional atas rangka kerja pengurusan risiko perusahaan untuk Kumpulan.*

4. FUNGSI AUDIT DALAMAN

Selain daripada mengkaji proses kawalan dalaman secara teratur, Juruaudit Dalaman juga memberi saranan yang membina dan menambah nilai supaya mempertinggikan kecekapan dan keberkesanan sistem kawalan dalaman Kumpulan. Juruaudit Dalaman melapor terus kepada Jawatankuasa Audit sambil memberinya 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 syarat-syarat berkanun berkaitan. Fungsi audit dalaman adalah sumber luaran, oleh itu, ia adalah bebas dari aktiviti-aktiviti yang mereka mengaudit. Audit dijalankan secara adil, cekap dan dengan perhatian berprofesional yang wajar.

Sepanjang tahun kewangan berakhir 31 Disember 2011, Jawatankuasa Audit menyemak rancangan audit dalaman dan laporan audit dalaman yang diterbitkan oleh Juruaudit Dalaman yang berkaitan dengan kerja audit yang dijalankan. Jawantankuasa Audit juga memastikan bahawa tindakan yang sesuai telah diambil ke atas saranan yang timbul dari audit dan pelaksanaan telah dijalankan oleh pihak Pengurusan.

BOARD RESPONSIBILITIES

The Board of Directors ("the Board") is pleased to present its Statement on Internal Control for the financial year ended 31 December 2011.

The Board is committed to maintaining a sound system of internal control to safeguard shareholders' investments, the interests of stakeholders, and the Group's assets. The Board acknowledges its overall responsibility for the Group's system of internal control and for reviewing its adequacy and integrity.

Due to the limitations that are inherent in any system of internal controls, it should be noted that these systems are designed to manage rather than eliminate risks. The processes can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board is assisted by the Management to ensure that the internal controls and risk management practices are implemented and complied with within the Group.

BUSINESS PROCESSES AND RISK MANAGEMENT

The New Hoong Fatt Group has set in place well-established standard operating procedures covering all critical and significant facets of the Group's business processes. The entire operations of the Group in Malaysia are ISO 9001 certified. The ISO Internal Auditors reviewed and audited the processes and procedures periodically to ensure procedures are complied with. Compliance with these procedures is an essential element of the internal control framework.

The Group has adopted a risk management framework which was established to enable a systematic and on-going process of identification, evaluation and management of risks faced by the Group. The Management is responsible for identifying and evaluating the significance of each risk applicable to the business together with the implementation of suitable controls to manage these risks. The system covers financial controls, operational controls, and Management Information Systems, including compliance with relevant laws, regulations, rules and guidelines.

The Group also has a comprehensive budgeting process where annual budgets are approved by the Board, to guide and control capital expenditure for the following year. The Audit Committee reviews these annual budgets, the Group's quarterly and annual financial reports and internal controls with the Management, and subsequently reports to the Board. The Executive Directors preside over most of the regular management meetings. These meetings are a platform for reviewing financial performance, as well as business and operational issues including internal control matters and risk management.

The Group recognises the importance of leveraging on information and communication technology to promote effectiveness and efficiencies in its business. The comprehensive computer systems used includes Enterprise Resource Planning which enables transactions to be captured, compiled and reported in a timely and accurate manner. The information system provides management with dependable data, analysis, variations and exceptions relevant to decision making.

The Strategic Business Planning of the Group are aligned and guided towards achieving the Group's vision to be a leading autoparts solution provider in the world. The plans and processes are approved by the Board and monitored closely by the Management.

The Group had set up subsidiaries in China and Indonesia during the year under review. The system of internal controls and risk management has also been extended to cover these overseas operations.

MONITORING AND REVIEW

The Group had out-sourced the Internal Audit function to a professional firm of consultants, which is independent of the activities it audits. The Internal Auditors prepared its internal audit plan based on the risk profile of the Group's operations as assessed by the Management. The Internal Auditors review the audit areas set out in the plan approved by the Board on the recommendation of the Audit Committee. The review provides an objective and independent assessment of the system of internal controls in order to provide reasonable assurance that the system continues to operate satisfactorily. The Internal Auditors report directly to the Audit Committee, which receives reports of issues and recommendations arising from each review and subsequently reports to the Board. The total costs incurred for the internal audits of the Group in respect of the financial year ended 31 December 2011 were approximately RM57,500.

The External Auditors have reviewed this Statement on Internal Control for the inclusion in the Annual Report of the Group for the financial year ended 31 December 2011 in accordance with the Recommended Practice Guide 5, Guidance for Auditors on the Review of Directors' Statement on Internal Control ("RPG5") issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process of internal control adopted by the Board.

CONCLUSION

The Board has appraised the adequacy and integrity of the system of internal controls and risk management during the financial year under review through the monitoring process set out above. However, it must be noted that such system does not eliminate the possibility of human error or deliberate avoidance of the procedures.

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

The Board of Directors
New Hoong Fatt Holdings Berhad

TANGGUNGJAWAB LEMBAGA

Dengan sukacitanya, Lembaga Pengarah ("Lembaga ini") membentangkan Penyata Kawalan Dalaman bagi tahun kewangan berakhir 31 Disember 2011.

Lembaga ini komited untuk mengekalkan suatu sistem kawalan dalaman yang kukuh untuk melindungi pelaburan pemegang-pemegang saham, kepentingan bagi pihak-pihak yang berkenaan, dan harta-harta Kumpulan. Lembaga ini mengakui tanggungjawab keseluruhannya untuk sistem kawalan dalaman Kumpulan ini dan untuk penilaian kecukupan dan integriti sistemnya.

Disebabkan had-had yang wujud di dalam mana-mana sistem kawalan dalaman, ia sepatutnya diperhatikan bahawa sistem-sistem kawalan dalaman ini adalah direka untuk mengurus risiko-risiko dan bukan menghapuskannya. Proses-proses tersebut hanya dapat memberi jaminan yang munasabah dan bukannya jaminan yang menyeluruh terhadap sebarang salah penyataan atau kerugian ketara.

Lembaga ini dibantu oleh Pengurusan untuk memastikan bahawa kawalan dalaman dan amalan-amalan pengurusan risiko dilaksanakan dan dipatuhi dalam Kumpulan.

PROSES PERNIAGAAN DAN PENGURUSAN RISIKO

Kumpulan New Hoong Fatt telah lama menubuhkan prosedur-prosedur operasi yang standard dan meliputi semua aspek yang kritikal dan utama bagi proses perniagaan Kumpulan ini. Keseluruhan operasi Kumpulan di Malaysia adalah disahkan sebagai mematuhi ISO 9001. Juruaudit Dalaman ISO telah menyemak dan mengauditkan proses-proses dan prosedur-prosedur secara berkala untuk memastikan prosedur telah dipatuhi. Pematuhan dengan prosedur ini adalah elemen yang penting dalam rangka kerja kawalan dalaman.

Kumpulan ini telah mengamalkan suatu rangka kerja pengurusan risiko yang ditubuhkan untuk membolehkan proses yang sistematik dan berterusan bagi pengenalpastian, penilaian dan pengurusan risiko-risiko yang dihadapinya. Pihak Pengurusan bertanggungjawab untuk mengenal pasti dan menilai kepentingan setiap risiko ke atas perniagaan ini bersama dengan perlaksanaan kawalan yang sesuai untuk menguruskan risiko-risiko ini. Sistem ini meliputi kawalan kewangan, kawalan operasi dan Pengurusan Sistem Infomasi, termasuk pematuhan undang-undang, peraturan-peraturan dan garis panduan yang berkenaan.

Kumpulan ini juga mempunyai proses belanjawan yang menyeluruh di mana belanjawan tahunan adalah diluluskan oleh Lembaga, supaya memimpin dan mengawal modal perbelanjaan untuk tahun yang seterusnya. Jawatankuasa Audit menyemak bersama dengan pihak Pengurusan, belanjawan tahunan ini, laporan kewangan suku tahun dan tahunan bagi Kumpulan, serta kawalan dalaman, dan seterusnya lapor kepada pihak Lembaga. Pengarah-pengarah Eksekutif mempengerusikan kebanyakan mesyuarat pengurusuan. Mesyuarat-mesyuarat ini adalah suatu pentas untuk penilaian prestasi kewangan, dan juga perniagaan dan isu-isu operasi termasuk perkara-perkara kawalan dalaman dan pengurusan risiko.

Kumpulan ini mengiktirafkan kepentingan atas menggunakan teknologi infomasi dan komunikasi untuk mempromosikan keberkesanan dan kecekapan dalam perniagaannya. Keseluruhan sistem komputer yang digunakan termasuk Sistem Perancangan Sumber Perniagaan yang membolehkan urusniaga-urusniaga dikumpulkan, disusunkan dan dilaporkan dalam cara yang tepat pada masanya dan betul. Sistem infomasi ini memberi pengurusan data yang boleh dipercayai, analisasi, variasi dan pengecualian untuk membuat keputusan.

Perancangan Strategik Perniagaan bagi Kumpulan ini adalah sejajar dan berpandu ke arah mencapai visi Kumpulan untuk menjadi pembekal utama untuk penyelesaian alat-alat automotif di seluruh dunia. Rancangan-rancangan dan proses-proses ini telah diluluskan oleh Lembaga dan dipantau rapi oleh Pengurusan.

Kumpulan ini telah menubuhkan anak-anak syarikat di China dan Indonesia pada tahun dalam tinjauan. Sistem kawalan dalaman dan pengurusan risiko juga telah dilanjutkan untuk meliputi operasi-operasi di luar negara ini.

PEMANTAUAN DAN PENILAIAN

Kumpulan ini telah menyerahkan fungsi Audit Dalaman kepada suatu firma penasihat profesional, yang bebas dari aktiviti-aktiviti yang diaudit. Juruaudit Dalaman menyediakan rancangan audit dalaman berdasarkan profil risiko ke atas operasi Kumpulan yang dinilaikan oleh Pengurusan. Juruaudit Dalaman ini menyemak bahagian audit seperti yang disenaraikan di rancangan audit yang diluluskan oleh Lembaga Pengarah atas cadangan Jawatankuasa Audit. Penyemakan ini memberikan suatu penilaian yang objektif dan bebas mengenai sistem kawalan dalaman untuk memberi jaminan yang berpatutan bahawa sistem *ini terus beroperasi dengan memuaskan. Juruaudit Dalaman melapor terus kepada Jawatankuasa Audit, yang menerima laporan mengenai isu-isu dan cadangan-cadangan yang timbul dari setiap penyemakan dan kemudiannya melapor kepada Lembaga. Jumlah yuran profesional tahunan yang ditanggung oleh Kumpulan untuk perkhidmatan Juruaudit Dalaman, yang bersumber luaran, bagi menguruskan fungsi audit dalaman adalah lebih kurang RM57,500.*

Juruaudit Luaran telah menyemak Penyata Kawalan Dalaman ini untuk dimasukkan ke dalam Laporan Tahunan Kumpulan bagi tahun kewangan berakhir 31 Disember 2011 menurut Panduan Pengamalan 5 yang Disyorkan, Garis Panduan kepada Juruaudit dalam Penyemakan Penyata Kawalan Dalaman yang dikeluarkan oleh Pengarah, yang diterbitkan oleh Institut Akauntan Malaysia. Berdasarkan semakan mereka, tiada apa-apa yang dijumpai yang boleh menyebabkan mereka mempercayai bahawa penyata ini adalah tidak konsisten dengan pemahaman mereka terhadap proses kawalan dalaman yang diamalkan oleh Lembaga ini.

KESIMPULAN

Lembaga telah menilai kecukupan dan integriti sistem kawalan dalaman dan pengurusan risiko sepanjang tahun kewangan dalam tinjauan melalui proses pemantauan yang telah dinyatakan di atas. Walau bagaimanapun, adalah harus diperhatikan bahawa sistem ini tidak akan menyingkirkan kemungkinan kejadian kesilapan manusia atau pengelakkan prosedur yang sengaja.

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

Lembaga Pengarah
New Hoong Fatt Holdings Berhad

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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 2011.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM	Company RM
Net profit for the financial year	19,913,641	10,651,816
Profit for the financial year attributable to:		
Owners of the parent	19,805,409	10,651,816
Non-controlling interest	108,232	-
	19,913,641	10,651,816

DIVIDENDS

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

	RM
In respect of the financial year ended 31 December 2010:	
Final single tier dividend of 8 sen and a special final single tier dividend of 2 sen per ordinary share, paid on 23 June 2011	7,515,660
In respect of the financial year ended 31 December 2011:	
An interim single tier dividend of 3 sen per ordinary share, paid on 20 December 2011	2,254,698
	9,770,358

The Directors recommend a final single tier dividend of 8 sen and a special final single tier dividend of 1 sen per ordinary share, amounting to RM6,764,094 in respect of the financial year ended 31 December 2011, which are subject to the approval of the members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Chin Jit Sin
Kam Foong Keng
Danny Ng Siew L'Leong
Kam Foong Sim
Datuk Dr Anis Bin Ahmad
Wong Yoke Nyen

In accordance with Article 78 of the Company's Articles of Association, Mr. Chin Jit Sin and Mr. Wong Yoke Nyen retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2011 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 were as follows:

	Number of ordinary shares of RM1.00 each			
	Balance at 1.1.2011	**Bought**	**Sold**	**Balance at 31.12.2011**
Shares in the Company				
Direct interests:				
Kam Foong Keng	25,620,942	-	-	25,620,942
Chin Jit Sin	838,200	-	-	838,200
Kam Foong Sim	1,807,425	-	-	1,807,425
Wong Yoke Nyen	10,000	-	-	10,000
Indirect interests				
Wong Yoke Nyen#	17,000	-	-	17,000

\# *Deemed interested through spouse's shareholdings pursuant to Section 134(12)(c) of the Companies Act, 1965*

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

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

DIRECTORS' BENEFITS

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

(a) Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which siblings of Madam Kam Foong Keng and Ms Kam Foong Sim have substantial financial interests; and

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

The details of the above transactions are disclosed in Note 36 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 or objects 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 statements of comprehensive income and statements of financial positions of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

(c) The Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; and

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 40 to the financial statements.

AUDITORS

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

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

Kam Foong Keng
Director

Chin Jit Sin
Director

Kuala Lumpur
23 April 2012

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 49 to 131 have been drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

On behalf of the Board,

Kam Foong Keng
Director

Chin Jit Sin
Director

Kuala Lumpur
23 April 2012

STATUTORY DECLARATION

I, Kam Foong Sim, being the Director primarily responsible for the financial management of New Hoong Fatt Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 49 to 131 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	)	
23 April 2012	)	**Kam Foong Sim**

Before me:

S. Ideraju
W-451
Commissioner for Oaths

Report on the Financial Statements

We have audited the financial statements of New Hoong Fatt Holdings Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 49 to 130.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 8 to the financial statements.

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

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 41 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

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

BDO
AF: 0206
Chartered Accountants

Rejeesh A/L Balasubramaniam
2895/08/12 (J)
Chartered Accountant

Kuala Lumpur
23 April 2012

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	**203,410,931**	172,223,358	**-**	-
Investments in subsidiaries	8	**-**	-	**24,242,839**	77,669,800
Investment properties	9	**9,500,000**	8,300,000	**-**	-
Prepaid lease payments for land	10	**1,434,712**	1,519,523	**-**	-
Available-for-sale financial asset	11	**130,000**	83,000	**-**	-
Deferred tax assets	21	**221,797**	-	**-**	-
Intangible asset - Goodwill	12	**8,538,886**	15,338,886	**-**	-
		223,236,326	197,464,767	**24,242,839**	77,669,800
Current assets					
Inventories	13	**36,753,936**	41,867,921	**-**	-
Trade and other receivables	14	**50,409,693**	58,950,410	**61,444,583**	5,521,806
Current tax assets		**154,809**	3,113	**6,800**	3,113
Cash and cash equivalents	15	**35,501,796**	33,327,770	**27,499**	172,059
		122,820,234	134,149,214	**61,478,882**	5,696,978
Non-current asset held for sale	16	**539,895**	-	**-**	-
TOTAL ASSETS		**346,596,455**	331,613,981	**85,721,721**	83,366,778
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	17	**75,156,600**	75,156,600	**75,156,600**	75,156,600
Reserves	18	**214,020,887**	174,447,104	**8,884,979**	8,003,521
		289,177,487	249,603,704	**84,041,579**	83,160,121
Non-controlling interests		**-**	2,597,674	**-**	-
TOTAL EQUITY		**289,177,487**	252,201,378	**84,041,579**	83,160,121
LIABILITIES					
Non-current liabilities					
Borrowings (interest bearing)	19	**7,655,232**	11,903,283	**-**	-
Deferred tax liabilities	21	**15,242,031**	14,209,954	**-**	-
		22,897,263	26,113,237	**-**	-
Current liabilities					
Trade and other payables	22	**13,375,450**	17,782,572	**1,680,142**	206,657
Borrowings (interest bearing)	19	**19,328,566**	35,050,132	**-**	-
Derivative liabilities	23	**41,617**	-	**-**	-
Current tax liabilities		**1,776,072**	466,662	**-**	-
		34,521,705	53,299,366	**1,680,142**	206,657
TOTAL LIABILITIES		**57,418,968**	79,412,603	**1,680,142**	206,657
TOTAL EQUITY AND LIABILITIES		**346,596,455**	331,613,981	**85,721,721**	83,366,778

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Revenue	26	**215,570,289**	222,473,416	**66,800,000**	12,768,000
Cost of sales	27	**(158,027,162)**	(162,133,205)	**-**	-
Gross profit		**57,543,127**	60,340,211	**66,800,000**	12,768,000
Other operating income		**12,524,445**	10,381,093	**-**	-
Selling and distribution expenses		**(9,746,214)**	(9,793,818)	**-**	-
Administrative expenses		**(26,203,806)**	(23,214,931)	**(563,662)**	(562,596)
Other operating expenses		**(6,800,000)**	(4,880,000)	**(55,526,960)**	(3,082,153)
Finance costs	28	**(1,458,326)**	(1,528,718)	**-**	-
Profit before tax	29	**25,859,226**	31,303,837	**10,709,378**	9,123,251
Tax expense	30	**(5,945,585)**	(3,664,482)	**(57,562)**	(6,027)
Profit for the financial year		**19,913,641**	27,639,355	**10,651,816**	9,117,224
Other comprehensive income:					
Fair value gain on available-for-sale financial asset		**47,000**	-	**-**	-
Revaluation surplus of land and buildings, net of tax		**29,319,635**	-	**-**	-
Foreign currency translations		**172,097**	-	**-**	-
Other comprehensive income, net of tax		**29,538,732**	-	**-**	-
Total comprehensive income		**49,452,373**	27,639,355	**10,651,816**	9,117,224
Profit attributable to:					
Owners of the parent		**19,805,409**	27,254,276	**10,651,816**	9,117,224
Non-controlling interest		**108,232**	385,079	**-**	-
		19,913,641	27,639,355	**10,651,816**	9,117,224
Total comprehensive income attributable to:					
Owners of the parent		**49,344,141**	27,254,276	**10,651,816**	9,117,224
Non-controlling interest		**108,232**	385,079	**-**	-
		49,452,373	27,639,355	**10,651,816**	9,117,224
Earnings per ordinary share attributable to equity holders of the Company (sen)					
Basic	31	**26.35**	36.26		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

Group	Note	Share capital RM	Share premium RM	Revaluation reserve RM	Available-for-sale reserve RM	Exchange translation reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 31 December 2009		75,156,600	4,210,070	13,512,861	-	-	138,488,689	231,368,220	2,272,595	233,640,815
Total comprehensive income		-	-	-	-	-	27,254,276	27,254,276	385,079	27,639,355
Transactions with owners										
Dividends paid to non-controlling interests of a subsidiary		-	-	-	-	-	-	-	(60,000)	(60,000)
Final dividend paid for financial year ended 31 December 2009	32	-	-	-	-	-	(6,764,094)	(6,764,094)	-	(6,764,094)
Interim dividend paid for financial year ended 31 December 2010	32	-	-	-	-	-	(2,254,698)	(2,254,698)	-	(2,254,698)
Total transactions with owners		-	-	-	-	-	(9,018,792)	(9,018,792)	(60,000)	(9,078,792)
Balance as at 31 December 2010		75,156,600	4,210,070	13,512,861	-	-	156,724,173	249,603,704	2,597,674	252,201,378
Profit for the financial year		-	-	-	-	-	19,805,409	19,805,409	108,232	19,913,641
Fair value gain on available-for-sale financial asset		-	-	-	47,000	-	-	47,000	-	47,000
Revaluation surplus of land and buildings,net of tax		-	-	29,319,635	-	-	-	29,319,635	-	29,319,635
Foreign currency translations		-	-	-	-	172,097	-	172,097	-	172,097
Total comprehensive income		-	-	29,319,635	47,000	172,097	19,805,409	49,344,141	108,232	49,452,373
Transactions with owners										
Disposal of a subsidiary	34	-	-	-	-	-	-	-	(2,705,906)	(2,705,906)
Final dividend paid for financial year ended 31 December 2010	32	-	-	-	-	-	(7,515,660)	(7,515,660)	-	(7,515,660)
Interim dividend paid for financial year ended 31 December 2011	32	-	-	-	-	-	(2,254,698)	(2,254,698)	-	(2,254,698)
Total transactions with owners		-	-	-	-	-	(9,770,358)	(9,770,358)	(2,705,906)	(12,476,264)
Balance as at 31 December 2011		**75,156,600**	**4,210,070**	**42,832,496**	**47,000**	**172,097**	**166,759,224**	**289,177,487**	**-**	**289,177,487**

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

	Note	Share capital RM	Share premium RM	Distributable Retained earnings RM	Total equity RM
Company					
Balance as at 31 December 2009		75,156,600	4,210,070	3,695,019	83,061,689
Total comprehensive income		-	-	9,117,224	9,117,224
Transactions with owners					
Final dividend paid for financial year ended 31 December 2009	32	-	-	(6,764,094)	(6,764,094)
Interim dividend paid for financial year ended 31 December 2010	32	-	-	(2,254,698)	(2,254,698)
Total transactions with owners		-	-	(9,018,792)	(9,018,792)
Balance as at 31 December 2010		75,156,600	4,210,070	3,793,451	83,160,121
Total comprehensive income		-	-	10,651,816	10,651,816
Transactions with owners					
Final dividend paid for financial year ended 31 December 2010	32	-	-	(7,515,660)	(7,515,660)
Interim dividend paid for financial year ended 31 December 2011	32	-	-	(2,254,698)	(2,254,698)
Total transactions with owners		-	-	(9,770,358)	(9,770,358)
Balance as at 31 December 2011		**75,156,600**	**4,210,070**	**4,674,909**	**84,041,579**

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		**25,859,226**	31,303,837	**10,709,378**	9,123,251
Adjustments for:					
Amortisation of prepaid lease payments for land	10	**84,811**	84,811	**-**	-
Bad debts written off		**41,495**	11,293	**-**	-
Depreciation of property, plant and equipment	7	**17,811,380**	16,996,001	**-**	-
Dividend income		**-**	-	**(66,800,000)**	(12,384,000)
Fair value adjustment on:					
- investment properties	9	**(1,200,000)**	(2,433,640)	**-**	-
- derivative instruments	23	**41,617**	-	**-**	-
Gain on disposal of property, plant and equipment		**(224,517)**	(229,492)	**-**	-
Impairment losses on:					
- investment in a subsidiary		**-**	-	**55,526,959**	3,082,153
- goodwill on consolidation	12	**6,800,000**	4,880,000	**-**	-
- property, plant and equipment		**148,991**	-	**-**	-
- trade receivables	14(h)	**-**	50,212	**-**	-
Interest expense		**1,458,326**	1,528,718	**-**	-
Interest income		**(656,944)**	(664,821)	**-**	-
Loss on disposal of a subsidiary	34	**458,860**	-	**-**	-
Property, plant and equipment written off	7	**716,876**	26,901	**-**	-
Reversal of impairment loss on trade receivables	14(h)	**(31,000)**	(16,135)	**-**	-
Unrealised (gain)/loss on foreign exchange		**(5,506)**	214,493	**-**	-
Operating profit/(loss) before working capital changes		**51,303,615**	51,752,178	**(563,663)**	(178,596)
Decrease/(Increase) in inventories		**821,040**	(5,904,584)	**-**	-
(Increase)/Decrease in trade and other receivables		**(5,494,428)**	(3,101,596)	**(16,800)**	87,569
Increase/(Decrease) in trade and other payables		**4,772,077**	(1,237,380)	**(26,515)**	(80,775)
Cash generated from/(used in) operations		**51,402,304**	41,508,618	**(606,978)**	(171,802)
Dividend received		**-**	-	**59,000,000**	9,184,000
Tax paid		**(4,333,537)**	(3,826,368)	**(61,249)**	(8,290)
Net cash from operating activities		**47,068,767**	37,682,250	**58,331,773**	9,003,908

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		**314,150**	975,839	-	-
Disposal of subsidiary, net of cash and cash equivalents received	34	**1,118,260**	-	-	-
Purchase of property, plant and equipment	7	**(21,603,910)**	(38,853,069)	-	-
Acquisition of a subsidiary	33	**-**	-	**(2)**	(2)
Acquisition of additional interest in subsidiaries	33	**-**	-	**(2,099,996)**	-
Advances to subsidiaries		**-**	-	**(46,605,977)**	-
Interest received		**656,944**	664,821	-	-
Net cash used in investing activities		**(19,514,556)**	(37,212,409)	**(48,705,975)**	(2)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		**(1,458,326)**	(1,528,718)	-	-
Repayments of:					
- bankers' acceptances		**(51,228,998)**	(76,078,191)	-	-
- term loans		**(5,408,839)**	(2,795,521)	-	-
- hire purchase creditors		**(73,839)**	(77,222)	-	-
Dividends paid to:					
- ordinary shareholders of the company	32	**(9,770,358)**	(9,018,792)	**(9,770,358)**	(9,018,792)
- non-controlling interest in a subsidiary		**-**	(60,000)	-	-
Drawdown of:					
- term loans		**1,500,000**	13,034,232	-	-
- bankers' acceptances		**41,060,175**	74,859,299	-	-
Net cash used in financing activities		**(25,380,185)**	(1,664,913)	**(9,770,358)**	(9,018,792)
Net increase/(decrease) in cash and cash equivalents		**2,174,026**	(1,195,072)	**(144,560)**	(14,886)
Cash and cash equivalents at beginning of financial year		**33,327,770**	34,522,842	**172,059**	186,945
Cash and cash equivalents at end of financial year	15	**35,501,796**	33,327,770	**27,499**	172,059

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

1. CORPORATE INFORMATION

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

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

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

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

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 23 April 2012.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 49 to 130 have been prepared in accordance with applicable approved Financial Reporting Standards ('FRSs') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 41 to the financial statements set out on page 131 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

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

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are entities (including special purposes entities) over which the Company has the power to govern the financial operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represents the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at either fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by FRSs. The choice of measurement basis is made on an combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

The Group has applied the revised FRS 3 *Business Combinations* in accounting for business combinations from 1 January 2011 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the Standard.

Changes in the Company ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or jointly controlled entity.

4.3 Business combinations

Business combinations from 1 January 2011 onwards

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;

(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and

(c) assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquire (if any) is recognised at the non-controlling interest's proportionate share of the acquire net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquire (if any), and the fair value of the Group's previously held equity interest in the acquire (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.8. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

Business combinations before 1 January 2011

Under the purchase method of accounting, the cost of 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 acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill (see Note 4.8 to the financial statements on goodwill). If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination; and

(b) recognise immediately in profit or loss any excess remaining after that reassessment.

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

4.4 Property, plant and equipment and depreciation

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

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

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

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

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of non-financial assets).

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

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

4.5 Leases and hire purchase

(a) Finance lease and hire purchase

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases and hire purchase (continued)

(b) Operating lease

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

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

(c) Leases of land and buildings

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

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

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

4.6 Investment properties

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

Fair value of investment properties are arrived at by reference to market evidence of transaction prices for similar properties. It is performed by registered independent valuers with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investments in subsidiaries

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

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. Investments accounted for at cost shall be accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4.8 Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

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 amount may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

4.9 Impairment of non-financial assets

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

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

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

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with FRS 8.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Impairment of non-financial assets (continued)

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

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

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

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

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

4.10 Inventories

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

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

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

4.11 Financial instruments

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

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

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

4. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

4.11 Financial instruments (continued)

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

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

(a) Financial assets

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

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

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

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

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

(ii) Held-to-maturity investments

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

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

(iii) Loans and receivables

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(a) Financial assets (continued)

(iv) Available-for-sale financial assets

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

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

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

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

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

(b) Financial liabilities

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(b) Financial liabilities (continued)

(ii) Other financial liabilities

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

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

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

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

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

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

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

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

(c) Equity

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

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

4. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

4.11 Financial instruments (continued)

(c) Equity (continued)

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

4.12 Impairment of financial assets

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

(a) Loans and receivables

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

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

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

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

(b) Available-for-sale financial assets

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

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

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

Impairment losses on available-for-sale debt investments are subsequently reversed to profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Borrowing costs

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

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

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

4.14 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit.

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

(a) Current tax

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

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

(b) Deferred tax

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

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

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

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

(i) the same taxable entity; or

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

4. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

4.14 Income taxes (continued)

(b) Deferred tax (continued)

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

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

4.15 Provisions

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

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

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

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

4.16 Contingent liabilities and contingent assets

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Employee benefits

(a) Short term employee benefits

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

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

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

(b) Defined contribution plan

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting contributions already paid and as an expense in the period in which the employees render their services.

4.18 Foreign currencies

(a) Functional and presentation currency

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

(b) Foreign currency translation and balances

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

(c) Foreign operations

Financial statements of foreign operations are translated at financial year end exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statements of comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of a net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Foreign currencies (continued)

(c) Foreign operations (continued)

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of the reporting period.

4.19 Revenue recognition

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

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

<u>Company</u>

(i) Revenue from management fees for management services rendered to subsidiaries is recognised in profit or loss upon performance of services.

(ii) Dividend income is recognised when right to receive payment is established.

<u>Group</u>

(i) Revenue from sale of goods is recognised when the significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with delivery of goods and acceptance by customers.

(ii) Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as a reduction of rental income over the lease term on a straight line basis.

(iii) Interest income is recognised as it accrues, using the effective interest method.

4.20 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. The probability of shareholders' approval is considered as part of the assessment of whether the sale is highly probable.

The sale is expected to qualify for recognition as a completed sale within one (1) year from the date of classification. However, an extension of the period required to complete the sale does not preclude the assets from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the assets.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Non-current assets held for sale (continued)

Immediately before the initial classification as held for sale, the carrying amounts of the non-current assets are measured in accordance with applicable FRSs. On initial classification as held for sale, non-current assets are measured at the lower of carrying amount before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in profit or loss as impairment loss.

Non-current assets held for sale are classified as current assets in the statement of financial position and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current asset classified as held for sale is presented separately.

If the Group has classified an asset as held for sale but subsequently the criteria for classification is no longer met, the Group ceases to classify the asset as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale at the lower of:

(i) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale; and

(ii) its recoverable amount at the date of the subsequent decision not to sell.

4.21 Operating segments

Operating segments are defined as components of the Group that:

(a) engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the Group's chief operating decision maker (i.e. the Group's Managing Director) in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

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

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

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:

  (i) the combined reported profit of all operating segments that did not report a loss; and

  (ii) the combined reported loss of all operating segments that reported a loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Operating segments (continued)

(c) Its assets are ten (10) per cent or more of the combined assets of all operating segments.

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

Total external revenue reported by operating segments shall constitute at least seventy five (75) percent of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.22 Earnings per share

Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

5. ADOPTION OF NEW FRSs, AMENDMENT TO FRSs AND IC INTERPRETATIONS

5.1 New FRSs, amendment to FRSs and IC Interpretations adopted during the current financial year

(a) Amendments to FRS 132 are mandatory for annual periods beginning on or after 1 March 2010 in respect of the classification of rights issues respectively.

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

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

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

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

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

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

5. **ADOPTION OF NEW FRSs, AMENDMENT TO FRSs AND IC INTERPRETATIONS (continued**

5.1 New FRSs, amendment to FRSs and IC Interpretations adopted during the current financial year (continued)

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

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

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

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

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

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

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

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

Acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred and the services are received. Consideration transferred in a business combination, including contingent consideration, shall be measured and recognised at fair value at acquisition date. Any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss.

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

The revised FRS 3 has been applied prospectively in accordance with its transitional provisions. Assets and liabilities that arose from business combinations whose acquisition dates were before 1 July 2010 are not adjusted.

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

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

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

5. **ADOPTION OF NEW FRSs, AMENDMENT TO FRSs AND IC INTERPRETATIONS (continued)**

5.1 New FRSs, amendment to FRSs and IC Interpretations adopted during the current financial year (continued)

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

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

According to its transitional provisions, the revised FRS 127 has been applied prospectively, and does not impact the entity's financial statements in respect of transactions with non-controlling interest, attribution of losses to non-controlling interest, and disposal of subsidiaries before 1 July 2010. These changes would only affect future transactions with non-controlling interest.

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

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

Amendments to FRS 2 *Share-based Payments* clarify that transactions in which the entity acquired goods as part of the net assets acquired in a business combination or contribution of a business on the formation of a joint venture are excluded from the scope of this Standard. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 5 clarify that non-current asset classified as held for distribution to owners acting in their capacity as owners are within the scope of this Standard. The amendment also clarifies that in determining whether a sale is highly probable, the probability of shareholders' approval, if required in the jurisdiction, shall be considered. In a sale plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary shall be classified as held for sale, regardless of whether the entity retains a non-controlling interest in its former subsidiary after the sale. Discontinued operations information shall also be presented. Non-current asset classified as held for distribution to owners shall be measured at the lower of its carrying amount and fair value less costs to distribute. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 138 clarify that the intention of separating an intangible asset is irrelevant in determining the identifiability of the intangible asset. In a separate acquisition and acquisition as part of a business combination, the price paid by the entity reflects the expectations of the entity of an inflow of economic benefits, even if there is uncertainty about the timing or the amount of the inflow. Accordingly, the probability criterion is always considered to be satisfied for separately acquired intangible assets. The useful life of a reacquired right recognised as an intangible asset in a business combination shall be the remaining contractual period of the contract in which the right was granted, and do not include renewal periods. In the case of a reacquired right in a business combination, if the right is subsequently reissued to a third party, the related carrying amount shall be used in determining the gain or loss on reissue. There is no impact upon adoption of these Amendments during the financial year.

Amendments to IC Interpretation 9 clarify that embedded derivatives in contracts acquired in a business combination, combination of entities or business under common controls, or the formation of a joint venture are excluded from this Interpretation. There is no impact upon adoption of these Amendments during the financial year.

5. ADOPTION OF NEW FRSs, AMENDMENT TO FRSs AND IC INTERPRETATIONS (continued)

5.1 New FRSs, amendment to FRSs and IC Interpretations adopted during the current financial year (continued)

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

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

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

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

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

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

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

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

At the end of each reporting period, the carrying amount of the dividend payable shall be remeasured and any changes shall be recognised in equity. At the settlement date, any difference between the carrying amounts of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss. The new accounting policy (see Note 4.11(c)) has been applied prospectively.

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

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

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

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

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

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

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

5. **ADOPTION OF NEW FRSs, AMENDMENT TO FRSs AND IC INTERPRETATIONS (continued)**

5.1 New FRSs, amendment to FRSs and IC Interpretations adopted during the current financial year (continued)

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

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

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

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

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

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

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

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

There is no impact upon adoption of this Interpretation during the financial year because there are no arrangements dependent on the use of specific assets in the Group.

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

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

There is no impact upon adoption of this Interpretation during the financial year because there are no such arrangements in the Group.

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

Amendments to FRS 1 clarify that FRS 108 does not apply to changes in accounting policies made upon adoption of FRSs until after the first FRS financial statements have been presented. If changes in accounting policies or exemptions in this FRS are used, an explanation of such changes together with updated reconciliations shall be made in each interim financial report. Entities whose operations are subject to rate regulation are permitted the use of previously revalued amounts as deemed cost. There is no impact upon adoption of these amendments during the financial year.

5. ADOPTION OF NEW FRSs, AMENDMENT TO FRSs AND IC INTERPRETATIONS (continued)

5.1 New FRSs, amendment to FRSs and IC Interpretations adopted during the current financial year (continued)

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

Amendments to FRS 3 clarify that for each business combination, the acquirer shall measure at the acquisition date non-controlling interests that consists of the present ownership interests and entitle holders to a proportionate share of the entity's net assets in the event of liquidation. Un-replaced and voluntarily replaced share-based payment transactions shall be measured using the market-based measurement method in accordance with FRS 2 at the acquisition date. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 7 clarify that quantitative disclosures of risk concentrations are required if the disclosures made in other parts of the financial statements are not readily apparent. The disclosure on maximum exposure to credit risk is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk. The Group has incorporated these disclosures on maximum exposure to credit risk in Note 39 to the financial statements.

Amendments to FRS 101 clarify that a statement of changes in equity shall be presented as part of a complete set of financial statements and analysis of other comprehensive income shall also be presented in the statement of changes in equity. This has been reflected in the statement of changes in equity.

Amendments to FRS 121 *The Effects of Changes in Foreign Exchange Rates* clarify that the accounting treatment for cumulative foreign exchange differences in other comprehensive income for the disposal or partial disposal of a foreign operation shall be applied prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 128 clarify that the accounting treatment for the cessation of significant influence over an associate shall be applied prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 131 clarify that the accounting treatment for the cessation of joint control over an entity shall be applied prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 132 clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 134 clarify that updated information on significant events and transactions since the end of the last annual reporting period shall be included in the entity's interim financial report. There is no impact upon adoption of these Amendments during the financial year.

Amendments to FRS 139 clarify that contingent consideration from a business combination that occurred before the effective date of the revised FRS 3 of 1 July 2010 shall be accounted for prospectively. There is no impact upon adoption of these Amendments during the financial year.

Amendments to IC Interpretation 13 clarify that the fair value of award credits takes into account, amongst others, the amount of the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale. There is no impact upon adoption of these Amendments during the financial year.

5. **ADOPTION OF NEW FRSs, AMENDMENT TO FRSs AND IC INTERPRETATIONS (continued)**

5.2 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012

On 19 November 2011, the Malaysian Accounting Standards Board ('MASB') announced the issuance of the new MFRS framework that is applicable to entities other than private entities.

The Group is expected to apply the MFRS framework for the financial year ending 31 December 2012.

This would result in the Group preparing an opening MFRS statement of financial position as at 1 January 2011 which adjusts for differences between the classification and measurement bases in the existing FRS framework versus that in the new MFRS framework. This would also result in a restatement of the annual and quarterly financial performance for the financial year ending 31 December 2011 in accordance with MFRS which would form the MFRS comparatives for the quarter ending 31 March 2012 and financial year ending 31 December 2012 respectively.

The MFRSs and IC Interpretations expected to be adopted are as follows:

MFRS 1	*First-time Adoption of Financial Reporting Standards*	1 January 2012
MFRS 2	*Share-based Payment*	1 January 2012
MFRS 3	*Business Combination*	1 January 2012
MFRS 4	*Insurance Contracts*	1 January 2012
MFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*	1 January 2012
MFRS 6	*Exploration for and Evaluation of Mineral Resources*	1 January 2012
MFRS 7	*Financial Instruments: Disclosures*	1 January 2012
MFRS 8	*Operating Segments*	1 January 2012
MFRS 9	*Financial Instruments*	1 January 2015
MFRS 10	*Consolidated Financial Statements*	1 January 2013
MFRS 11	*Joint Arrangements*	1 January 2013
MFRs 12	*Disclosure of Interests in Other Entities*	1 January 2013
MFRS 13	*Fair Value Measurement*	1 January 2013
MFRS 101	*Presentation of Financial Statements*	1 January 2012
Amendments to MFRS 101	*Presentation of Items of Other Comprehensive Income*	1 July 2012
MFRS 102	*Inventories*	1 January 2012
MFRS 107	*Statement of Cash Flows*	1 January 2012
MFRS 108	*Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2012
MFRS 110	*Events After the Reporting Period*	1 January 2012
MFRS 111	*Construction Contacts*	1 January 2012
MFRS 112	*Income Taxes*	1 January 2012
MFRS 116	*Property, Plant and Equipment*	1 January 2012
MFRS 117	*Leases*	1 January 2012
MFRS 118	*Revenue*	1 January 2012
MFRS 119	*Employee Benefits*	1 January 2012
MFRS 119	*Employee Benefits (revised)*	1 January 2013
MFRS 120	*Accounting for Government Grants and Disclosure of Government Assistance*	1 January 2012
MFRS 121	*The Effects of Changes in Foreign Exchange Rates*	1 January 2012
MFRS 123	*Borrowing Costs*	1 January 2012
MFRS 124	*Related Party Disclosures*	1 January 2012
MFRS 126	*Accounting and Reporting by Retirement Benefit Plans*	1 January 2012
MFRS 127	*Consolidated and Separate Financial Statements*	1 January 2013
MFRS 127	*Separate Financial Statements*	1 January 2012
MFRS 128	*Investments in Associates*	1 January 2012
MFRS 128	*Investments in Associates and Joint Ventures*	1 January 2013
MFRS 129	*Financial Reporting in Hyperinflationary Economies*	1 January 2012
MFRS 131	*Interests in Joint Ventures*	1 January 2012

5. ADOPTION OF NEW FRSs, AMENDMENT TO FRSs AND IC INTERPRETATIONS (continued)

5.2 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (continued)

The MFRSs and IC Interpretations expected to be adopted are as follows (continued):

MFRS 132	Financial Instruments: Presentation	1 January 2012
MFRS 133	Earnings Per Share	1 January 2012
MFRS 134	Interim Financial Reporting	1 January 2012
MFRS 136	Impairment of Assets	1 January 2012
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2012
MFRS 138	Intangible Assets	1 January 2012
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2012
MFRS 140	Investment Property	1 January 2012
MFRS 141	Agriculture	1 January 2012
Improvements to MFRSs		1 January 2012
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosures		1 March 2012
IC Interpretation 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 January 2012
IC Interpretation 2	*Members' Shares in Co-operative Entities and Similar Instruments*	1 January 2012
IC Interpretation 4	*Determining Whether an Arrangement Contains a Lease*	1 January 2012
IC Interpretation 5	*Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 January 2012
IC Interpretation 6	*Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*	1 January 2012
IC Interpretation 7	*Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies*	1 January 2012
IC Interpretation 9	*Reassessment of Embedded Derivatives*	1 January 2012
IC Interpretation 10	*Interim Financial Reporting and Impairment*	1 January 2012
IC Interpretation 12	*Service Concession Arrangements*	1 January 2012
IC Interpretation 13	*Customer Loyalty Programmes*	1 January 2012
IC Interpretation 14	MFRS 119 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*	1 January 2012
IC Interpretation 15	*Agreements for the Construction of Real Estate*	1 January 2012
IC Interpretation 16	*Hedges of a Net Investment in a Foreign Operation*	1 January 2012
IC Interpretation 17	*Distributions of Non-cash Assets to Owners*	1 January 2012
IC Interpretation 18	*Transfers of Assets from Customers*	1 January 2012
IC Interpretation 19	*Extinguishing Financial Liabilities with Equity Instruments*	1 January 2012
IC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
IC Interpretation 107	*Introduction of the Euro*	1 January 2012
IC Interpretation 110	*Government Assistance - No Specific Relation to Operating Activities*	1 January 2012
IC Interpretation 112	*Consolidation - Special Purpose Entities*	1 January 2012
IC Interpretation 113	*Jointly Controlled Entities - Non-Monetary Contributions by Venturers*	1 January 2012
IC Interpretation 115	*Operating Leases - Incentives*	1 January 2012
IC Interpretation 125	*Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*	1 January 2012
IC Interpretation 129	*Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	1 January 2012
IC Interpretation 131	*Revenue - Barter Transactions Involving Advertising Services*	1 January 2012
IC Interpretation 132	*Intangible Assets - Web Site Costs*	1 January 2012

5. ADOPTION OF NEW FRSs, AMENDMENT TO FRSs AND IC INTERPRETATIONS (continued)

5.2 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (continued)

The MFRSs and IC Interpretations expected to be adopted are as follows (continued):

Technical Release 3 *Guidance on Disclosures of Transition to IFRSs* ('TR 3') provides voluntary disclosure requirements on the potential impact of adoption of MFRSs. However, the Group is in the process of preparing the opening statement of financial statements and is only able to assess the potential impact as follows:

(a) FRS 116 contains an additional disclosure to require an entity to disclose if it had applied the transitional provision provided by the MASB when FRS 116 was first adopted in 1998. The said transitional provision allowed an entity to carry the asset's revalued amount as surrogate cost.

However, MFRS 116 does not have similar requirements for such a transition.

(b) FRS 117 contains two transitional provisions, one of which is in relation to the transition from MASB 10 *Leases* to FRS 117:

i. An entity that had previously classified its leasehold land as property, plant and equipment shall reclassify the unamortised carrying amount as operating lease.

If the entity had previously revalued such leasehold land, the entity shall retain the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments.

However, MFRS 117 does not have this transitional provision as the requirement to treat leasehold land as operating lease was already prescribed in IAS 17 *Leases*.

ii. An entity need not disclose the effect of impending changes of accounting standards required under FRS 108 *Accounting Policies, Changes in Estimates and Errors* when it first applied the revised Standard.

However, MFRS 117 does not have similar requirements for such a transition.

(c) FRS 121 mandates the use of Ringgit Malaysia as the presentation currency in accordance with the Companies Act, 1965 in Malaysia. However, MFRS 121 does not have such a similar requirement.

(d) FRS 139 contains three transitional provisions, namely:

i. Transitional provision for first-time adoption of FRS 139, which prohibits retrospective application and instead, requires an initial application of the recognition, classification and measurement on the effective date of the Standard.

ii. An entity need not disclose the effect of impending changes of accounting standards required under FRS 108 when it first applied the revised Standard.

However, MFRS 139 does not have similar requirements for such a transition.

(e) FRS 140 contains an additional disclosure to require an entity to disclose that it had applied the transitional provision provided by the MASB in 1998. The same transitional provision allowed an entity to carry the asset's revalued amount as surrogate cost.

However, MFRS 140 does not have similar requirements for such a transition.

(f) FRS 4 contains a transitional provision that an entity need not disclose the effect of impending changes of accounting standards required under FRS 108 when it first applied the Standard.

However, MFRS 4 does not have similar requirements for such a transition.

5. ADOPTION OF NEW FRSs, AMENDMENT TO FRSs AND IC INTERPRETATIONS (continued)

5.2 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2012 (continued)

The MFRSs and IC Interpretations expected to be adopted are as follows (continued):

(g) FRS 7 contains two transitional provisions:

i. An entity is not required to present any comparative disclosures required by the Standard when it first applied the Standard.

ii. An entity need not disclose the effect of impending changes of accounting standards required under FRS 108 when it first applied the Standard.

However, MFRS 7 does not have similar requirements for such a transition.

(h) IC Interpretation 12 contains a transitional provision that an entity need not disclose the effect of impending changes of accounting standards required under FRS 108 when it first applied the Standard.

However, IC 12 does not have similar requirements for such a transition.

(i) MFRS 141 *Agriculture* is mandatory for annual period beginning on or after 1 January 2012.

This Standard prescribes the accounting treatment, financial statement presentation, and disclosures related to agricultural activity. It requires measurement at fair value less costs to sell from initial recognition of biological assets up to the point of harvest, other than when fair value cannot be measured reliably on initial recognition. This Standard requires that a change in fair value less costs to sell of a biological asset be included in profit or loss for the period in which it arises.

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

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

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

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

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

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

5. **ADOPTION OF NEW FRSs, AMENDMENT TO FRSs AND IC INTERPRETATIONS (continued)**

5.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 July 2012 and 1 January 2013

(a) Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income* are mandatory for annual periods beginning on or after 1 July 2012

These Amendments requires the Group to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments) or otherwise. It does not change the option to present items of other comprehensive income either before tax or net of tax. However, if the items are presented before tax, then the tax related to each of the two groups of other comprehensive income items shall be shown separately.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

(b) MFRS 10 *Consolidated Financial Statements* is mandatory for annual periods beginning on or after 1 January 2013.

This Standard defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The investor is required to reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

(c) MFRS 11 *Joint Arrangements is* mandatory for annual periods beginning on or after 1 January 2013.

This Standard requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. Joint arrangements are classified into two types; joint operations and joint ventures. A joint operation is a joint arrangement whereby joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangements. A joint operator recognises and measures the assets and liabilities in relation to its interest in the arrangement in accordance with applicable relevant MFRS whereas a joint venture recognises the investment using the equity method of accounting.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

(d) MFRS 12 *Disclosure of Interests in Other Entities* is mandatory for annual periods beginning on or after 1 January 2013.

This Standard establishes disclosure objectives and requirements that enable users of financial statements to evaluate the nature of, and risks associated with, the Group's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. If the minimum disclosures required in this Standard are not sufficient to meet the disclosure objectives, the Group is expected to disclose whatever additional information that is necessary to meet that objective.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

5. ADOPTION OF NEW FRSs, AMENDMENT TO FRSs AND IC INTERPRETATIONS (continued)

5.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 July 2012 and 1 January 2013 (continued)

(e) MFRS 13 *Fair Value Measurements* is mandatory for annual periods beginning on or after 1 January 2013.

This Standard applies to FRS that requires or permits fair value measurements or disclosures about fair value measurements. It explains how to measure fair value for financial reporting and does not require fair value measurements in addition to those already required or permitted by other MFRS. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The definition of fair value is a market-based measurement and not an entity-specific measurement whereby assumptions made by market participants would be used when pricing the asset or liability under current market conditions. Consequently, the Group's intention to hold an asset or to settle or fulfil a liability is not relevant when measuring fair value.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

(f) MFRS 127 *Separate Financial Statements (revised)* is mandatory effective for annual periods beginning on or after 1 January 2013.

This revised Standard contains accounting requirements for investments in subsidiaries, joint ventures and associates when separate financial statements are prepared. The Group is required to account for those investments either at cost or in accordance with MFRS 9 in the separate financial statements.

The Group is in the process of assessing the impact of implementing this Standard *since the effects would only be observable for the financial year ending* 31 December 2013.

(g) MFRS 128 *Investments in Associates and Joint Ventures (revised)* is mandatory for annual periods beginning on or after 1 January 2013.

This revised Standard defines the equity method of accounting whereby the investment in an associate or joint venture is initially measured at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes its share of the profit or loss of the investee and the other comprehensive income of the investor includes its share of other comprehensive income of the investee.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

(h) MFRS 119 *Employee Benefits (revised)* is mandatory for annual periods beginning on or after 1 January 2013.

This revised Standard requires the Group to recognise all changes in the defined benefit obligations and in the fair value of related plan assets when those changes occur. The Group is also required to split the changes in the net defined benefit liability or asset into the following three components: service cost (presented in profit or loss), net interest on the net defined benefit liability (presented in profit or loss) and remeasurement of the net defined benefit liability (presented in other comprehensive income and not recycled through profit or loss).

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

5. **ADOPTION OF NEW FRSs, AMENDMENT TO FRSs AND IC INTERPRETATIONS (continued)**

5.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 July 2012 and 1 January 2013 (continued)

(i) IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine* is mandatory for annual periods beginning on or after 1 January 2013.

This Interpretation clarifies that removed material that can be used to build up inventory is accounted for in accordance with the principles of *MFRS 102 Inventories*. The other removed material, that provides access to deeper levels of material that will be mined in future periods, is recognised as a non-current asset (referred to as a 'stripping activity asset') if recognition criteria are met. This Interpretation requires stripping activity assets to be measured at cost at initial recognition. Consequently, they are carried either at cost or revalued amount less depreciation or amortisation and any impairment losses.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2013.

(j) Amendments to MFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities* is mandatory for annual periods beginning on or after 1 January 2013.

These Amendments require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 31 December 2013.

(k) Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities* is mandatory for annual periods beginning on or after 1 January 2014.

These Amendments provide the application guidance for criteria to offset financial assets and financial liabilities.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 31 December 2014.

(l) MFRS 9 *Financial Instruments* is mandatory for annual periods beginning on or after 1 January 2015.

This Standard addresses the classification and measurement of financial assets and financial liabilities. All financial assets shall be classified on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs. Financial assets are subsequently measured at amortised cost or fair value. Financial liabilities are subsequently measured at amortised cost or fair value. However, changes due to own credit risk in relation to the fair value option for financial liabilities shall be recognised in other comprehensive income.

The Group is in the process of assessing the impact of implementing this Standard since the effects would only be observable for the financial year ending 31 December 2015.

5. ADOPTION OF NEW FRSs, AMENDMENT TO FRSs AND IC INTERPRETATIONS (continued)

5.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 July 2012 and 1 January 2013 (continued)

(m) Mandatory *Effective Date of MFRS 9* and *Transition Disclosures* is effective immediately upon adoption of FRS 9.

This Amendment modifies the effective date of MFRS 9 from 1 January 2013 to 1 January 2015. Transitional provisions in MFRS 9 were also amended to provide certain relief from retrospective adjustments.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 31 December 2015.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

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

The Directors are of the opinion that there are no changes in estimates at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

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

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

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

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

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

6.2 Critical judgements made in applying accounting policies (continued)

(b) Operating lease commitments - the Group as lessor

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

(c) Contingent liabilities

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

(d) Non-current assets held for sale

Certain non-current assets have been classified as held for sale as the management has committed to a plan to sell the assets as at the end of the reporting period. Barring any unforeseen circumstances, the Company expects that the sale of the assets and liabilities would be completed within the next twelve (12) months.

(e) Classification of leasehold land

The classification of leasehold land as a finance lease or an operating lease required the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Due to the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land and that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease, management had determined that the leasehold land lease does not transfer substantially all the risks and rewards to the Group and hence it is classified as operating lease.

6.3 Key sources of estimation uncertainty

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

(a) Impairment of goodwill

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

The calculations of the value-in-use amount are most sensitive to the following assumptions:

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

6.3 Key sources of estimation uncertainty (continued)

(a) Impairment of goodwill (continued)

(i) Budgeted gross margins. Gross margins are based on historical averages achieved in the preceding two (2) financial years, adjusted to reflect anticipated efficiency and productivity improvements.

(ii) Pre-tax discount rates. The discount rates reflect current market assessment of specific risks of the subsidiaries. These discount rates have consistently been used by management as the benchmark rates in project appraisals of the subsidiaries.

Further details are disclosed in Note 12 to the financial statements.

(b) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within the period as disclosed in Note 4.4 to the financial statements. These are common life expectancies applied in the industry in which the Group operates. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised.

(c) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(d) Impairment of receivables

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

(e) Fair values of borrowings

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

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(f) Write down for obsolete or slow moving inventories

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

(g) Income taxes

Significant judgement is required in determining the capital allowances, deductibility of certain expenses and taxability of certain income based on the interpretation of the tax laws and legislations during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions, where applicable in the period in which such determination is made.

(h) Impairment of assets

The Group determines whether an asset is impaired by evaluating the extent to which the recoverable amount of an asset is less than its carrying amount. This evaluation is subject to factors such as market performance, economic and political situation of the country.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value in use. The value in use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect its income and cash flows. Judgement has been used to determine the discount rate for the cash flows and the future growth of the business.

7. **PROPERTY, PLANT AND EQUIPMENT**

2011 Group	Balance as at 1.1.2011 RM	Additions RM	Disposals RM	Disposal of a subsidiary (Note 34) RM	Depreciation charge for the financial year RM	Written off RM	Reclassi-fication as non-current asset held for sale (Note 16) RM	Revaluation surplus RM	Impairment loss RM	Reclassi-fications RM	Balance as at 31.12.2011 RM
Carrying amount											
Freehold land											
- at valuation	**29,862,141**	-	-	-	-	-	(328,000)	22,286,859	-	79,000	**51,900,000**
- at cost	**79,000**	-	-	-	-	-	-	-	-	(79,000)	**-**
Buildings											
- at valuation	**36,594,873**	-	-	-	(903,694)	-	(211,895)	4,436,720	(148,991)	14,606,821	**54,373,834**
- at cost	**14,289,105**	357,078	-	(106,203)	(449,109)	-	-	30,994	-	(14,121,865)	**-**
Long term leasehold land											
- at valuation	**2,935,070**	-	-	-	(52,160)	(363,319)	-	2,617,090	-	(5,136,681)	**-**
Long term leasehold land and building											
- at valuation	**-**	-	-	-	-	-	-	-	-	14,400,000	**14,400,000**
- at cost	**8,955,235**	-	-	-	(158,500)	-	-	466,584	-	(9,263,319)	**-**
Plant and machinery	**15,299,822**	3,192,914	-	-	(3,970,687)	(244,236)	-	-	-	-	**14,277,813**
Tools, equipment and air-conditioners	**1,482,016**	173,011	-	(129,549)	(300,749)	(99,622)	-	-	-	-	**1,125,107**
Moulds and dies	**54,656,614**	12,166,331	-	-	(10,402,228)	-	-	-	-	232,277	**56,652,994**
Motor vehicles	**2,254,313**	1,244,686	(89,316)	(768,045)	(733,085)	(3)	-	-	-	-	**1,908,550**
Furniture, fittings and office equipment	**1,291,352**	2,746,305	(317)	(68,389)	(841,168)	(9,696)	-	-	-	-	**3,118,087**
Buildings under construction	**499,403**	133,215	-	-	-	-	-	-	-	(484,956)	**147,662**
Tools and dies development costs	**4,024,414**	1,714,747	-	-	-	-	-	-	-	(232,277)	**5,506,884**
	172,223,358	21,728,287	(89,633)	(1,072,186)	(17,811,380)	(716,876)	(539,895)	29,838,247	(148,991)	-	**203,410,931**

7. PROPERTY, PLANT AND EQUIPMENT (continued)

2011	At 31.12.2011 Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment RM	Carrying amount RM
Freehold land					
- at valuation	-	51,900,000	-	-	51,900,000
Buildings					
- at valuation	-	54,522,825	-	(148,991)	54,373,834
Long term leasehold land and building					
- at valuation	-	14,400,000	-	-	14,400,000
Plant and machinery	65,389,274	-	(51,111,461)	-	14,277,813
Tools, equipment and air-conditioners	3,516,487	-	(2,391,380)	-	1,125,107
Moulds and dies	159,272,880	-	(102,301,897)	(317,989)	56,652,994
Motor vehicles	4,986,944	-	(3,078,394)	-	1,908,550
Furniture, fittings and office equipment	8,284,069	-	(5,165,982)	-	3,118,087
Buildings under construction	147,662	-	-	-	147,662
Tools and dies development costs	5,506,884	-	-	-	5,506,884
	247,104,200	120,822,825	(164,049,114)	(466,980)	203,410,931

2010 Group	Balance as at 1.1.2010 as restated RM	Additions RM	Disposals RM	Depreciation charge for the financial year RM	Written off RM	Reclassi-fications RM	Balance as at 31.12.2010 RM
Carrying amount							
Freehold land							
- at valuation	29,862,141	-	-	-	-	-	29,862,141
- at cost	-	79,000	-	-	-	-	79,000
Buildings							
- at valuation	37,498,535	-	-	(903,662)	-	-	36,594,873
- at cost	6,505,327	537,739	-	(236,077)	-	7,482,116	14,289,105
Long term leasehold land							
- at valuation	2,987,193	-	-	(52,123)	-	-	2,935,070
Long term leasehold land and building							
- at cost	555,390	9,096,074	(555,390)	(140,839)	-	-	8,955,235
Plant and machinery	16,674,428	2,918,156	(17,503)	(4,275,242)	(17)	-	15,299,822
Tools, equipment and air-conditioners	1,625,488	184,315	-	(309,846)	(17,941)	-	1,482,016
Moulds and dies	47,357,237	7,282,945	(127,729)	(9,661,548)	(44)	9,805,753	54,656,614
Motor vehicles	2,382,989	764,300	(45,725)	(847,251)	-	-	2,254,313
Furniture, fittings and office equipment	1,102,088	767,576	-	(569,413)	(8,899)	-	1,291,352
Buildings under construction	217,813	7,763,706	-	-	-	(7,482,116)	499,403
Tools and dies development costs	4,370,909	9,459,258	-	-	-	(9,805,753)	4,024,414
	151,139,538	38,853,069	(746,347)	(16,996,001)	(26,901)	-	172,223,358

7. PROPERTY, PLANT AND EQUIPMENT (continued)

2010	At 31.12.2010 Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment RM	Carrying amount RM
Freehold land					
- at valuation	-	29,862,141	-	-	29,862,141
- at cost	79,000	-	-	-	79,000
Buildings					
- at valuation	-	40,210,220	(3,615,347)	-	36,594,873
- at cost	15,064,102	-	(774,997)	-	14,289,105
Long term leasehold land					
- at valuation	-	3,192,018	(256,948)	-	2,935,070
Long term leasehold land and building					
- at cost	9,096,074	-	(140,839)	-	8,955,235
Plant and machinery	62,721,147	-	(47,421,325)	-	15,299,822
Tools, equipment and air-conditioners	3,665,366	-	(2,183,350)	-	1,482,016
Moulds and dies	146,874,272	-	(91,899,669)	(317,989)	54,656,614
Motor vehicles	5,767,260	-	(3,512,947)	-	2,254,313
Furniture, fittings and office equipment	6,030,301	-	(4,738,949)	-	1,291,352
Buildings under construction	499,403	-	-	-	499,403
Tools and dies development costs	4,024,414	-	-	-	4,024,414
	253,821,339	73,264,379	(154,544,371)	(317,989)	172,223,358

(a) The land and buildings of the Group were revalued on 31 December 2011 by the Directors based on valuation exercise carried out by a registered independent valuer, Messrs. Konsortium Perunding Hartanah Sdn. Bhd. by reference to the open market value based on existing use basis.

Had the revalued land and buildings been carried at cost less accumulated depreciation, the carrying amounts of the land and buildings were as follows:-

	Group 2011 RM	2010 RM
Land	**35,662,333**	25,644,319(*)
Buildings	**42,190,415**	29,957,673(*)
	77,852,748	55,601,992

** the land and buildings were not revalued previously.*

7. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Group 2011 RM	Group 2010 RM
Purchase of property, plant and equipment	**21,728,287**	38,853,069
Financed by hire purchase arrangements	**(124,377)**	-
Cash payments on purchase of property, plant and equipment	**21,603,910**	38,853,069

As at 31 December 2011, the carrying amounts of the property, plant and equipment of the Group under finance leases are as follows:

	Group 2011 RM	Group 2010 RM
Motor vehicles	**73,219**	184,992

Details of the terms and conditions of the hire purchase arrangements are disclosed in Note 20 to the financial statements.

(c) During the financial year, the Group had reclassified certain freehold land and building as non-current assets held for sale as disclosed in Note 16 to the financial statements.

8. INVESTMENTS IN SUBSIDIARIES

	Company 2011 RM	Company 2010 RM
Unquoted equity shares, at cost	**82,851,951**	80,751,953
Less: Accumulated impairment losses	**(58,609,112)**	(3,082,153)
	24,242,839	77,669,800

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Interest in equity held by Company 2011	Company 2010	Subsidiaries 2011	Subsidiaries 2010	Principal activities
New Hoong Fatt Auto Supplies Sdn. Bhd. ("NHFAS") (1)	Malaysia	**100%**	100%	**-**	-	Marketing, distribution and trading of automotive spare parts and accessories
NJ Manufacturing Industries Sdn. Bhd. (1)	Malaysia	**100%**	100%	**-**	-	Manufacturing and marketing of automotive parts.
Jhi Soon Manufacturing Industries Sdn. Bhd. (1)	Malaysia	**100%**	100%	**-**	-	Manufacturing and marketing of automotive parts.

8. INVESTMENTS IN SUBSIDIARIES (continued)

The details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation	Interest in equity held by Company 2011	Company 2010	Subsidiaries 2011	Subsidiaries 2010	Principal activities
Hoeken Industrial Sdn. Bhd. [1]	Malaysia	**100%**	100%	**-**	-	In voluntary winding up
Advancesoft ICT Sdn. Bhd. [1]	Malaysia	**100%**	100%	**-**	-	In voluntary winding up
New Hoong Fatt Industries Sdn. Bhd. [1]	Malaysia	**100%**	100%	**-**	-	Inactive
MJ Manufacturing Industries Sdn. Bhd. [1]	Malaysia	**100%**	100%	**-**	-	Manufacturing of tools and dies, moulds and dies, metal and plastic automotive parts
Auto Global Parts Industries Sdn. Bhd. [1]	Malaysia	**100%**	100%	**-**	-	Manufacturing and marketing of automotive parts and provision of injection services for automotive parts
NHF Ventures Sdn. Bhd. [1]	Malaysia	**100%**	-	**-**	-	Investment holding company
Subsidiaries of New Hoong Fatt Auto Supplies Sdn. Bhd.						
New Kean Tat Auto Parts Sdn. Bhd. [1]	Malaysia	**-**	-	**-**	60%	Trading of motor vehicle parts and accessories
PT. NHF Auto Supplies Indonesia [#] [2]	Indonesia	**-**	-	**100%**	-	Import and trade automotive spareparts
Subsidiary of New Kean Tat Auto Parts Sdn. Bhd.						
Advance Auto Supplies Sdn. Bhd. [1]	Malaysia	**-**	-	**-**	100%	Inactive
Subsidiary of NHF Ventures Sdn. Bhd.						
Ampire Auto Parts (Shanghai) Co., Ltd. [#] [2]	Peoples Republic of China	**-**	-	**100%**	-	Trading of automotive spareparts, vehicle maintenance supplies, vehicle decorating supplies, maintenance equipment, electric power tool, audio-visual audio equipment and the related import and export

[1] *Subsidiaries audited by BDO in Malaysia.*
[2] *Subsidiaries not audited by BDO or member firms of BDO International.*
[#] *Further information on the acquisitions is detailed in Note 33 to the financial statements.*

8. INVESTMENTS IN SUBSIDIARIES (continued)

(a) During the financial year:

(i) On 20 May 2011, the Group had submitted to the Companies Commission of Malaysia, an application to strike off from the Register the name of Advance Auto Supplies Sdn. Bhd., a wholly-owned subsidiary of New Kean Tat Auto Parts Sdn. Bhd. (the 60% owned subsidiary of the Group), pursuant to Section 308(1) of the Companies Act, 1965.

(ii) On 7 June 2011, the Group's and the Company's wholly-owned subsidiaries, New Hoong Fatt Auto Supplies Sdn. Bhd. and New Hoong Fatt Industries Sdn. Bhd., had entered into a conditional sale and purchase agreement for the disposal of the entire 60% equity interest totalling 3,000,000 ordinary shares of RM1.00 each held by them in New Kean Tat Auto Parts Sdn. Bhd. The disposal was completed on 26 August 2011.

(iii) On 30 June 2011, Hoeken Industrial Sdn. Bhd., the Group's and the Company's wholly owned subsidiary, had commenced a member's voluntary winding up pursuant to Section 254(1)(b) of the Companies Act, 1965. As at the end of the reporting period, the liquidation process has yet to be completed.

(b) An impairment loss of RM55,526,959 on investment in a subsidiary, Hoeken Industrial Sdn. Bhd., was recognised during the financial year. This is because the subsidiary is under the process of voluntary winding up and it is unlikely that the Company will fully recover the cost of investment upon completion of the winding up process. The recoverable amount was determined by reference to the underlying net assets of the subsidiary as at the end of the reporting period.

(c) During the previous financial year:

(i) The Group and the Company acquired two (2) ordinary shares of RM1.00 each representing 100% equity interest in Auto Global Parts Industries Sdn. Bhd., a company incorporated in Malaysia for a cash consideration of RM2. The subsidiary is principally engaged in the manufacturing and marketing of automotive parts and provision of injection services for plastic automotive parts.

(ii) The Group acquired two (2) ordinary shares of RM1.00 each representing 100% equity interest in Advance Auto Supplies Sdn. Bhd., a company incorporated in Malaysia, which intends to engage in trading of motor vehicle parts and accessories, for a cash consideration of RM2.

(iii) Advancesoft ICT Sdn. Bhd., a wholly owned subsidiary of the Group had commenced a member's voluntary winding up pursuant to Section 254(1)(b) of the Companies Act, 1965. As at the end of the reporting period, the liquidation process has yet to be completed.

9. INVESTMENT PROPERTIES

2011 **Group**	**Balance as at 1.1.2011 RM**	**Fair value adjustments recognised in profit or loss RM**	**Balance as at 31.12.2011 RM**
Carrying amount			
Long-term leasehold land and buildings	**8,300,000**	**1,200,000**	**9,500,000**

2010 **Group**	**Balance as at 1.1.2010 RM**	**Fair value adjustments recognised in profit or loss RM**	**Balance as at 31.12.2010 RM**
Carrying amount			
Long-term leasehold land and buildings	5,866,360	2,433,640	8,300,000

9. INVESTMENT PROPERTIES (continued)

Valuation has been conducted by a registered independent valuer, Messrs. Konsortium Perunding Hartanah Sdn. Bhd. on the Group's investment properties by reference to the open market value based on an existing use basis.

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

	Group 2011 RM	Group 2010 RM
Insurance	**680**	8,151
Quit rent and assessment	**32,447**	32,688

10. PREPAID LEASE PAYMENTS FOR LAND

2011 Group	Balance as at 1.1.2011 RM	Amortisation charge for the financial year RM	Balance as at 31.12.2011 RM
Carrying amount			
Short-term leasehold land	**1,519,523**	**(84,811)**	**1,434,712**

	At 31.12.2011 Cost RM	Accumulated amortisation RM	Carrying Amount RM
Short-term leasehold land	**1,823,429**	**(388,717)**	**1,434,712**

2010 Group	Balance as at 1.1.2010 RM	Amortisation charge for the financial year RM	Balance as at 31.12.2010 RM
Carrying amount			
Short-term leasehold land	1,604,334	(84,811)	1,519,523

	At 31.12.2010 Cost RM	Accumulated amortisation RM	Carrying Amount RM
Short-term leasehold land	1,823,429	(303,906)	1,519,523

11. AVAILABLE-FOR-SALE FINANCIAL ASSET

	Group 2011 RM	Group 2010 RM
Available-for-sale financial asset		
- Club membership	**130,000**	83,000

Information on the fair value hierarchy is disclosed in Note 38(e) to the financial statements.

12. INTANGIBLE ASSET - GOODWILL

2011 Group	Balance as at 1.1.2011 RM	Impairment loss for the financial year RM	Balance as at 31.12.2011 RM
Carrying amount			
Goodwill	**15,338,886**	**(6,800,000)**	**8,538,886**

	At 31.12.2011		
	Cost RM	Accumulated impairment RM	Carrying Amount RM
Goodwill	31,225,470	(22,686,584)	8,538,886

2010 Group	Balance as at 1.1.2010 RM	Impairment loss for the financial year RM	Balance as at 31.12.2010 RM
Carrying amount			
Goodwill	**20,218,886**	**(4,880,000)**	**15,338,886**

	At 31.12.2010		
	Cost RM	Accumulated impairment RM	Carrying Amount RM
Goodwill	31,225,470	(15,886,584)	15,338,886

Goodwill arising from business combinations has been allocated to manufacturing cash-generating units ('CGU') for impairment testing as follows:

	Manufacturing RM	Total RM
Goodwill	15,338,886	15,338,886
Less: Impairment loss	(6,800,000)	(6,800,000)
	8,538,886	8,538,886

12. INTANGIBLE ASSET - GOODWILL (continued)

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

An impairment loss on goodwill amounting to RM6,800,000 (2010: RM4,880,000) has been recognised during the financial year due to declining economic benefits expected from the CGU of which the goodwill were allocated to. This is a result of reducing economic life of the products for which the business operation and assets acquired that can produce.

The recoverable amount was determined based on a value-in-use calculation using cash flow projections based on the management's estimation on revenue that can be generated from the products for which the business operation and assets acquired can produce. The remaining economic lives of the products are estimated for a period of 1 to 3 years and the discount rate applied to the cash flow projections was 17% based on weighted average cost of capital of the Group.

A reasonable change in the assumptions above would not cause any further impairment loss on goodwill. The calculations of the value-in-use amount are most sensitive to the following assumptions:

(a) Budgeted gross margins

Gross margins are based on historical averages achieved in the preceding two (2) financial years, adjusted to reflect anticipated efficiency and productivity improvements.

(b) Pre-tax discount rates

The discount rates reflect current market assessment of specific risks of the subsidiaries. These discount rates have consistently been used by management as the benchmark rates in project appraisals of the subsidiaries.

13. INVENTORIES

	Group	
	2011	**2010**
	RM	**RM**
At cost		
Raw materials	**12,686,110**	13,934,993
Work-in-progress	**2,475,188**	1,708,562
Finished goods	**20,255,264**	24,477,770
Consumables	**116,643**	129,326
	35,533,205	40,250,651
At net realisable value		
Finished goods	**1,220,731**	1,617,270
	36,753,936	41,867,921

14. TRADE AND OTHER RECEIVABLES

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Trade receivables				
Third parties	**44,691,778**	56,351,981	**-**	-
Less: Impairment loss	**(88,986)**	(784,977)	**-**	-
	44,602,792	55,567,004	**-**	-
Other receivables, deposits and prepayments				
Amounts owing by subsidiaries	**-**	-	**4,046,281**	2,319,306
Dividends receivable from a subsidiary	**-**	-	**57,379,002**	3,200,000
Other receivables	**293,366**	45,346	**-**	-
Deposits	**295,499**	290,491	**2,500**	2,500
Prepayments	**5,218,036**	3,047,569	**16,800**	-
	5,806,901	3,383,406	**61,444,583**	5,521,806
Total	**50,409,693**	58,950,410	**61,444,583**	5,521,806

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 days to 120 days (2010: 30 days to 180 days). They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

(b) Included in trade receivables of the Group are amounts of RM25,792 (2010: RM33,468) owing by companies in which a sibling of Madam Kam Foong Keng and Ms. Kam Foong Sim has substantial financial interest.

(c) Amounts owing by subsidiaries of the Company are in respect of advances, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(d) Included in deposits and prepayments are deposits and advance payments of RM3,044,943 (2010: RM2,803,592) paid to suppliers for the purchase of property, plant and equipment.

(e) Information on financial risks of trade and other receivables is disclosed in Note 39 to the financial statements.

(f) The currency exposure profile of trade and other receivables are as follows:

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Ringgit Malaysia	**36,644,485**	52,769,724	**61,444,583**	5,521,806
US Dollar	**10,618,897**	6,113,537	**-**	-
New Taiwan Dollar	**2,247,698**	67,149	**-**	-
Chinese Renminbi	**369,343**	-	**-**	-
Indonesia Rupiah	**529,270**	-	**-**	-
	50,409,693	58,950,410	**61,444,583**	5,521,806

14. TRADE AND OTHER RECEIVABLES (continued)

(g) The ageing analysis of trade receivables of the Group are as follows:

	Group 2011 RM	Group 2010 RM
Neither past due nor impaired	**34,920,231**	48,244,846
Past due, not impaired		
1 to 30 days	**7,865,758**	5,300,849
31 to 60 days	**1,260,944**	968,851
61 to 90 days	**209,391**	441,658
More than 90 days	**346,468**	610,800
	9,682,561	7,322,158
Past due and impaired	**88,986**	784,977
	44,691,778	56,351,981

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

At the end of the reporting period, the Group has trade receivables amounting to RM9,682,561 (2010: RM7,322,158) that are past due but not impaired, which are unsecured in nature. These trade receivables are not impaired because they possess high creditworthiness and good payment records.

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of the reporting period are as follows:

Group	Individually impaired 2011 RM	Individually impaired 2010 RM
Trade receivables, gross	**88,986**	784,977
Less: Impairment loss	**(88,986)**	(784,977)
	-	-

14. TRADE AND OTHER RECEIVABLES (continued)

(h) The reconciliation of movement in the impairment loss is as follows:

	Group	
	2011	**2010**
	RM	**RM**
As at 1 January	**784,977**	752,676
Written off	**(664,991)**	(1,776)
Reversal of impairment loss	**(31,000)**	(16,135)
Impairment loss	**-**	50,212
As at 31 December	**88,986**	784,977

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted in payments. These receivables are not secured by any collateral or credit enhancements.

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	**14,435,859**	11,837,508	**27,499**	172,059
Short term placements	**21,065,937**	21,490,262	**-**	-
	35,501,796	33,327,770	**27,499**	172,059

(a) Information on financial risks of cash and cash equivalents are disclosed in Note 39 to the financial statements.

(b) Short-term placements represent investment in highly liquid money market instrument, which are readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

(c) The currency exposure profile of cash and cash equivalents are as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	**30,234,128**	30,996,837	**27,499**	172,059
US Dollar	**4,773,341**	2,330,933	**-**	-
Chinese Renminbi	**283,530**	-	**-**	-
Indonesia Rupiah	**210,797**	-	**-**	-
	35,501,796	33,327,770	**27,499**	172,059

16. NON-CURRENT ASSET HELD FOR SALE

	Group	
	2011	**2010**
	RM	**RM**
Property, plant and equipment		
Freehold land and building (Note 7)	**539,895**	-

16. NON-CURRENT ASSET HELD FOR SALE (continued)

During the financial year, the Group had entered into a Sale and Purchase Agreement for the disposal of freehold land and building for a total consideration of RM550,000. The disposal of the freehold and building is expected to be completed in the financial year ending 31 December 2012.

17. SHARE CAPITAL

	Group/Company			
	2011		2010	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM1.00 each:				
Authorised	**100,000,000**	**100,000,000**	100,000,000	100,000,000
Issued and fully paid:				
Balance as at 1 January/ 31 December	**75,156,600**	**75,156,600**	75,156,600	75,156,600

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

18. RESERVES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Non-distributable:				
Share premium	**4,210,070**	4,210,070	**4,210,070**	4,210,070
Revaluation reserve	**42,832,496**	13,512,861	**-**	-
Exchange translation reserve	**172,097**	-	**-**	-
Available-for-sale reserve	**47,000**	-	**-**	-
	47,261,663	17,722,931	**4,210,070**	4,210,070
Distributable:				
Retained earnings	**166,759,224**	156,724,173	**4,674,909**	3,793,451
	214,020,887	174,447,104	**8,884,979**	8,003,521

(a) Revaluation reserve

The asset revaluation reserve is used to record the increase and decrease in the fair value of the land and buildings.

18. RESERVES (continued)

(b) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(c) Available-for-sale reserve

Gains or losses arising on financial assets classified as available-for-sale.

(d) Retained earnings

Effective from 1 January 2008, the Company is given an option to make an irrevocable election to move to a single tier system or to continue to use its tax exempt account or tax credit under Section 108 of Income Tax Act, 1967 for purpose of dividend distribution until it is fully utilised or latest by 31 December 2013.

The Company has made this election and as a result, there are no longer any restrictions on the Company to frank the payment of dividends out of its entire retained earnings as at the end of the reporting period.

19. BORROWINGS (INTEREST BEARING)

	Group	
	2011	**2010**
	RM	**RM**
Current liabilities - unsecured		
Bankers' acceptances	**14,208,000**	30,182,998
Term loans	**5,082,797**	4,782,839
Hire purchase creditors (Note 20)	**37,769**	84,295
	19,328,566	35,050,132
Non-current liabilities - unsecured		
Term loans	**7,655,232**	11,864,029
Hire purchase creditors (Note 20)	**-**	39,254
	7,655,232	11,903,283
	26,983,798	46,953,415

	Group	
	2011	**2010**
	RM	**RM**
Total borrowings		
Bankers' acceptances	**14,208,000**	30,182,998
Term loans	**12,738,029**	16,646,868
Hire purchase creditors (Note 20)	**37,769**	123,549
	26,983,798	46,953,415

19. BORROWINGS (INTEREST BEARING) (continued)

	Group 2011 RM	Group 2010 RM
Repayable as follows:		
- not later than one (1) year	**19,328,566**	35,050,132
- between one (1) to five (5) years	**7,655,232**	11,903,283
	26,983,798	46,953,415

(a) The currency exposure profile of borrowings are as follows:

	Group 2011 RM	Group 2010 RM
Ringgit Malaysia	**26,946,029**	46,953,415
Indonesia Rupiah	**37,769**	-
	26,983,798	46,953,415

(b) Bankers' acceptances and term loans of the Group are guaranteed by corporate guarantee from the Company.

(c) Information on financial risks of the borrowings is disclosed in Note 39 to the financial statements.

20. HIRE PURCHASE CREDITORS

	Group 2011 RM	Group 2010 RM
Minimum hire purchase payments:		
- not later than one (1) year	**37,769**	92,724
- later than one (1) year but not later than five (5) years	**-**	36,968
Total minimum hire purchase payments	**37,769**	129,692
Less: Future interest charges	**-**	(6,143)
Present value of hire purchase payments	**37,769**	123,549
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	**37,769**	84,295
Non-current liabilities		
- later than one (1) year but not later than five (5) years	**-**	39,254
	37,769	123,549

Information on financial risks of hire purchase creditors is disclosed in Note 39 to the financial statements.

21. DEFERRED TAX

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

	Group 2011 RM	Group 2010 RM
Balance as at 1 January	**14,209,954**	14,247,749
Recognised directly in equity	**518,612**	-
Disposal of a subsidiary (Note 34)	**(101,840)**	-
	416,772	-
Recognised in profit or loss (Note 30):		
- current year	**384,186**	558,723
- under/(over) provision in prior years	**9,322**	(596,518)
	393,508	(37,795)
Balance as at 31 December	**15,020,234**	14,209,954
Presented after offsetting:		
Deferred tax assets	**(221,797)**	-
Deferred tax liabilities	**15,242,031**	14,209,954
Balance as at 31 December 2011	**15,020,234**	14,209,954

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

Deferred tax assets	Group Unused tax losses RM	Group Total RM
Balance as at 31 December 2010	-	-
Recognised in profit or loss	221,797	221,797
Balance as at 31 December 2011	**221,797**	**221,797**

Deferred tax liabilities	Group Property, plant and equipment RM	Group Total RM
Balance as at 1 January 2010	14,247,749	14,247,749
Recognised in profit or loss	(37,795)	(37,795)
Balance as at 31 December 2010	14,209,954	14,209,954
Recognised directly in equity	518,612	518,612
Disposal of a subsidiary	(101,840)	(101,840)
Recognised in profit or loss	615,305	615,305
Balance as at 31 December 2011	**15,242,031**	**15,242,031**

21. DEFERRED TAX (continued)

(c) The components of deferred tax assets and liabilities are made up of the following:

	Group	
	2011	2010
Deferred tax asset	RM	RM
Unused tax losses		
- Expires by 31 December 2016	**221,797**	-
Deferred tax liabilities		
Property, plant and equipment	**15,242,031**	14,209,954

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Trade				
Third parties	**6,679,376**	10,944,058	**-**	-
Non-trade				
Amounts owing to subsidiaries	**-**	-	**1,500,000**	-
Other payables	**882,227**	1,208,469	**-**	57,657
Accruals	**5,813,847**	5,630,045	**180,142**	149,000
	6,696,074	6,838,514	**1,680,142**	206,657
Total	**13,375,450**	17,782,572	**1,680,142**	206,657

(a) Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 days to 120 days (2010: 30 days to 120 days).

(b) Included in trade payables of the Group are amounts of RM118,046 (2010: RM164,440) owing to companies in which a sibling of Madam Kam Foong Keng and Ms Kam Foong Sim, the Directors of the Company has substantial financial interests.

(c) Amounts owing to subsidiaries represent advances, which are unsecured, interest-free and payable upon demand in cash and cash equivalents.

(d) Information of financial risks of trade and other payables are disclosed in Note 39 to the financial statements.

(e) The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Ringgit Malaysia	**12,252,725**	17,607,021	**1,680,142**	206,657
Chinese Renminbi	**131,578**	-	**-**	-
Indonesia Rupiah	**136,416**	-	**-**	-
US Dollar	**854,731**	175,551	**-**	-
	13,375,450	17,782,572	**1,680,142**	206,657

23. DERIVATIVE FINANCIAL INSTRUMENTS

At cost	2011 Contract/ Notional amount RM	2011 Liabilities RM	2010 Contract/ Notional amount RM	2010 Liabilities RM
Forward currency contracts	**4,152,675**	**41,617**	-	-

(a) Forward currency contracts have been entered into to operationally hedge forecast sales and purchases denominated in foreign currencies that are expected to occur at various dates within three (3) months from the end of the reporting period. The forward currency contracts have maturity dates that coincide with the expected occurrence of these transactions. The fair values of these components have been determined based on the difference between the contract value and fair value of the derivative financial instruments at the end of the reporting date.

(b) During the financial year, the Group recognised losses of RM41,617 (2010: Nil) arising from fair value changes of derivative liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward foreign exchange rates. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 38 to the financial statements.

24. COMMITMENTS

(a) Operating lease commitments

(i) The Group as lessee

The Group had entered into non-cancellable lease agreements for certain premises and staff housing, resulting in future rental commitments which can, subject to certain terms in the agreements, be reviewed and revised annually.

	Group 2011 RM	Group 2010 RM
Not later than one (1) year	358,533	189,400
Later than one (1) year and not later than five (5) years	1,271,588	39,000
	1,630,121	228,400

(b) Capital commitments

	Group 2011 RM	Group 2010 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
- Contracted but not provided for	11,354,080	5,338,817

25. CONTINGENT LIABILITIES

	Company	
	2011	2010
Unsecured	RM	RM
Guarantee in favour of banks for banking facilities utilised by subsidiaries	**26,946,029**	46,829,866
Guarantee in favour of third parties for supply of goods to subsidiaries	**-**	1,618,690
	26,946,029	48,448,556

The Directors are of the view that it is unlikely that the financial institutions will call upon the corporate guarantees in view of the financial strength of the subsidiaries.

Litigation

On 11 December 2008, the Group's wholly owned subsidiary, New Hoong Fatt Auto Supplies Sdn. Bhd. ("NHFAS") commenced a Civil Suit No. MT4-22-869-2008 in the High Court of Malaya, Johor Bahru ("the Invalidation Action") against Eagle Eyes Auto Lamps Centre Sdn. Bhd. ("the Defendant") to invalidate the Defendant's registered industrial design applied to Rear Combination Lamps bearing Registration No. MY 07-00783-0101("the Registered Design").

Subsequently, on 12 February 2010, the Defendant served on NHFAS a Writ of Summons (Civil Suit No. D22(IP)-45-2010) allegedly claiming that NHFAS infringed the Registered Design ("the Infringement Action").

The Invalidation Action was then transferred to the High Court of Malaya, Kuala Lumpur and registered as Civil Suit No. D22(IP) -36-2011. The Invalidation Action and the Infringement Action was heard together on 24 and 25 February 2011.

On 11 April 2011, the High Court of Malaya delivered its decision and allowed the Group's claim to invalidate and expunge the Registered Design and further dismissed the Defendant's claim for infringement of the Registered Design.

The High Court had also awarded costs to the Group in respect of both legal suits.

26. REVENUE

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Sale of goods	**215,570,289**	222,473,416	**-**	-
Management fee	**-**	-	**-**	384,000
Dividend income from subsidiaries	**-**	-	**66,800,000**	12,384,000
	215,570,289	222,473,416	**66,800,000**	12,768,000

27. COST OF SALES

In 2011, inventories recognised as cost of sales amounted to RM122,625,399 (2010: RM129,672,920).

28. FINANCE COSTS

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Interest expense on:				
- bankers' acceptances	**692,133**	1,050,431	**-**	-
- bank overdrafts	**26,428**	437	**-**	-
- term loans	**734,558**	462,348	**-**	-
- hire purchase creditors	**5,207**	15,502	**-**	-
	1,458,326	1,528,718	**-**	-

29. PROFIT BEFORE TAX

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Profit before tax is arrived at after charging:					
Amortisation of prepaid lease payments for land	10	**84,811**	84,811	**-**	-
Auditors' remuneration:					
- statutory		**186,620**	91,500	**17,000**	13,000
- non-statutory		**4,000**	2,000	**4,000**	2,000
Bad debts written off		**41,495**	11,293	**-**	-
Depreciation of property, plant and equipment	7	**17,811,380**	16,996,001	**-**	-
Directors' remunerations					
- fees:					
- payable by the Company		**150,000**	141,000	**150,000**	141,000
- payable by subsidiaries		**278,000**	275,000	**-**	-
- emoluments other than fees:					
- payable by the Company		**45,000**	42,000	**45,000**	42,000
- payable by subsidiaries		**1,747,940**	2,006,328	**-**	-
Fair value adjustments on derivative instruments	23	**41,617**	-	**-**	-
Loss on disposal of a subsidiary	34	**458,860**	-	**-**	-
Impairment loss on:					
- investment in a subsidiary	8	**-**	-	**55,526,959**	3,082,153
- goodwill	12	**6,800,000**	4,880,000	**-**	-
- property, plant and equipment		**148,991**	-	**-**	-
- trade receivables	14(h)	**-**	50,212	**-**	-
Property, plant and equipment written off	7	**716,876**	26,901	**-**	-
Net realised loss on foreign exchange		-	489,835	**-**	-
Rental of factory and premises		**676,587**	644,410	**-**	-
Unrealised loss on foreign exchange		-	214,493	**-**	-

29. PROFIT BEFORE TAX (continued)

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
And crediting:					
Reversal of impairment loss on trade receivables	14(h)	**31,000**	16,135	**-**	-
Dividend income from unquoted subsidiaries		**-**	-	**66,800,000**	12,384,000
Fair value adjustments on investment properties	9	**1,200,000**	2,433,640	**-**	-
Gain on disposal of property, plant and equipment		**224,517**	229,492	**-**	-
Interest income from short term placements		**656,944**	664,821	**-**	-
Management fee from subsidiaries		**-**	-	**-**	384,000
Net realised gain on foreign exchange		**71,418**	-	**-**	-
Rental income from investment properties		**500,500**	360,000	**-**	-
Unrealised gain on foreign exchange		**5,506**	-	**-**	-

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM104,343 (2010: RM112,106).

30. TAX EXPENSE

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Current tax expense based on profit for the financial year:				
- current year	**5,530,645**	3,567,316	**-**	6,027
- under provision in prior years	**21,432**	134,961	**57,562**	-
	5,552,077	3,702,277	**57,562**	6,027
Deferred tax liabilities (Note 21):				
- relating to origination and reversal of temporary differences	**384,186**	558,723	**-**	-
- under/(over) provision in prior years	**9,322**	(596,518)	**-**	-
	5,945,585	3,664,482	**57,562**	6,027

The Malaysian income tax is calculated at the statutory tax rate of 25% (2010: 25%) of the estimated taxable profits for the fiscal year.

30. TAX EXPENSE (continued)

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

	Group		Company	
	2011	2010	2011	2010
	%	%	%	%
Applicable tax rate	**25.0**	25.0	**25.0**	25.0
Tax effects in respect of:				
Double deduction of certain expenses	**(0.1)**	(0.1)	**-**	-
Non-taxable income	**(1.9)**	(2.6)	**(155.9)**	(33.9)
Non-allowable expenses	**12.9**	5.0	**130.9**	9.0
Utilisation of reinvestment allowance	**(13.2)**	(14.1)	**-**	-
	22.7	13.2	**-**	0.1
Under provision of tax expense in prior years	**0.1**	0.4	**0.5**	-
Under/(Over) provision of deferred tax in prior years	**0.1**	(1.9)	**-**	-
Average effective tax rate	**22.9**	11.7	**0.5**	0.1

31. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent of RM19,805,409 (2010: RM27,254,276) by the weighted average number of ordinary shares in issue during the financial year of 75,156,600 (2010: 75,156,600).

Diluted earnings per ordinary share

Diluted earnings per ordinary share are not presented as there are no dilutive potential ordinary shares.

32. DIVIDENDS

	Group and Company			
	2011		2010	
	Single tier dividend per share sen	Amount of dividend RM	Single tier dividend per share sen	Amount of dividend RM
Final dividend paid	**10**	**7,515,660**	9	6,764,094
Interim dividend paid	**3**	**2,254,698**	3	2,254,698
	13	**9,770,358**	12	9,018,792

The Directors proposed a final single tier dividend of 8 sen and a special final single tier dividend of 1 sen per ordinary share amounting to RM6,764,094 in respect of the financial year ended 31 December 2011, which are subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting. These dividends, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the year ending 31 December 2012.

33. ACQUISITION OF SUBSIDIARIES

(a) On 11 January 2011, the Group subscribed for 250,000 shares at USD1.00 each, representing 100% equity interest in PT. NHF Auto Supplies Indonesia ("PT. NHF"), a company incorporated in Indonesia, through its wholly owned subsidiaries, New Hoong Fatt Auto Supplies Sdn. Bhd. and New Hoong Fatt Industries Sdn. Bhd. for a cash consideration of RM757,500. PT NHF is principally engaged in the importing and trading automotive spareparts.

The fair value of the identifiable assets and liabilities of PT. NHF as at the date of incorporation are as follows:

	2011 RM
Cash/Total cost of acquisition	757,500

The effects of the incorporation of PT. NHF on cash flows are as follows:

	2011 RM
Incorporation expenses settled in cash	**757,500**
Cash and cash equivalents of subsidiary incorporated	**(757,500)**
Net cash outflow of the Group on incorporation	**-**

PT. NHF has contributed the following results to the Group for the financial year from the incorporation date:

	2011 RM
Revenue	449,816
Loss for the financial year	(827,009)

(b) On 4 April 2011, the Group and the Company acquired the entire entity interest totalling two (2) ordinary shares in NHF Ventures Sdn. Bhd.("NHFV"), a company incorporated in Malaysia, which is engaged in the business of investment holding company for cash consideration of RM2.

The fair value of the identifiable assets and liabilities of NHFV as at the date of acquisition are as follows:

	2011 RM
Cash/Total cost of acquisition	**2**

The effects of the acquisition of NHFV on cash flows are as follows:

	2011 RM
Acquisition expenses settled in cash	**2**
Cash and cash equivalents of subsidiary acquired	**(2)**
Net cash outflow of the Group on acquisition	**-**

33. ACQUISITION OF SUBSIDIARIES (continued)

NHFV has contributed the following results to the Group for the financial year from the acquisition date:

	2011 RM
Revenue	-
Loss for the financial year	(3,813)

(c) On 3 June 2011, the Group incorporated a wholly owned subsidiary, Ampire Auto Parts (Shanghai) Co., Ltd. in the People's Republic of China through its wholly owned subsidiary, NHF Ventures Sdn. Bhd. As at the end of the reporting period, the Group has invested RM3,064,960 in the subsidiary. The subsidiary is principally involved in the trading of automotive spareparts, vehicle maintenance supplies, vehicle decorating supplies, maintenance equipment, electric power tool, audio-visual audio equipment and the related import and export.

The fair value of the identifiable assets and liabilities of Ampire as at the date of incorporation are as follows:

	2011 RM
Cash/Total cost of incorporation	3,064,960

The effects of the incorporation of Ampire on cash flows are as follows:

	2011 RM
Incorporation expenses settled in cash	3,064,960
Cash and cash equivalents of subsidiary incorporated	(3,064,960)
Net cash outflow of the Group on incorporation	-

Ampire has contributed the following results to the Group for the financial year from the incorporation date:

	2011 RM
Revenue	145,332
Loss for the financial year	(638,086)

(d) On 6 September 2011, the Company subscribed for additional 99,998 ordinary shares of RM1.00 each in MJ Manufacturing Industries Sdn. Bhd. for a total cash consideration of RM99,998.

(e) On 8 September 2011, the Company subscribed for additional 1,999,998 ordinary shares of RM1.00 each in Auto Global Parts Industries Sdn. Bhd. for a total cash consideration of RM1,999,998.

In the previous financial year:

(a) On 2 March 2010, the Group and the Company acquired two (2) ordinary shares of RM1.00 each representing 100% equity interest in Auto Global Parts Industries Sdn. Bhd., a company incorporated in Malaysia, which is engaged in manufacturing and marketing of automotive parts and provision of injection services for plastic automotive parts, for a cash consideration of RM2.

33. ACQUISITION OF SUBSIDIARIES (continued)

(b) On 30 July 2010, the Group acquired two (2) ordinary shares of RM1.00 each representing 100% equity interest in Advance Auto Supplies Sdn. Bhd., a company incorporated in Malaysia, which is engaged in trading of motor vehicle parts and accessories, for a cash consideration of RM2.

34. DISPOSAL OF A SUBSIDIARY

On 7 June 2011, the Group disposed off its entire 60% equity interest in its subsidiary, New Kean Tat Auto Parts Sdn. Bhd., for a cash consideration of RM3,600,000. The loss on disposal of the subsidiary during the financial year is as follows:

Group	2011 RM
Cost of investment	(3,000,000)
Post acquisition profits	(1,058,860)
	(4,058,860)
Net proceeds from disposal	3,600,000
Loss on disposal	(458,860)

The effects of disposal of the subsidiary on the financial position and cash flows of the Group are as follows:

Group	At date of disposal 2011 RM
Property, plant and equipment	1,072,186
Inventories	4,292,945
Trade and other receivables	14,030,156
Cash and cash equivalents	2,481,740
Deferred liabilities	(101,840)
Trade and other payables	(9,007,102)
Borrowings	(5,942,493)
Current tax liabilities	(60,826)
Net assets disposed	6,764,766
Less: Non-controlling interests	(2,705,906)
Loss on disposal	(458,860)
Net proceeds from disposal	3,600,000
Less: Cash and cash equivalents of a subsidiary disposed	(2,481,740)
Cash flow on disposal, net of cash and cash equivalents disposed	1,118,260

35. EMPLOYEES BENEFITS

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Salaries, wages, overtime, bonuses, allowances and commissions	**27,604,115**	25,890,094	**135,000**	135,000
Contributions to defined contribution plan	**2,560,649**	2,551,290	**-**	-
Social security contributions	**300,823**	308,023	**-**	-
	30,465,587	28,749,407	**135,000**	135,000

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM1,762,940 (2010: RM2,021,328) and RM15,000 (2010: RM15,000) respectively.

36. 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 subsidiaries.

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

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Sales to:				
- Pong Codan Marketing Sdn. Bhd.	**17,086**	17,654	**-**	-
- Pong Codan Rubber (M) Sdn. Bhd.	**97,269**	83,768	**-**	-
- PT. Pong Codan Indonesia	**807,066**	-	**-**	-
Purchases from:				
- Pong Codan Marketing Sdn. Bhd.	**1,231,383**	1,164,256	**-**	-
- Pong Codan Rubber (M) Sdn. Bhd.	**372,443**	367,552	**-**	-
- PT. Pong Codan Indonesia	**489,293**	-	**-**	-
Rental paid to:				
L F Kim Holdings Sdn. Bhd.	**108,000**	108,000	**-**	-

36. RELATED PARTY DISCLOSURES (continued)

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Management fee from:				
- New Hoong Fatt Auto Supplies Sdn. Bhd.	-	-	-	108,000
- NJ Manufacturing Industries Sdn. Bhd.	-	-	-	144,000
- Jhi Soon Manufacturing Industries Sdn. Bhd.	-	-	-	132,000
Dividend received and receivable from:				
- Jhi Soon Manufacturing Industries Sdn. Bhd.	-	-	**11,000,000**	10,000,000
- Hoeken Industrial Sdn. Bhd.	-	-	**55,800,000**	1,700,000
- Advancesoft ICT Sdn. Bhd.	-	-	-	684,000

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

Information regarding outstanding balances arising from related party transactions as at 31 December 2011 is disclosed in Notes 14 and 22 to the financial statements.

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

Identities of related parties	Relationship with the Group
Pong Codan Marketing Sdn. Bhd. Pong Codan Rubber (M) Sdn. Bhd. PT. Pong Codan Indonesia L F Kim Holdings Sdn. Bhd.	Companies in which siblings of Madam Kam Foong Keng and Ms Kam Foong Sim, the Executive Directors of the Company have substantial financial interests.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group.

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

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors' remuneration payable to:				
Executive Directors:				
- fees	**293,000**	290,000	**15,000**	15,000
- Other emoluments	**1,762,940**	2,021,328	**15,000**	15,000
	2,055,940	2,311,328	**30,000**	30,000

36. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel (continued)

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

	Group		Company	
	2011	2010	2011	2010
	RM	RM	RM	RM
Non-executive Directors:				
- fees	**135,000**	126,000	**135,000**	126,000
- Other emoluments	**30,000**	27,000	**30,000**	27,000
	165,000	153,000	**165,000**	153,000
	2,220,940	2,464,328	**195,000**	183,000

The estimated monetary value of benefits-in-kind received by the Directors other than in cash from the Group amounted to RM104,343 (2010: RM112,106).

37. OPERATING SEGMENTS

(a) Business segments

The Group has three (3) reportable segments, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different technology, business and marketing strategies. The reportable segments are summarised as follows:

Manufacturing	Manufacturing and marketing of automotive parts, tools and dies, and mould and dies.
Trading	Marketing, distribution and trading of automotive spare parts and accessories.
Investment	Investment holding and provision of management services.

Other operating segments that do not constitute reportable segments comprise operations related to the provisions of computer software, consultancy and management services.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses, such as restructuring costs and goodwill impairment.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude assets used primarily for corporate purposes.

37. OPERATING SEGMENTS (continued)

(a) Business segments (continued)

Segment liabilities exclude deferred tax liabilities.

2011	Manufacturing RM	Trading RM	Investment RM	Others operating segments RM	Total RM
Revenue					
Total revenue	143,697,887	150,609,448	66,800,000	-	361,107,335
Inter-segment revenue	(78,737,046)	-	(66,800,000)	-	(145,537,046)
Revenue from external customers	64,960,841	150,609,448	-	-	215,570,289
Interest income	445,579	211,365	-	-	656,944
Finance costs	(482,727)	(975,599)	-	-	(1,458,326)
Net finance expenses	(37,148)	(764,234)	-	-	(801,382)
Depreciation of property, plant and equipment	(16,203,402)	(1,607,978)	-	-	(17,811,380)
Amortisation of prepaid lease payments for land	-	(84,811)	-	-	(84,811)
Segment profit/(loss) before income tax	44,419,341	2,442,120	10,709,378	(18,151)	57,552,688
Income tax expenses	(5,283,636)	(604,386)	(57,563)	-	(5,945,585)
Other material non-cash items:					
- fair value gain on investment properties	-	1,200,000	-	-	1,200,000
- impairment loss on goodwill	(6,800,000)	-	-	-	(6,800,000)
- property, plant and equipment written off	(348,844)	(368,032)	-	-	(716,876)
Additions to non-current assets other than financial instruments	19,215,008	2,513,279	-	-	21,728,287
Segment assets	257,158,583	89,208,385	53,599	175,888	346,596,455
Segment liabilities	17,897,183	24,098,412	180,142	1,200	42,176,937

37. OPERATING SEGMENTS (continued)

(a) Business segments (continued)

2010	**Manufacturing RM**	**Trading RM**	**Investment RM**	**Others operating segments RM**	**Total RM**
Revenue					
Total revenue	129,477,323	170,231,849	12,768,000	90,000	312,567,172
Inter-segment revenue	(77,235,756)	-	(12,768,000)	(90,000)	(90,093,756)
Revenue from external customers	52,241,567	170,231,849	-	-	222,473,416
Interest income	391,388	268,916	-	4,517	664,821
Finance costs	(586,642)	(942,076)	-	-	(1,528,718)
Net finance expenses	(195,254)	(673,160)	-	4,517	(863,897)
Depreciation of property, plant and equipment	(15,393,866)	(1,602,135)	-	-	(16,996,001)
Amortisation of prepaid lease payments for land	-	(84,811)	-	-	(84,811)
Segment profit before income tax	**24,484,445**	**7,666,900**	**9,123,251**	**75,200**	**41,349,796**
Income tax expenses	(2,225,024)	(1,415,149)	(6,027)	(18,282)	(3,664,482)
Other material non-cash items:					
- fair value gain on investment properties	-	2,433,640	-	-	2,433,640
- impairment loss on goodwill	(4,880,000)	-	-	-	(4,880,000)
Additions to non-current assets other than financial instruments	28,413,307	10,439,762	-	-	38,853,069
Segment assets	**227,257,459**	**103,541,539**	**177,672**	**637,311**	**331,613,981**
Segment liabilities	**27,474,955**	**37,519,037**	**206,657**	**2,000**	**65,202,649**

37. OPERATING SEGMENTS (continued)

(a) Business segments (continued)

Reconciliation of reportable segment profit or loss and liabilities to the Group's corresponding amounts are as follows:

Profit for the financial year	2011 RM	2010 RM
Total profit for reportable segments	**57,552,688**	41,349,796
Elimination of inter-segment profits	**(31,693,462)**	(10,045,959)
Profit before tax	**25,859,226**	31,303,837
Income tax expenses	**(5,945,585)**	(3,664,482)
Profit for the financial year	**19,913,641**	27,639,355

Liabilities	2011 RM	2010 RM
Total liabilities for reportable segments	**42,176,937**	65,202,649
Deferred tax liabilities	**15,242,031**	14,209,954
Group's liabilities	**57,418,968**	79,412,603

(b) Geographical segments

The Group operates mainly in Malaysia, ASEAN and Non ASEAN (such as Middle East, Central and South America, Europe, Africa and China). The revenue disclosed in geographical segments are based on the geographical location of its customers.

Segment assets and segment expenditure are based on the geographical location of assets. The composition of each geographical segment is as follows:

(i) Malaysia : Manufacturing and marketing of automotive parts and accessories and computer software and management service.

(ii) Asean : Manufacturing and marketing of automotive parts and accessories.

(iii) Non Asean : Manufacturing and marketing of automotive parts and accessories.

The following table provides an analysis of the Group's segment revenue, segment assets and capital expenditure by geographical segment:

	Revenue		Segment assets		Capital expenditure	
	2011 RM	2010 RM	2011 RM	2010 RM	2011 RM	2010 RM
Malaysia	**150,434,025**	170,672,945	**332,857,403**	325,356,970	**20,503,389**	38,853,069
Asean	**16,892,026**	13,971,034	**3,475,046**	1,110,389	**632,910**	-
Non Asean	**48,244,238**	37,829,437	**10,264,006**	5,146,622	**591,988**	-
	215,570,289	222,473,416	**346,596,455**	331,613,981	**21,728,287**	38,853,069

38. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from financial year ended 31 December 2010.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2011 and 31 December 2010.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group has a target gearing ratio of 10% to 30% determined as the proportion of net debt to equity. The Group and the Company include within net debt, loans and borrowings, trade and other payables and current tax liabilities, less cash and cash equivalents. Capital represents equity attributable to the owners of the parent.

The gearing ratios of the Group and of the Company are as follows:

		Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Borrowings		**26,983,798**	46,953,415	**-**	-
Trade and other payables		**13,375,450**	17,782,572	**1,680,142**	206,657
Current tax liabilities		**1,776,072**	466,662	**-**	-
Total liabilities		**42,135,320**	65,202,649	**1,680,142**	206,657
Less: Cash and cash equivalents		**(35,501,796)**	(33,327,770)	**(27,499)**	(172,059)
Net debt		**6,633,524**	31,874,879	**1,652,643**	34,598
Total capital		**289,177,487**	249,603,704	**84,041,579**	83,160,121
Net debt	(A)	**6,633,524**	31,874,879	**1,652,643**	34,598
Total capital plus net debt	(B)	**295,811,011**	281,478,583	**85,694,222**	83,194,719
Gearing ratio	(A)/(B)	**2.24%**	11.32%	**1.93%**	0.04%

(b) Categories of financial instruments

Group 2011	**Loans and receivables RM**	**Available-for-sale RM**	**Total RM**
Financial assets			
Other investments	**-**	**130,000**	**130,000**
Trade and other receivables	**50,409,693**	**-**	**50,409,693**
Cash and cash equivalents	**35,501,796**	**-**	**35,501,796**
	85,911,489	**130,000**	**86,041,489**

38. FINANCIAL INSTRUMENTS (continued)

(b) Categories of financial instruments (continued)

	Other financial liabilities RM	Fair value through profit or loss RM	Total RM
Financial liabilities			
Borrowings	26,983,798	-	26,983,798
Trade and other payables	13,375,450	-	13,375,450
Derivative liabilities	-	41,617	41,617
	40,359,248	41,617	40,400,865

Company 2011	Loans and receivables RM	Total RM
Financial assets		
Trade and other receivables	**61,444,583**	**61,444,583**
Cash and cash equivalents	**27,499**	**27,499**
	61,472,082	**61,472,082**

	Other financial liabilities RM	Total RM
Financial liabilities		
Trade and other payables	**1,680,142**	**1,680,142**

Group 2010	Loans and receivables RM	Available-for-sale RM	Total RM
Financial assets			
Other investments	-	83,000	83,000
Trade and other receivables	58,950,410	-	58,950,410
Cash and cash equivalents	33,327,770	-	33,327,770
	92,278,180	83,000	92,361,180

38. FINANCIAL INSTRUMENTS (continued)

(b) Categories of financial instruments (continued)

	Other financial liabilities RM	Total RM
Financial liabilities		
Borrowings	46,953,415	46,953,415
Trade and other payables	17,782,572	17,782,572
	64,735,987	64,735,987

Company 2010	Loans and receivables RM	Total RM
Financial assets		
Trade and other receivables	5,521,806	5,521,806
Cash and cash equivalents	172,059	172,059
	5,693,865	5,693,865

	Other financial liabilities RM	Total RM
Financial liabilities		
Trade and other payables	206,657	206,657

(c) Fair value of financial instruments

The fair values of financial instruments that are not carried at fair value and whose carrying amounts do not approximate its fair values are as follows:

		Group		Company	
2011	**Note**	**Carrying amount RM**	**Fair value RM**	**Carrying amount RM**	**Fair value RM**
Recognised					
Financial liabilities:					
Hire purchase creditors	20	**37,769**	**37,769**	-	-
Fixed rate term loans		**1,952,797**	**1,897,790**	-	-
Unrecognised					
Financial corporate guarantee	25	-	-	-	#

38. FINANCIAL INSTRUMENTS (continued)

(c) Fair value of financial instruments (continued)

The fair values of financial instruments that are not carried at fair value and whose carrying amounts do not approximate its fair values are as follows (continued):

		Group		Company	
		Carrying amount	Fair value	Carrying amount	Fair value
2010	**Note**	**RM**	**RM**	**RM**	**RM**
Recognised					
Financial liabilities:					
Hire purchase creditors		123,549	123,718	-	-
Fixed rate term loans		4,207,636	4,189,620	-	-
Unrecognised					
Financial corporate guarantee	25	-	-	-	#

\# The fair value of the financial corporate guarantee is negligible in view of the financial strength of the subsidiaries.

(d) Method and assumptions used to estimate fair value

(i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and short-term borrowings, are reasonable approximation of fair value either, due to relatively short-term maturity of these financial instruments or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

(ii) Term loans and hire purchase creditors

The fair values of the term loans and hire purchase creditors are estimated by discounting future contracted cash flows at the current market interest rate available to the Group for similar financial instruments.

(iii) Club membership

The fair value of the club membership is estimated by reference to the recently transacted prices of similar instruments.

(iv) Derivatives

The fair values of forward currency contracts are the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of the reporting period applied to a contract of similar amount and maturity date as the forward currency contract.

38. FINANCIAL INSTRUMENTS (continued)

(e) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2011, the Group held the following financial instruments carried at fair values on the statement of financial position:

Assets measured at fair value

	31.12.2011 RM	Level 1 RM	Level 2 RM	Level 3 RM
Available-for-sale financial asset - Club membership	**130,000**	**-**	**130,000**	**-**

Liabilities measured at fair value

	31.12.2011 RM	Level 1 RM	Level 2 RM	Level 3 RM
Financial liabilities at fair value through profit or loss - Forward currency contracts	**41,617**	**-**	**41,617**	**-**

During the reporting period ended 31 December 2011, there were no transfers between Level 1 and Level 2 measurement.

As at 31 December 2010, the Group held the following financial instruments carried at fair values on the statement of financial position:

Assets measured at fair value

	31.12.2010 RM	Level 1 RM	Level 2 RM	Level 3 RM
Available-for-sale financial asset - Club membership	83,000	-	83,000	-

During the reporting period ended 31 December 2010, there were no transfers between Level 1 and Level 2 fair value measurement.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors. Financial risk management is carried out through risk review programmes, internal control system, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to foreign currency risk, liquidity and cash flow risk, interest rate risk and credit risk. Information on the management of the related exposures are detailed below.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Subsidiaries operating in Indonesia and People's Republic of China have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances for the Group are as follows:

	2011 RM	2010 RM
US Dollar (USD)	**4,773,341**	2,330,933
Chinese Renminbi (RMB)	**283,530**	-
Indonesia Rupiah (IDR)	**210,797**	-
	5,267,668	2,330,933

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 ("NTD") and the US Dollar ("USD"). The Group also sells to customers in Egypt, Pakistan, Thailand, Taiwan, Middle East and South America. The currencies giving rise to this risk are primarily the US Dollar.

During the financial year, the Group entered into foreign currency forward contracts to manage exposures to currency risk for receivables and payables which are denominated in a currency other than the functional currencies of the Group.

The notional amount and maturity date of the forward foreign exchange contracts outstanding as at 31 December 2011 are as follows:

Contract	Expiry dates	Contract amounts USD	RM Equivalent
Contracts used to hedge anticipated sales	26 January 2012	300,000	949,200
	10 February 2012	150,000	484,500
	22 February 2012	100,000	306,600
	12 March 2012	300,000	958,500
		850,000	2,698,800

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Foreign currency risk (cont'd)

The notional amount and maturity date of the forward foreign exchange contracts outstanding as at 31 December 2011 are as follows (continued):

Contract	Expiry dates	Contract amounts Euro	RM Equivalent
Contracts used to hedge anticipated purchases	12 March 2012	350,000	1,453,875

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rate against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		2011 RM Profit net of tax	2010 RM Profit net of tax
USD/RM	- strengthen by 5%	**457,258**	310,084
	- weaken by 5%	**(457,258)**	(310,084)

Any change in NTD, IDR and RMB exchange rates against the respective functional currencies of the Group entities would not have any significant impact to the Group's financial statements.

(ii) Liquidity and cash flow risk

It is the Group's policy to ensure its ability to service its cash obligation in the future by way of measures and forecasts of its cash commitments, monitoring and maintaining a level of cash and cash equivalents deemed adequate to the Group's operations and development activities. The Group also maintains flexibility in funding by keeping committed credit lines available.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group As at 31 December 2011	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Financial liabilities				
Trade and other payables	**13,375,450**	**-**	**-**	**13,375,450**
Borrowings	**19,839,525**	**8,054,669**	**-**	**27,894,194**
Derivative liabilities	**41,617**	**-**	**-**	**41,617**
Total undiscounted financial liabilities	**33,256,592**	**8,054,669**	**-**	**41,311,261**

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Liquidity and cash flow risk (continued)

Company **As at 31 December 2011**	**On demand or within one year RM**	**One to five years RM**	**Over five years RM**	**Total RM**
Financial liabilities				
Trade and other payables	**1,680,142**	**-**	**-**	**1,680,142**
Total undiscounted financial liabilities	**1,680,142**	**-**	**-**	**1,680,142**

Group **As at 31 December 2010**	**On demand or within one year RM**	**One to five years RM**	**Over five years RM**	**Total RM**
Financial liabilities				
Trade and other payables	17,782,572	-	-	17,782,572
Borrowings	35,736,759	12,823,496	-	48,560,255
Total undiscounted financial liabilities	53,519,331	12,823,496	-	66,342,827
Company **As at 31 December 2010**				
Financial liabilities				
Trade and other payables	206,657	-	-	206,657
Total undiscounted financial liabilities	206,657	-	-	206,657

(iii) Credit risk

Cash deposits and receivables may give rise to credit risk which requires 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 credibility of new customers.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit, except for new export customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month up to four (4) months. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

In respect of the deposits, cash and bank balances placed with major financial institutions in Malaysia, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their reputation.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Credit risk (continued)

Credit risk concentration profile

At the end of the reporting period, there were no significant concentrations of credit risk other than amounts owing by subsidiaries representing 99.9% (2010: 99.9%) of the total receivables of the Company. The Group and the Company do not anticipate the carrying amount recorded at the reporting period to be significantly different from the values that would eventually be received.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 14 to the financial statements. Deposits with banks are placed with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 14 to the financial statements.

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group mitigates its exposure to interest rate risk by ensuring an appropriate mix of fixed and floating rate loan agreements.

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's short-term bank borrowings and term loans. As the Group's income and operating cash flows are substantially independent of changes in market interest rates, the Group does not use derivative financial instruments to hedge its risk.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rate had been 100 basis points lower or higher, with all the variable held constant, the Group's profit for the financial year would have been RM234,047 higher or lower, arising mainly from lower or higher interest expense on variable borrowings. The assumed measurement in basis points for interest rate sensitivity analysis is based on current observable market environment.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Interest rate risk (continued)

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

Group	Note	Effective interest rate per annum %	Repayable within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	5 years RM	Total RM
At 31 December 2011								
Fixed rates								
Bankers' acceptances	19	**3.71**	**14,208,000**	**-**	**-**	**-**	**-**	**14,208,000**
Term loans	19	**5.55**	**1,542,797**	**410,000**	**-**	**-**	**-**	**1,952,797**
Hire purchase creditors	20	**-**	**37,769**	**-**	**-**	**-**	**-**	**37,769**
Floating rates								
Term loans	19	**4.84**	**3,540,000**	**3,540,000**	**2,938,000**	**767,232**	**-**	**10,785,232**
At 31 December 2010								
Fixed rates								
Bankers' acceptances	19	3.53	30,182,998	-	-	-	-	30,182,998
Term loans	19	5.54	2,254,839	1,542,797	410,000	-	-	4,207,636
Hire purchase creditors	20	3.59	84,295	39,254	-	-	-	123,549
Floating rates								
Term loans	19	4.48	2,528,000	2,628,000	2,628,000	2,628,000	2,027,232	12,439,232

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) On 11 January 2011, the Group incorporated a wholly-owned subsidiary, PT. NHF Auto Supplies Indonesia with initial paid up capital of USD250,000 or equivalent to RM757,500, which is engaged in importing and trading automotive spareparts.

(ii) On 4 April 2011, the Company acquired the entire entity interest totalling two (2) ordinary shares in NHF Ventures Sdn. Bhd., a company incorporated in Malaysia, which is engaged in the business of investment holding company for cash consideration of RM2.

(iii) On 3 June 2011, the Group incorporated a wholly owned subsidiary, Ampire Auto Parts (Shanghai) Co., Ltd. in the People's Republic of China through its wholly owned subsidiary, NHF Ventures Sdn. Bhd. As at the end of the reporting period, the Group has invested RM3,064,960 in the subsidiary. The subsidiary is principally involved in the trading of automotive spareparts, vehicle maintenance supplies, vehicle decorating supplies, maintenance equipment, electric power tool, audio-visual audio equipment and the related import and export.

(iv) On 20 May 2011, the Group had submitted to the Companies Commission of Malaysia, an application to strike off from the Register the name of Advance Auto Supplies Sdn. Bhd., a wholly-owned subsidiary of New Kean Tat Auto Parts Sdn. Bhd. (the 60% owned subsidiary of the Group), pursuant to Section 308(1) of the Companies Act, 1965.

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(v) On 7 June 2011, the Company's wholly-owned subsidiaries, namely New Hoong Fatt Auto Supplies Sdn. Bhd. and New Hoong Fatt Industries Sdn. Bhd., had entered into a conditional sale and purchase agreement for the disposal of the entire 60% equity interest totalling 3,000,000 ordinary shares of RM1.00 each held by them in New Kean Tat Auto Parts Sdn. Bhd. for a cash consideration of RM3,600,000. The disposal was completed on 26 August 2011.

(vi) On 30 June 2011, Hoeken Industrial Sdn. Bhd., the Company's wholly owned subsidiary, had commenced the member's voluntary winding up pursuant to Section 254(1)(b) of the Companies Act, 1965. As at the date of this report, the liquidation process has yet to be completed.

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41. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of the reporting period may be analysed as follows:

	2011		2010	
	Group RM	**Company RM**	**Group RM**	**Company RM**
Total retained earnings before consolidation adjustments				
- Realised	**236,731,950**	**4,674,909**	258,282,927	3,793,451
- Unrealised	**(8,850,803)**	**-**	(11,242,493)	-
	227,881,147	**4,674,909**	247,040,434	3,793,451
Less: Consolidation adjustments	**(61,121,923)**	**-**	(90,316,261)	-
Total Group/Company retained earnings as per consolidated financial statements	**166,759,224**	**4,674,909**	156,724,173	3,793,451

The determination of Realised and Unrealised Profits or Losses is prepared in accordance with Guidance on Special Matter No. 1, Determination in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

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Location ***Lokasi***	Description / Existing Use ***Keterangan / Kegunaan***	Land Area / Built-Up Area ***Keluasan Tanah / Luas Kawasan Terbina***	Tenure/ Approximate Age of Building ***Jenis Hakmilik / Anggaran Usia Bangunan***	Date of Last Revaluation or Acquisition ***Tarikh Penilaian Semula atau Pembelian***	Net Book Value (RM'000) ***Nilai Buku Bersih (RM'000)***
GRN 28195 Lot 6342 Mukim of Setapak District of Kuala Lumpur Wilayah Persekutuan KL	3-storey shop house/ Office and warehouse *Rumah kedai 3 tingkat/ Pejabat dan gudang*	152 sq m/ 457 sq m	Freehold/ 43 years *Pegangan bebas/ 43 tahun*	21.12.06*	540
HS(M) 22101 No. PT 29778 & GM 1827 (Lot 5026-Lot 5028) Mukim of Kapar District of Klang Selangor	Industrial land and building/ Office and factory *Tanah perindustrian dan bangunan/ Pejabat dan kilang*	31,240 sq m/ 29,034 sq m	Freehold/ 13 – 20 years *Pegangan bebas/ 13 - 20 tahun*	03.02.12	29,000
GM 3890 Lot 5043 Mukim of Kapar District of Klang Selangor	Industrial land and building/ Office and warehouse *Tanah perindustrian dan bangunan/ Pejabat dan gudang*	10,918 sq m/ 9,486 sq m	Freehold/ 9 years *Pegangan bebas/ 9 tahun*	03.02.12	10,800
GM 1672 Lot 5044 Mukim of Kapar District of Klang Selangor	Industrial land and building/ Warehouse *Tanah perindustrian dan bangunan/ Gudang*	10,031 sq m/ 17,756 sq m	Freehold/ 9 years *Pegangan bebas/ 9 tahun*	03.02.12	13,900
HS(M)35401 No. PT 54723 (Lot 5045) Mukim of Kapar District of Klang Selangor	Industrial land and building/ Factory *Tanah perindustrian dan bangunan/ Kilang*	10,085 sq m/ 6,786 sq m	Freehold/ 11 years *Pegangan bebas/ 11 tahun*	03.02.12	9,000
GM 1859 Lot 5046 Mukim of Kapar District of Klang Selangor	Industrial land and building/ Office and factory *Tanah perindustrian dan bangunan/ Pejabat dan kilang*	10,669 sq m/ 7,237 sq m	Freehold/ 9 years *Pegangan bebas/ 9 tahun*	03.02.12	9,700

Location ***Lokasi***	**Description / Existing Use** ***Keterangan / Kegunaan***	**Land Area / Built-Up Area** ***Keluasan Tanah / Luas Kawasan Terbina***	**Tenure/ Approximate Age of Building** ***Jenis Hakmilik / Anggaran Usia Bangunan***	**Date of Last Revaluation or Acquisition** ***Tarikh Penilaian Semula atau Pembelian***	**Net Book Value (RM'000)** ***Nilai Buku Bersih (RM'000)***
HS(M) 36093 No. PT 56761 (Lot 5047-5048) Mukim of Kapar District of Klang Selangor	Industrial land and building/ Factory *Tanah perindustrian dan bangunan/ Kilang*	20,109 sq m/ 12,447 sq m	Freehold/ 1 year *Pegangan bebas/ 1 tahun*	03.02.12	16,700
GM 4325 Lot 4982 Mukim of Kapar District of Klang Selangor	Vacant agricultural land *Tanah pertanian kosong*	12,141 sq m/ -	Freehold/ - *Pegangan bebas/ -*	03.02.12	3,300
GM 593 Lot 4983 Mukim of Kapar District of Klang Selangor	Vacant agricultural land *Tanah pertanian kosong*	12,141 sq m/ -	Freehold/ - *Pegangan bebas/ -*	03.02.12	3,300
GM 2445 Lot 4984 Mukim of Kapar District of Klang Selangor	Vacant agricultural land *Tanah pertanian kosong*	12,141 sq m/ -	Freehold/ - *Pegangan bebas/ -*	03.02.12	3,300
GM 5582 Lot 5065 Mukim of Kapar District of Klang Selangor	Vacant industrial land *Tanah perindustrian kosong*	12,141 sq m/ -	Freehold/ - *Pegangan bebas/ -*	03.02.12	4,000
Pajakan Negeri (WP) 26293 – 26297 Lot 47051 – 47055 Mukim Batu District of Kuala Lumpur Wilayah Persekutuan KL	Industrial land and building/ Own use and partially rented out as office and warehouse *Tanah perindustrian dan bangunan/ Kegunaan sendiri dan separuh disewa sebagai pejabat dan gudang*	7,264 sq m/ 5,014 sq m	Leasehold of 99 years expiring on 16.06.2067/ 38 years *Pajakan 99 tahun berakhir 16.06.2067/ 38 tahun*	09.02.12	15,600

Location ***Lokasi***	**Description / Existing Use** ***Keterangan / Kegunaan***	**Land Area / Built-Up Area** ***Keluasan Tanah / Luas Kawasan Terbina***	**Tenure/ Approximate Age of Building** ***Jenis Hakmilik / Anggaran Usia Bangunan***	**Date of Last Revaluation or Acquisition** ***Tarikh Penilaian Semula atau Pembelian***	**Net Book Value (RM'000)** ***Nilai Buku Bersih (RM'000)***
Pajakan Negeri CL015413797 Miles 5 ½ Tuaran Road District of Kota Kinabalu Sabah	Industrial land and building/ Office and warehouse *Tanah perindustrian dan bangunan/ Pejabat dan gudang*	3,565 sq m / 1,780 sq m	Leasing of 60 years expiring on 29.09.2028/ 5 years *Pajakan 60 tahun berakhir 29.09.2028/ 5 tahun*	10.02.12	2,835
PN 24531 Lot 16474 Mukim Batu District of Kuala Lumpur Wilayah Persekutuan KL	Vacant industrial land *Tanah perindustrian kosong*	3,204 sq m/ -	Leasehold of 99 years expiring on 16.06.2067 *Pajakan 99 tahun berakhir 16.06.2067*	09.02.12	6,200
PN 27157 Lot 16475 Mukim Batu District of Kuala Lumpur Wilayah Persekutuan KL	Vacant land *Tanah Kosong*	-	Leasehold of 99 years expiring on 16.06.2067 *Pajakan 99 tahun berakhir 16.06.2067*	09.02.12	2,700

* Sales and Purchase Agreement was signed on 30 January 2012 to dispose off this property. The sale is pending completion.

Perjanjian Jual Beli telah ditandatangani pada 30 Januari 2012 untuk penjualan hartanah ini. Jualan ini sedang menunggu penyelesaian.

Authorised Share Capital / *Modal Saham Dibenarkan*	:	RM100,000,000.00
Issued and Paid-Up Share Capital / *Modal Saham Terbitan dan Berbayar*	:	RM75,156,600.00
Class of Shares / Kelas Saham	:	Ordinary shares of RM1.00 each / *Saham biasa RM1.00 sesaham*
No. of Shareholders / *Bilangan Pemegang Saham*	:	1,326
Voting Rights / *Hak Mengundi*	:	One vote per ordinary share / *Satu undi bagi setiap saham biasa*

DISTRIBUTION OF SHAREHOLDINGS / *PENGAGIHAN PEGANGAN SAHAM*

Size of Shareholdings / *Saiz Pegangan Saham*	**Shareholders / *Pemegang Saham***	**%**	**Shareholdings / *Pegangan Saham***	**%**
1 – 99	10	0.75	391	0.00
100 – 1,000	214	16.14	184,622	0.24
1,001 – 10,000	808	60.94	3,472,400	4.62
10,001 – 100,000	239	18.02	7,433,000	9.90
100,001 – less than 5% of issued shares / *kurang dari 5% terbitan saham*	53	4.00	28,408,300	37.80
5% and above of issued shares / *5% dan ke atas terbitan saham*	2	0.15	35,657,887	47.44
TOTAL / *JUMLAH*	1,326	100.00	75,156,600	100.00

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

SUBSTANTIAL SHAREHOLDERS / *PEMEGANG SAHAM UTAMA*

	No. of Shares Held / *Bilangan Saham Dipegang*			
Name / *Nama*	**Direct / *Langsung***	**%**	**Indirect / *Tidak Langsung***	**%**
Kam Foong Keng	25,620,942	34.09	-	-
Wong Ah Moy @ Wong Yoke Len	10,036,945	13.35	720,000[1]	0.96

Note / *Nota:*

[1] Deemed interested in the shares held by L F Kim Holdings Sdn Bhd in which she is a substantial shareholder and director.
Dianggap mempunyai kepentingan dalam saham yang dipegang oleh L F Kim Holdings Sdn Bhd di mana beliau adalah pemegang saham utama dan pengarah.

DIRECTORS' INTERESTS
KEPENTINGAN PENGARAH-PENGARAH

	No. of Shares Held / ***Bilangan Saham Dipegang***			
Name / ***Nama***	**Direct /** ***Langsung***	**%**	**Indirect /** ***Tidak Langsung***	**%**
Directors				
Kam Foong Keng	25,620,942	34.09	-	-
Chin Jit Sin	838,200	1.12	-	-
Kam Foong Sim	1,807,425	2.40	-	-
Wong Yoke Nyen	10,000	0.01	-	-
Danny Ng Siew L'Leong	-	-	-	-
Datuk Dr Anis Bin Ahmad	-	-	-	-
Others				
Wong Yoke Nyen*	17,000	0.02	-	-

Note / *Nota:*

* Disclosure of interests held by his spouse, pursuant to Section 134(12)(c) of the Companies Act, 1965.
Pendedahan kepentingan dalam saham yang dipegang oleh isterinya menurut Seksyen 134(12)(c) Akta Syarikat, 1965.

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

	Name / *Nama*	Shareholdings / *Pegangan Saham*	%
1.	Kam Foong Keng	25,620,942	34.09
2.	Wong Ah Moy @ Wong Yoke Len	10,036,945	13.35
3.	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt An For / *Untuk British and Malayan Trustees Limited (Yeoman 3-Rights)*	2,060,000	2.74
4.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Siew Lai (Margin)	2,038,700	2.71
5.	Kam Kin Foong	1,877,125	2.50
6.	Kam Fong Mei	1,777,425	2.36
7.	Patricia Lim Pek Yew	1,630,200	2.17
8.	Lee Kam Tai	1,627,425	2.17
9.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Kwee Hock (Margin)	1,613,700	2.15
10.	Wong Fong Ngoh	1,439,600	1.92
11.	Kam Foong Sim	1,132,425	1.51
12.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For / *Untuk Chan Chong Soon (E-KPG)*	850,000	1.13
13.	Chin Jit Sin	838,200	1.12
14.	Wong Fong Ngoh	744,000	0.99
15.	L F Kim Holdings Sdn Bhd	720,000	0.96
16.	Kam Foong Sim	675,000	0.90
17.	Lim Khuan Eng	623,600	0.83
18.	Amanahraya Trustees Berhad Public Smallcap Fund	623,400	0.83
19.	Lim Pei Tiam @ Liam Ahat Kiat	560,000	0.75
20.	Lien, Li-Yu	452,800	0.60
21.	Koay Keng Huat	383,100	0.51
22.	Lai Fook Hoy	381,800	0.51
23.	Lim Pin Kong	372,000	0.49
24.	Koay Keng Ling	371,900	0.49
25.	Lim Pin Kong	368,100	0.49
26.	Tseng Wan-I	306,000	0.41
27.	Lin, Chih-Chun	303,600	0.40
28.	Koay Keng Teik @ Koay Chia Wah	300,000	0.40
29.	Goh Beng Choo	280,300	0.37
30.	Diong Swee Gaik	234,000	0.31
	TOTAL / *JUMLAH*	60,242,287	80.16

NOTICE IS HEREBY GIVEN THAT the Fifteenth (15th) 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 Monday, 18 June 2012 at 10.00 a.m. for the following purposes :

A G E N D A

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of the Directors and Auditors thereon.

2. To approve a final single tier dividend of eight (8) sen and a special final single tier dividend of one (1) sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2011. **Resolution 1**

3. To re-elect the following Directors who are retiring by rotation pursuant to Article 78 of the Company's Articles of Association, and who being eligible, offer themselves for re-election:

   (i) Mr Chin Jit Sin **Resolution 2**
   (ii) Mr Wong Yoke Nyen **Resolution 3**

4. To approve the Directors' Fees of RM150,000 for the financial year ended 31 December 2011. **Resolution 4**

5. To re-appoint Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

6. To transact any other business for which due notice has been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

FURTHER NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Fifteenth (15th) Annual General Meeting of the Company, a final single tier dividend of eight (8) sen and a special final single tier dividend of one (1) sen per ordinary share of RM1.00 each for the financial year ended 31 December 2011 will be paid on 12 July 2012 to Depositors whose names appear in the Record of Depositors on 22 June 2012.

A depositor shall qualify for entitlement only in respect of:

(a) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 22 June 2012 in respect of transfers; and

(b) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

YEOH CHONG KEAT (MIA 2736)
REBECCA LEONG SIEW KWAN (MAICSA 7045547)
Company Secretaries

Kuala Lumpur
25 May 2012

Notes :

1. Every member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote for him/her. A proxy may but need not be a member of the Company. If the proxy is not a member, he/she needs not be an advocate, an approved company auditor or a person approved by the Registrar in a particular case. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.

2. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each Omnibus Account it holds.

3. Only a depositer whose name appears in the Company's Record of Depositors as at 11 June 2012 shall be regarded as a member and entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend and vote on his/her behalf.

4. 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.

5. The original signed and/or sealed copy of the Proxy Form must be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur at least forty-eight (48) hours before the time fixed for the meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Further details of the Directors standing for re-election are set out in the Directors' Profile appearing on pages 14 to 19 of the Annual Report.

DENGAN INI DIMAKLUMKAN BAHAWA *Mesyuarat Agung Tahunan NEW HOONG FATT HOLDINGS BERHAD yang ke-Limabelas (15) akan diadakan di Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, pada hari Isnin, 18 Jun 2012, pada pukul 10.00 pagi bagi tujuan-tujuan berikut:*

A G E N D A

URUSAN BIASA

1. *Menerima Penyata-penyata Kewangan yang telah diaudit bagi tahun kewangan berakhir pada 31 Disember 2011 bersama dengan Laporan-laporan Pengarah dan Juruaudit.*	
2. *Meluluskan dividen akhir satu peringkat sebanyak lapan (8) sen dan dividen khas akhir satu peringkat sebanyak satu (1) sen sesaham biasa berharga RM1.00 bagi tahun kewangan berakhir pada 31 Disember 2011.*	***Resolusi 1***
3. *Melantik semula Pengarah-pengarah berikut yang bersara selaras dengan Artikel 78 Tataurusan Syarikat, dan oleh kerana layak, menawarkan diri mereka untuk dilantik semula:*	
(i) Encik Chin Jit Sin	***Resolusi 2***
(ii) Encik Wong Yoke Nyen	***Resolusi 3***
4. *Meluluskan yuran Pengarah sebanyak RM150,000 bagi tahun kewangan berakhir 31 Disember 2011.*	***Resolusi 4***
5. *Melantik semula Tetuan BDO sebagai Juruaudit Syarikat dan memberi kuasa kepada Pengarah-pengarah untuk menetapkan bayaran mereka.*	***Resolusi 5***
6. *Untuk menjalankan sebarang urusan lain yang mana notis sewajarnya telah diberikan selaras dengan Akta Syarikat, 1965 serta Tataurusan Syarikat.*	

NOTIS BERKELAYAKAN DIVIDEN DAN BAYARAN

DENGAN INI JUGA DIMAKLUMKAN BAHAWA *tertakluk kepada kelulusan dari pemegang-pemegang saham pada Mesyuarat Agung Tahunan Syarikat yang ke-Limabelas (15), dividen akhir satu peringkat sebanyak lapan (8) sen dan dividen khas akhir satu peringkat sebanyak satu (1) sen sesaham biasa berharga RM1.00 bagi tahun kewangan berakhir 31 Disember 2011 akan dibayar pada 12 Julai 2012 kepada pendeposit sepertimana yang terdapat di dalam Rekod Pendeposit pada 22 Jun 2012.*

Pendeposit hanya layak untuk menerima dividen berhubung dengan:

(a) Sekuriti yang dipindahkan ke dalam Akaun Sekuriti Pendeposit sebelum 4.00 petang pada 22 Jun 2012 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

YEOH CHONG KEAT *(MIA 2736)*
REBECCA LEONG SIEW KWAN *(MAICSA 7045547)*
Setiausaha Syarikat

Kuala Lumpur
25 Mei 2012

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. *Dimana ahli Syarikat yang merupakan penama diberi kuasa yang dikecualikan dibawah Akta Industri Sekuriti (Depositori Pusat) 1991, memegang saham biasa dalam Syarikat untuk pelbagai pemilik manfaat dalam satu (1) akaun sekuriti ("Akaun Omnibus"), penama diberi kuasa tersebut boleh melantik jumlah proksi tanpa had berkenaan dengan setiap Akaun Omnibus yang dipegangnya.*

3, *Hanya pendeposit dimana namanya berada di dalam Rekod Pendeposit Syarikat pada 11 Jun 2012 akan dianggap sebagai ahli Syarikat dan berhak untuk menghadiri, bercakap dan mengundi di mesyuarat ini atau melantik proksinya untuk menghadiri dan mengundi bagi pihak dia.*

4. *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.*

5. *Surat cara perlantikan proksi yang asal dan telah disempurnakan mestilah diserahkan ke Pejabat Berdaftar Syarikat di Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur, sekurang-kurangnya empat-puluh lapan (48) jam sebelum waktu yang telah ditetapkan untuk mesyuarat itu berlangsung.*

PENYATA MENGIRINGI NOTIS MESYUARAT AGUNG TAHUNAN

Butir-butir yang selanjutnya bagi Pengarah-pengarah yang akan dilantik semula, dinyatakan di dalam Profil Pengarah dari mukasurat 14 hingga 19 di dalam Laporan Tahunan ini.

PROXY FORM

NEW HOONG FATT HOLDINGS BERHAD
(425709-K)

I/We ………………………………………………………………………………………. (full name of shareholder in block letters) and

NRIC No. / ID No. / Company No. …………………………………………………..…. (new) ……………………………………….. (old)

of ……….........

…………………………………………………………………………………(full address) being a member of NEW HOONG FATT HOLDINGS BERHAD, hereby appoint ……………………………....………………………………………………………......

(full name in block letters & NRIC No. of proxy) or failing him/her, ……………………………………………………………………..…...

(full name in block letters & NRIC No. of proxy) or failing which, the Chairman of The Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Fifteenth (15th) 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 Monday, 18 June 2012 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:

		Agenda	For	Against
1.	Resolution 1	Approval of a final single tier dividend of 8 sen and a special final single tier dividend of 1 sen		
2.	Resolution 2	Re-election of Mr Chin Jit Sin as Director		
3.	Resolution 3	Re-election of Mr Wong Yoke Nyen as Director		
4.	Resolution 4	Approval of Directors' Fees of RM150,000		
5.	Resolution 5	Re-appointment of Auditors and to authorise Directors to fix their remuneration		

(Please indicate with a cross (X) in the space provided on how you wish your vote to be cast in respect of the above resolutions. If you do not do so, the proxy may vote or abstain at his/her discretion.)

Signed this …………..... day of ………………..…. 2012

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/she needs not be an advocate, an approved company auditor or a person approved by the Registrar in a particular case. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.

2. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

3. Only a depositer whose name appears in the Company's Record of Depositors as at 11 June 2012 shall be regarded as a member and entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend and vote on his/her behalf.

4. 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.

5. The original signed and/or sealed copy of the Proxy Form must be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur at least forty-eight (48) hours before the time fixed for the meeting.

BORANG PROKSI

NEW HOONG FATT HOLDINGS BERHAD
(425709-K)

Saya/Kami .... (nama penuh pemegang saham dalam huruf besar)

dan No. KP / No. ID / No. Syarikat .... (baru) .... (lama)

dari ....

.. (alamat penuh) sebagai ahli NEW HOONG FATT HOLDINGS BERHAD, dengan ini melantik ....

(nama penuh dalam huruf besar & No. KP proksi) dan /atau jika beliau tidak dapat hadir, ...

... (nama penuh dalam huruf besar & No. KP proksi)

atau jika beliau tidak dapat hadir, Pengerusi Mesyuarat tersebut, sebagai proksi saya/kami untuk mengundi bagi pihak saya/kami di Mesyuarat Agung Tahunan Syarikat yang ke-Limabelas (15) yang akan diadakan di Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur pada hari Isnin, 18 Jun 2012 jam 10.00 pagi dan pada sebarang penangguhannya seperti berikut:

		Agenda	***Menyokong***	***Menentang***
1.	*Resolusi 1*	*Meluluskan dividen akhir satu peringkat sebanyak 8 sen dan dividen khas akhir satu peringkat sebanyak 1 sen*		
2.	*Resolusi 2*	*Pemilihan semula Encik Chin Jit Sin sebagai Pengarah*		
3.	*Resolusi 3*	*Pemilihan semula Encik Wong Yoke Nyen sebagai Pengarah*		
4.	*Resolusi 4*	*Meluluskan yuran Pengarah sebanyak RM150,000*		
5.	*Resolusi 5*	*Perlantikan semula Juruaudit dan memberi kuasa kepada Pengarah untuk menetapkan bayaran mereka*		

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

Ditandatangani pada .... haribulan 2012

Bilangan Saham Biasa yang dipegang	
No. CDS Akaun	

..
Tandatangan / Meterai Ahli

Nota-nota:

1. *Setiap ahli syarikat yang layak menghadiri dan mengundi dalam mesyuarat ini berhak untuk melantik tidak lebih dari dua (2) proksi untuk menghadiri dan mengundi bagi pihak dirinya. Seseorang proksi boleh, tetapi tidak semestinya seorang ahli syarikat. Jika proksi bukan seorang ahli syarikat, beliau tidak semestinya seorang peguam, juruaudit syarikat yang diluluskan atau seorang yang telah diluluskan oleh Pendaftar dalam kes yang tertentu. Bagi ahli yang melantik dua (2) proksi, perlantikan proksi tidak laku sekiranya tidak menyatakan bahagian pegangannya yang diwakili oleh setiap proksi.*

2. *Di mana ahli syarikat merupakan penama diberi kuasa yang dikecualikan dibawah Akta Industri Sekuriti (Depositori Pusat) 1991, memegang saham biasa dalam syarikat untuk pelbagai pemilik manfaat dalam satu (1) akaun sekuriti ("Akaun Omnibus"), penama diberi kuasa tersebut boleh melantik jumlah proksi tanpa had berkenaan dengan setiap Akaun Omnibus yang dipegangnya.*

3. *Hanya pendeposit dimana namanya berada di dalam Rekod Pendeposit Syarikat pada 11 Jun 2012 akan dianggap sebagai ahli Syarikat dan berhak untuk menghadiri, bercakap dan mengundi di mesyuarat ini atau melantik proksinya untuk menghadiri dan mengundi bagi pihak dia.*

4. *Surat cara perlantikan proksi mestilah secara bertulis dan ditandatangani oleh pelantik sendiri atau sekiranya ahli merupakan sebuah perbadanan, sama ada secara cop meterai atau ditandatangani oleh pegawai atau peguamcara, yang diberi kuasa sedemikian.*

5. *Surat cara perlantikan proksi yang asal dan telah disempurnakan mestilah diserahkan ke Pejabat Berdaftar Syarikat di Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur, sekurang-kurangnya empat-puluh lapan (48) jam sebelum waktu yang telah ditetapkan untuk mesyuarat itu berlangsung.*

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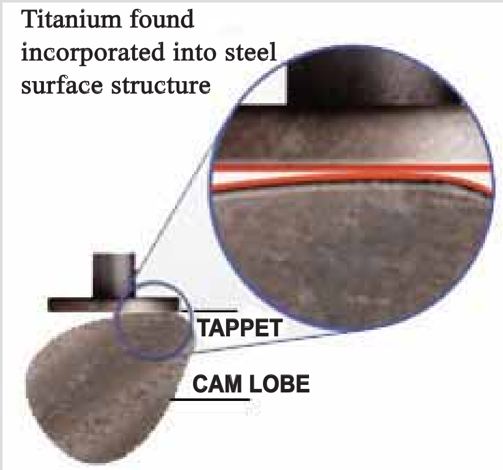

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Headquarters

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Selangor Darul Ehsan.
Tel : 603-3377 8308/8288
Fax : 603-3377 8301/8259

Sg. Besi Branch

27, Jalan 6/89B 3 ½ Miles,
Off Jalan Sungai Besi,
57100 Kuala Lumpur.
Tel : 603-7983 6900/6508
Fax : 603-7983 6543

Segambut Branch

No.53 & 53A,
Persiaran Segambut Tengah,
Off Jalan Ipoh,
51200 Kuala Lumpur.
Tel : 603-6250 8800/2230
Fax : 603-6250 8811

K. Kinabalu Branch

No. 28, Lorong Burong Keleto,
5 ½ Miles Off Jalan Tuaran Bypass
Likas, Industrial Estate,
88450 Kota Kinabalu.
P.O.Box 603, 88856 Likas, Sabah.
Tel : 6088-38 8686
Fax : 6088-38 8683

Email : enquiries@newhoongfatt.com.my

Website: www.newhoongfatt.com.my

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