



NEW HOONG FATT HOLDINGS BERHAD
(425709 - K)



Annual Report 2012



DEVELOPING ASIA TODAY AND TOMORROW

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

Asia continues to be the centre of great prospects and opportunities. Sustained economic growth and population expansion leads to Asia selling more cars every year. This in turn leads to greater number of vehicles on the roads and greater demand for automotive replacement parts. NHF has strategically positioned its business in regional markets to capture growth and tap into business opportunities.

Rasional Muka Depan

Asia terus menjadi pusat kepada prospek dan peluang yang besar. Pertumbuhan ekonomi yang berlanjutan serta peningkatan jumlah populasi menyebabkan peningkatan jualan kereta di Asia setiap tahun. Ini mengakibatkan jumlah kenderaan semakin bertambah di jalan raya dan permintaan untuk alat-alat ganti automotif meningkat. NHF telahpun menempatkan perniagaannya secara strategik di dalam pasaran serantau untuk mencapai pertumbuhan serta menerokai peluang-peluang perniagaan.



16TH ANNUAL GENERAL MEETING

MESYUARAT AGUNG TAHUNAN KE-16

Venue / Tempat : Dillenia & Eugenia Rooms
Ground Floor, Sime Darby Convention Centre
1A Jalan Bukit Kiara 1
60000 Kuala Lumpur

Date & Time : Tuesday, 25 June 2013 at 10 a.m.

Tarikh & Masa : Selasa, 25 Jun 2013 pada jam 10 pagi

CONTENTS

KANDUNGAN

Company's Profile <i>Profil Syarikat</i>	2	Audit Committee Report <i>Laporan Jawatankuasa Audit</i>	34
Group Structure <i>Struktur Kumpulan</i>	3	Statement on Risk Management and Internal Control <i>Penyata Pengurusan Risiko dan Kawalan Dalaman</i>	41
Corporate Information <i>Maklumat Korporat</i>	4	Financial Statements <i>Penyata Kewangan</i>	45
Letter to Shareholders <i>Surat Kepada Pemegang Saham</i>	5	List of Properties <i>Senarai Hartanah</i>	136
Five-Year Group Financial Summary <i>Ringkasan Kewangan Lima Tahun Kumpulan</i>	11	Analysis of Shareholdings <i>Analisa Pegangan Saham</i>	139
Financial Calendar <i>Takwim Kewangan</i>	13	Notice of Annual General Meeting <i>Notis Mesyuarat Agung Tahunan</i>	142
Directors' Profile <i>Profil Pengarah</i>	14	Proxy Form <i>Borang Proksi</i>	
Calendar of Events 2012 <i>Takwim Peristiwa 2012</i>	20		
Statement on Corporate Governance <i>Penyata Tadbir Urus Korporat</i>	21		



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, two (2) branches in Kuala Lumpur, and a branch in Kota Kinabalu, Sabah, to cater to its extensive distribution channel of about 1,000 wholesalers and retailers throughout Malaysia. In 2011, the NHF Group expanded its business abroad by setting up branch offices in Jakarta, Indonesia and Shanghai, China to attempt to capture the markets 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. The Group's efficient and automated production facilities, expertise in research and development of tool and dies has 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 increase its regional presence.

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, dua (2) cawangan di Kuala Lumpur dan satu di Kota Kinabalu, Sabah, untuk membekalkan perkhidmatannya kepada rangkaian pengedarannya yang beranggaran 1,000 pemborong dan peruncit di seluruh Malaysia. Pada tahun 2011, Kumpulan NHF telah meluaskan sayap perniagaannya ke luar negara dengan menubuhkan cawangan di Jakarta, Indonesia dan Shanghai, negara China sebagai usahanya menawan pasaran di sana.

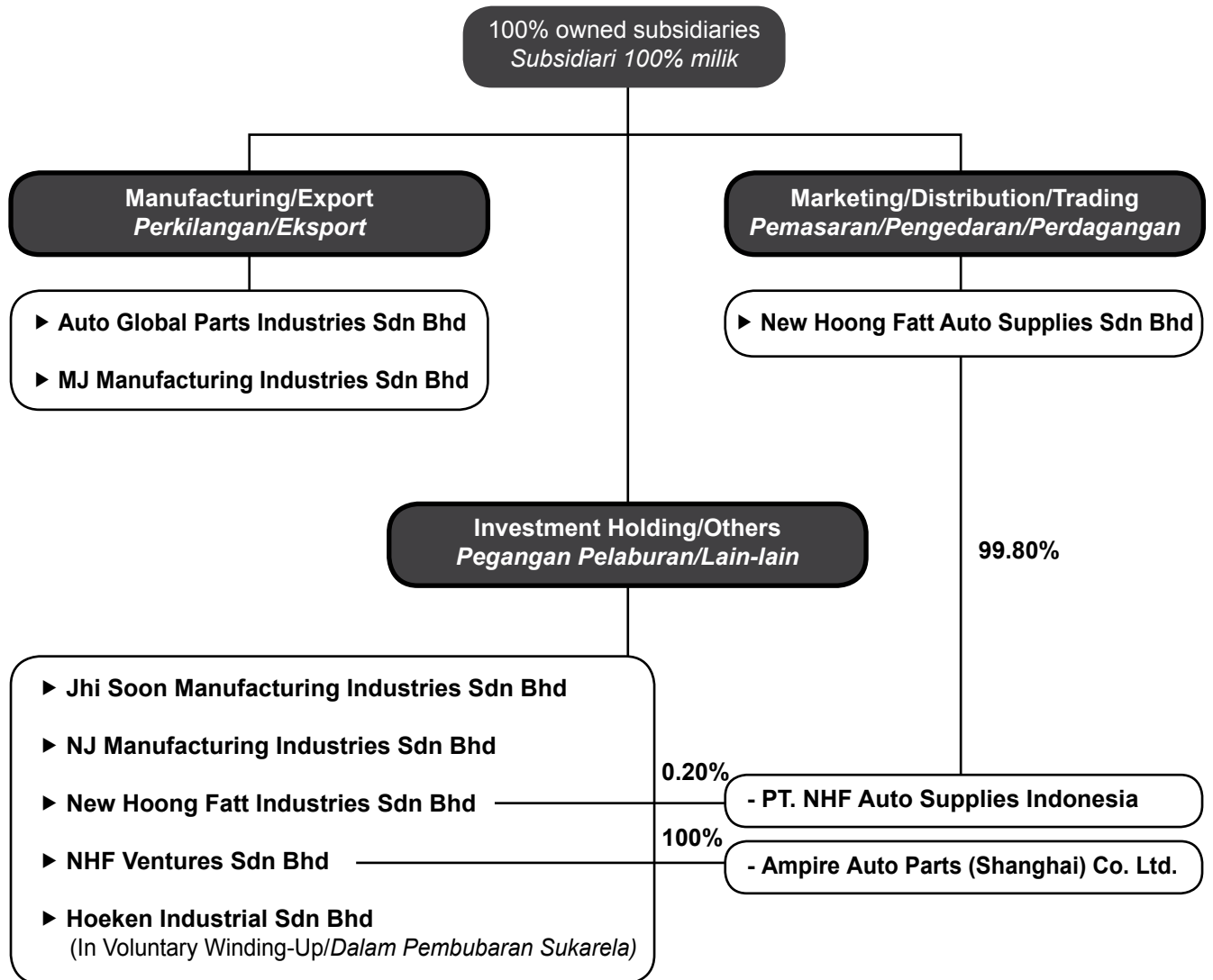
Setelah memperolehi pengalaman yang luas di bahagian pemasaran dan pengedaran, Kumpulan NHF telah menceburi sektor pengeluaran alat-alat ganti automotif besi dan plastik seperti pintu, bonet depan, fender, bonet belakang, bumper, gril dan lampu. Penubuhan kilang-kilang ini telah mendorong Kumpulan menjadi pembekal utama dalam pengedaran alat-alat ganti automotif yang alternatif di Malaysia. Kecekapan dan kemudahan pengeluaran automasi, serta kepakaran dalam penyelidikan dan pembangunan dalam "tools and dies" telah 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 produk keluaran, terus meningkatkan kualiti produk dan mempertingkatkan kewujudannya di kawasan serantau.

GROUP STRUCTURE / STRUKTUR KUMPULAN



NEW HOONG FATT HOLDINGS BERHAD



**CORPORATE INFORMATION / MAKLUMAT KORPORAT****BOARD OF DIRECTORS / LEMBAGA PENGARAH**

- | | |
|--|---|
| 1 Kam Foong Keng
(Executive Chairman /
<i>Pengerusi Eksekutif</i>) | 4 Wong Yoke Nyen
(Independent Non-Executive Director /
<i>Pengarah Bebas Bukan Eksekutif</i>) |
| 2 Chin Jit Sin
(Managing Director /
<i>Pengarah Urusan</i>) | 5 Danny Ng Siew L'Leong
(Independent Non-Executive Director /
<i>Pengarah Bebas Bukan Eksekutif</i>) |
| 3 Kam Foong Sim
(Executive Director /
<i>Pengarah Eksekutif</i>) | 6 Datuk Dr. Anis bin Ahmad
(Independent Non-Executive Director /
<i>Pengarah Bebas Bukan Eksekutif</i>) |

SECRETARIES / SETIAUSAHA-SETIAUSAHA

- 1 Yeoh Chong Keat** (MIA 2736)
2 Rebecca Leong Siew Kwan (MAICSA 7045547)

AUDITORS / JURUAUDIT

BDO (AF: 0206)
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
Industrial and Commercial Bank of China
(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 /
PENYENARAIAAN BURSA SAHAM**

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

LETTER TO SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the Annual Report of New Hoong Fatt Holdings Berhad (“NHF”) for the financial year ended 31 December 2012.

INDUSTRY OVERVIEW

The 2012 global automotive industry remained robust with approximately 80.6 million vehicles produced worldwide. Automotive industry giants remained a significant force and continued their momentum last year as the world’s largest automotive market, China, took the lead and recorded sales of 19.3 million vehicles, expanding its market by 4.3% from the previous year. Another notable market, Indonesia, being South East Asia’s most populous nation, demonstrated a relatively healthy year. With vehicle sales in excess of 1.1 million units by the end of 2012, Indonesia showed excellent resilience despite uncertainties in the world economy by posting a marked 24.8% increase from 2011.

Japan and Thailand, which were affected by natural disasters in 2011, bounced back strongly in 2012. Japan’s domestic car sales figure for 2012 reflected a 26.3% growth to 3.0 million units whilst Thailand posted explosive growth of 70% to a record-breaking 1.4 million units. Thailand’s automotive industry was mainly spurred by carried over demand from 2011 and the first-car-buyer programme. On the local front, Malaysia’s vehicle sales for 2012 grew by 4.6% to 630,000 units.

FINANCIAL REVIEW

For the financial year ended 31 December 2012, the Group’s consolidated revenue had a slight improvement by 0.9% to RM217.5 million compared to RM215.6 million in 2011. Although there was a drop in revenue for local market due to the disposal of a subsidiary in the third quarter of 2011, the overall improvement of revenue was due to the excellent performance in the export sector which grew by 28.6% compared to 2011. The jump in exports was the result of on-going business development activities in the pursuit of regional expansion as well as penetration into new markets around the globe.

The Group’s profit before taxation of RM27.7 million showed an increase of 6.9% from RM25.9 million in 2011. The increase in profit was due to higher export revenue and lower manufacturing costs in the financial year under review, as well as lower impairment of goodwill.

The Group’s Net Profit increased by 14.6% from RM19.9 million in 2011 to RM22.8 million in 2012. Tax expense is lower compared to 2011 due to the utilisation of Allowance for Increase Export Incentive by a subsidiary of the Group. As a result, earnings per share rose to 30.29 sen for the financial year under review compared to 26.35 sen in the previous financial year.

As at the end of the financial year under review, net assets per ordinary share stood at RM4.03 compared to RM3.85 in 2011.

DIVIDENDS

In view of the profits achieved over the nine months period ended 30 September 2012, the Board of Directors declared an interim single tier dividend of 3 sen per ordinary share of RM1.00 each for the financial year ended 31 December 2012. The interim dividend amounting to RM2,254,698 was paid to the shareholders on 20 December 2012.

The Board further recommended a final single tier dividend of 8 sen plus a special final single tier dividend of 2 sen per ordinary share, amounting to RM7,515,660 for approval of the shareholders at the upcoming Annual General Meeting. This brings the total single tier dividend proposed and declared for 2012 to 13 sen.

The dividends were recommended and paid according to NHF’s policy to ensure shareholders are duly awarded with consistent dividend payments.

BUSINESS REVIEW

2012 was a period of challenges, which were mostly governed by market forces, economic factors and competition. However, NHF has stayed driven and committed to its time-tested philosophy of providing value-added, quality products to meet customer expectations. This approach has provided the Group a positive model to ensure it progresses with excellence, manufactures quality products and adopts a change-ready and customer-focused stance.



LETTER TO SHAREHOLDERS (continued)

In 2012, NHF channelled its emphasis towards accommodating the escalating demand for automotive replacement parts worldwide. NHF achieved another milestone when it widened its export reach to more than 50 countries by securing various new markets, namely Algeria, Tunisia, Bangladesh, Morocco, Fiji and Libya. Total revenue for exports had jumped by 23.9% compared to 2011. Majority of the increase came from Thailand. Other markets that the Group had developed earlier and now expanded into were countries such as Dubai, Brazil and Iraq.

In exploring overseas prospects, NHF participated in Automechanika Expo in Shanghai for the third consecutive year. Apart from reconnecting with existing clients and meeting potential customers, it was an opportunity to source for other available automotive replacement parts.

The Group's overseas trading arms in Indonesia and China had progressed well with revenue growth in 2012. Whilst revenue has grown since starting operations in 2011, these subsidiaries had taken time to recoup start-up costs and gain additional market to further take advantage of the vast potential offered in both countries. In January 2013, PT. NHF Auto Supplies Indonesia had invested approximately RM22.9 million in an industrial land and building in Jakarta, Indonesia, with a land area of approximately 11,830 square metres. This investment is for the subsidiary's own use and future expansion. The subsidiary in China, Ampire Auto Parts (Shanghai) Co. Ltd., on the other hand, has progressively enlarged its customer base by advancing into various provinces in China.

On the trading side, the Group had re-built one of its properties in Segambut, Kuala Lumpur into a warehouse boasting a built-up area of about 1,900 square metres. This warehouse is targeted to be completed in the second quarter of 2013. As Segambut is the automotive spare parts hub, this new warehouse allows the trading branch the opportunity to further expand its business.

During the financial year under review, the strategic business planning of the Group, known internally as the Leadership Performance Plan ("LPP"), was introduced to the executives and top management. The LPP sets out the Group's business strategies and priorities to develop people for competitive advantage in achieving business and profitability growth in a sustainable manner.

FUTURE PROSPECTS

NHF is constantly on the quest to maximise shareholder value through investments in its core business to engineer growth. In line with enhancing the Group's technological capabilities, NHF has allocated approximately RM11.0 million in a new Cathodic Electro-Deposition Paint line and hydraulic press machines in its metal stamping section, and six (6) plastic injection machines ranging from 120 tonnes to 1,750 tonnes in the plastic section. These best-in-class machineries will expand production capacity and efficiency and are known for their robustness and durability in precision making products. These new additions are expected to be fully installed and commissioned in the third quarter of 2013.

NHF is now well situated and prepared to intensify its production capabilities and capacity to cater for demand from new export markets and the overseas subsidiaries.

Rising population figures, particularly in Asia have translated into the surging need for vehicles, both of which have been a crucial indicator of prospects each automotive market holds. China, with approximately 1.3 billion people has retained its position as one of the most favoured destinations for international automakers to invest in. Indonesia's current estimated population of 240 million is set to soar to 330 million people by 2030. This upsurge in population figures and vehicle sales lend cause to the intensifying demand for quality automotive replacement parts. As a result, NHF is embracing this trend positively by creating a trading presence in such markets.

The climbing demand for automotive replacement parts augurs well for NHF, as the increase pushes the Group to further increase efficiency and productivity to ensure it manufactures products that are of great quality at competitive prices. Given the ambitions to seek out global opportunities and forge new relationships and networks, NHF is confident that it will remain a leading contributor in the automotive replacement parts industry.

CORPORATE SOCIAL RESPONSIBILITY

NHF believes that every business entity owes a responsibility to the community it operates in. Being a socially responsible organisation, the Group engages with staff and surrounding community via several key internal and external initiatives.

LETTER TO SHAREHOLDERS (continued)

As an important facet of its business, NHF recognises each employee to be a valuable asset. In gearing up for future growth, NHF's Talent Management Programme is designed to ensure that the business has a stronger and more sustainable workforce. The on-going Apprenticeship programme has gained further momentum as 13 students received the 'Sijil Kemahiran Malaysia' Level 2 qualification in Industrial Automation in June 2012. Today, several of these students have stayed on to work with the Group.

Another aspect of the Group's Talent Management Programme involved the Internship programme with a pioneer batch of 13 students from various renowned universities and colleges. These interns were placed in different sections of the Group, often into sections related to their field of study, over the course of a three to four month internship.

In putting the spotlight on health awareness, NHF organised its annual blood donation drive at its premises in Meru, Klang. As a day-event, the Group recorded 157 successful blood donors, a staggering 85% increase compared to 2011. In total, 300 visitors attended this event to take advantage of the free health-related tests.

In a separate activity, NHF maintained its pledge to road safety awareness in the road safety campaign. With the collaboration of the Road Safety Department (JKJR) and its Road Safety Officers, NHF ran a talk for its staff during the festive season, to spread the message on road safety and proper driving methods.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to acknowledge the shareholders, suppliers, customers, financiers and respective authorities for faithfully supporting the Group. I would also like to recognise the invaluable knowledge and insights of our distinguished Board of Directors and express my heartfelt gratitude for their continuous support, leadership and direction for the management.

The Board of Directors and I salute the management and staff for their perseverance and dedication throughout 2012. We thank you for your contributions and being a part of our business.

KAM FOONG KENG
Executive Chairman



SURAT KEPADA PEMEGANG SAHAM

Para Pemegang Saham sekalian,

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan New Hoong Fatt Holdings Berhad (“NHF”) bagi tahun kewangan berakhir 31 Disember 2012.

TINJAUAN INDUSTRI

Industri automotif global pada tahun 2012 kekal kukuh dengan anggaran 80.6 juta unit kenderaan dikeluarkan di seluruh dunia. Pada tahun tersebut, pengeluaran automotif yang terbesar kekal menjadi kuasa yang penting dan meneruskan momentum mereka dengan pasaran automotif terbesar di dunia, iaitu China, menerajui dengan merekodkan hasil jualan sebanyak 19.3 juta unit kenderaan, meningkatkan pasarnya sebanyak 4.3% berbanding dengan tahun sebelumnya. Satu lagi pasaran yang ketara, Indonesia, sebagai negara yang mempunyai penduduk paling ramai di Asia Tenggara, telah merekodkan pertumbuhan yang agak sihat. Indonesia menunjukkan daya ketahanan yang sangat baik meskipun dalam ketidakpastian ekonomi dunia, dengan penjualan kenderaan melebihi 1.1 juta unit setakat hujung tahun 2012, sambil merekodkan peningkatan sebanyak 24.8% daripada tahun 2011.

Jepun dan Thailand, yang telah terjejas oleh bencana alam pada tahun 2011, kembali pulih dengan kukuh dalam tahun 2012. Angka jualan kenderaan tempatan Jepun pada 2012 menunjukkan pertumbuhan sebanyak 26.3% kepada 3.0 juta unit, sementara Thailand merekodkan pertumbuhan yang amat pesat iaitu 70% kepada catatan rekod baru sebanyak 1.4 juta unit. Industri automotif Thailand didorong terutamanya oleh permintaan yang dibawa dari tahun 2011 dan hasil program pembeli kereta pertama mereka. Di pasaran tempatan, penjualan kenderaan di Malaysia pada tahun 2012 telah naik sebanyak 4.6% kepada 630,000 unit kenderaan.

TINJAUAN KEWANGAN

Bagi tahun kewangan berakhir 31 Disember 2012, hasil pendapatan konsolidasi Kumpulan telah meningkat sedikit iaitu sebanyak 0.9% kepada RM217.5 juta, berbanding dengan RM215.6 juta pada tahun 2011. Walaupun terdapat penurunan dalam hasil pendapatan bagi pasaran tempatan yang berpunca daripada penjualan sebuah subsidiari dalam suku ketiga 2011, peningkatan keseluruhan hasil pendapatan adalah disebabkan oleh prestasi cemerlang eksport yang telah bertambah sebanyak 28.6% berbanding dengan tahun 2011. Pertambahan dalam eksport ini adalah hasil daripada aktiviti-aktiviti pembangunan perniagaan yang

berjalan dalam usaha untuk pengembangan serantau, serta penembusan ke dalam pasaran baru di seluruh dunia.

Keuntungan sebelum cukai bagi Kumpulan sebanyak RM27.7 juta menunjukkan peningkatan sebanyak 6.9% daripada RM25.9 juta pada tahun 2011. Peningkatan ini adalah disebabkan oleh hasil eksport yang lebih tinggi dan kos-kos pengeluaran yang lebih rendah dalam tahun kewangan dalam tinjauan, serta pengurangan “goodwill” yang lebih rendah.

Keuntungan bersih bagi Kumpulan meningkat sebanyak 14.6% daripada RM19.9 juta pada 2011 kepada RM22.8 juta pada tahun 2012. Perbelanjaan cukai adalah lebih rendah berbanding dengan tahun 2011 hasil penggunaan Elaun untuk Galakan Eksport yang Meningkat oleh sebuah anak syarikat Kumpulan. Hasilnya, perolehan sesaham telah bertambah kepada 30.29 sen untuk tahun kewangan dalam tinjauan berbanding dengan 26.35 sen pada tahun kewangan sebelumnya.

Menjelang hujung tahun dalam tinjauan, nilai aset bersih sesaham bagi pemegang ekuiti Syarikat adalah sebanyak RM4.03 berbanding dengan RM3.85 pada tahun 2011.

DIVIDEN-DIVIDEN

Memandangkan keuntungan yang dicapai sepanjang tempoh sembilan (9) bulan berakhir 30 September 2012, Lembaga Pengarah telah mengisytiharkan dividen interim satu peringkat sebanyak 3 sen sesaham biasa berharga RM1.00 bagi tahun kewangan berakhir 31 Disember 2012. Dividen interim ini yang berjumlah RM2,254,698 telah dibayar kepada pemegang saham pada 20 Disember 2012.

Lembaga Pengarah selanjutnya mencadangkan dividen akhir satu peringkat sebanyak 8 sen serta dividen khas akhir satu peringkat sebanyak 2 sen sesaham biasa yang berjumlah RM7,515,660 untuk diluluskan oleh pemegang saham pada Mesyuarat Agung Tahunan yang akan datang. Ini akan menjadikan jumlah dividen satu peringkat yang telah dicadangkan dan diisytiharkan pada tahun 2012 kepada 13 sen.

SURAT KEPADA PEMEGANG SAHAM (sambungan)

Dividen-dividen ini dicadangkan dan dibayar sejajar dengan polisi NHF untuk memastikan para pemegang sahamnya diberi pembayaran dividen yang berterusan.

TINJAUAN PERNIAGAAN

2012 merupakan tahun yang mencabar, dimana cabarannya banyak dikawal oleh kuasa-kuasa pasaran, faktor-faktor ekonomi dan persaingan. Walaubagaimanapun, NHF tetap terkawal dan komited kepada prinsip yang telah dipegang sejak sekian lama iaitu untuk memberikan nilai tambah, dengan produk yang berkualiti bagi memenuhi jangkaan pelanggan. Pendekatan ini telah memberikan satu model yang positif kepada Kumpulan bagi memastikan ia berkembang dengan cemerlang, menghasilkan produk yang berkualiti, serta mengamalkan pendirian yang bersedia untuk perubahan dan fokus terhadap pelanggan.

Dalam tahun 2012, NHF telah memberi penumpuan ke atas memenuhi permintaan yang semakin bertambah untuk alat-alat ganti automotif di seluruh dunia. NHF telah mencapai satu lagi detik penting dimana ia telah memperluaskan pasaran eksportnya kepada lebih 50 buah negara merangkumi pelbagai pasaran baru, seperti Algeria, Tunisia, Bangladesh, Morocco, Fiji dan Libya. Jumlah pendapatan untuk eksport telah melonjak sebanyak 23.9% berbanding dengan tahun 2011, dimana sebahagian besar peningkatan ini disumbangkan oleh Thailand. Pasaran lain yang telah dimajukan sebelum ini dan dikembangkan lagi oleh Kumpulan adalah negara-negara seperti Dubai, Brazil dan Iraq.

Dalam penerokaan prospek luar negara, NHF telah menyertai Ekspo Automechanika di Shanghai untuk tahun ketiga berturut-turut. Selain daripada menjalin semula hubungan dengan pelanggan-pelanggan sedia ada dan bertemu dengan pelanggan berpotensi, ia merupakan peluang kepada NHF untuk mencari sumber alat-alat ganti automotif yang lain.

Bahagian perdagangan luar negara Kumpulan di Indonesia dan China telah berkembang maju dengan peningkatan hasil pendapatan dalam tahun 2012. Sungguhpun hasil pendapatan telah bertambah sejak memulakan perniagaannya pada tahun 2011, subsidiari-subsidiari NHF ini telah mengambil masa untuk mendapat balik kos-kos permulaan dan memperolehi pengetahuan tambahan tentang pasaran bagi mengambil kesempatan atas potensi besar yang ditawarkan di kedua-dua buah negara tersebut. Dalam bulan Januari 2013, PT. NHF Auto Supplies Indonesia telah melabur sebanyak kira-kira RM11.0 juta untuk membeli tanah serta bangunan perindustrian di Jakarta, Indonesia, dengan keluasan tanah kira-kira 11,830 meter persegi. Pelaburan ini adalah untuk

kegunaan subsidiari sendiri dan perkembangan pada masa hadapan. Subsidiari di China, Ampire Auto Parts (Shanghai) Co. Ltd., pula telah meluaskan lagi pangkalan pelanggannya dengan menembusi pelbagai wilayah di China.

Dalam sektor perdagangan, Kumpulan telah membangunkan semula sebidang hartanahnya di Segambut, Kuala Lumpur dengan membina sebuah gudang yang meliputi keluasan binaan kira-kira 1,900 meter persegi. Gudang ini dijangka akan disiapkan pada suku kedua 2013. Memandangkan Segambut adalah pusat kegiatan bagi alat-alat ganti automotif, gudang baru ini memberi peluang kepada cawangan Segambut untuk mengembangkan lagi perniagaannya.

Semasa tahun kewangan dalam tinjauan, perancangan perniagaan strategik Kumpulan, yang dikenali dalam sebagai Rancangan Prestasi Kepimpinan ("LPP"), telah diperkenalkan kepada para eksekutif dan pengurusan atasan. Rancangan ini menyenaraikan strategi-strategi dan keutamaan Kumpulan untuk membangunkan insan bagi faedah kompetitif dalam mencapai pertumbuhan perniagaan dan keuntungan secara mampan.

PROSPEK MASA HADAPAN

NHF sentiasa berusaha untuk memaksimakan nilai pemegang saham melalui pelaburan-pelaburan dalam teras perniagaannya untuk menstruktur pertumbuhan. Selari dengan usaha meningkatkan keupayaan teknologi Kumpulan, NHF telah memperuntukkan kira-kira RM11 juta dalam mesin pengecat baru Cathodic Electro-Deposition Paint dan mesin tekanan hidraulik dalam seksyen pencetak logamnya, dan enam (6) mesin injeksi plastik yang beranggaran 120 ton ke 1,750 ton dalam seksyen plastik. Mesin-mesin ini yang terbaik dalam kelasnya akan meningkatkan kapasiti pengeluaran dan kecekapan dimana ia dikenali dengan keteguhan dan ketahanannya dalam pembuatan produk yang memerlukan ketepatan. Penambahan-penambahan baru ini dijangka dapat dipasang sepenuhnya dan digunakan dalam suku ketiga tahun 2013.

NHF kini berada pada kedudukan yang baik dan bersedia untuk meningkatkan keupayaan dan kapasiti pengeluarannya bagi menampung permintaan daripada pasaran eksport baru serta subsidiari-subsidiarinya di luar negara.

Pertambahan jumlah populasi, terutamanya di Asia, telah diterjemahkan kepada keperluan untuk kenderaan yang semakin mendadak, dimana kedua-duanya merupakan petunjuk penting untuk prospek setiap pasaran automotif. Dengan anggaran 1.3 billion penduduk, China telah mengekalkan kedudukannya sebagai salah sebuah destinasi pelaburan yang paling



SURAT KEPADA PEMEGANG SAHAM (sambungan)

diminati oleh pengeluar kenderaan antarabangsa. Di Indonesia, anggaran populasi terkini seramai 240 juta orang dijangka akan meningkat kepada 330 juta orang menjelang tahun 2030. Pertambahan dalam angka populasi dan jualan kenderaan menyebabkan permintaan yang menggalakkan untuk alat-alat ganti automotif yang berkualiti. Hasilnya, NHF mendakap trend ini secara positif dengan mewujudkan kehadiran perniagaan dalam pasaran-pasaran tersebut.

Permintaan yang semakin meningkat untuk alat-alat ganti automotif merupakan petanda baik bagi NHF, dimana peningkatan permintaan tersebut telah mendorong Kumpulan untuk menambahkan lagi kecekapan dan produktiviti bagi memastikan ia dapat mengeluarkan produk yang berkualiti pada harga yang kompetitif. Dengan cita-cita untuk mencari peluang global serta memupuk hubungan dan jaringan perniagaan baru, NHF yakin ia akan kekal menjadi penyumbang utama di dalam industri alat-alat ganti automotif.

TANGGUNGJAWAB KORPORAT SOSIAL

NHF percaya bahawa setiap entiti perniagaan mempunyai tanggungjawab terhadap komuniti di mana ia beroperasi. Sebagai organisasi yang bertanggungjawab kepada masyarakat, Kumpulan melibatkan diri dengan kakitangan dan komuniti sekitar melalui beberapa inisiatif utama luaran dan dalaman.

Sebagai aspek yang penting dalam perniagaannya, NHF mengenali bahawa setiap pekerja adalah aset yang berharga. Dalam memacu pertumbuhan masa depan, Program Pengurusan Bakat Kakitangan NHF direka untuk memastikan NHF mempunyai tenaga kerja yang lebih kukuh dan mantap. Program Perantis yang masih berlangsung telah mencapai lebih momentum dimana 13 orang pelajar telah menerima kelayakan Sijil Kemahiran Malaysia Tahap 2 dalam Perindustrian Automasi pada bulan Jun 2012. Hari ini, beberapa orang pelajar ini masih kekal berkhidmat dengan Kumpulan.

Aspek lain yang penting dalam Program Pengurusan Bakat Kakitangan Kumpulan adalah program Internship yang melibatkan 13 orang pelajar daripada pelbagai universiti dan kolej tempatan yang terkenal. Pelatih-pelatih ini telah ditempatkan di beberapa seksyen Kumpulan, biasanya di seksyen yang berkaitan dengan bidang yang dipelajari masing-masing, melalui program internship selama tiga hingga empat bulan.

Dalam tumpuannya untuk meningkatkan kesedaran tentang kesihatan, NHF telah menganjurkan program derma darah tahunannya di premisnya di Meru, Klang. Dalam program sehari tersebut, Kumpulan merekodkan sebanyak 157 penderma yang berjaya menderma darah, peningkatan yang menggemparkan iaitu 85% berbanding dengan tahun 2011. Secara keseluruhannya, 300 orang pelawat telah menyertai acara ini sambil mengambil peluang mendapatkan pemeriksaan kesihatan percuma.

Dalam aktiviti yang berasingan, NHF meneruskan ikrarnya untuk memupuk kesedaran keselamatan jalan raya melalui kempen keselamatan jalan raya. NHF, melalui Pegawai Keselamatan Jalan Rayanya bekerjasama dengan Jabatan Keselamatan Jalan Raya (JKJR) telah menganjurkan satu ceramah untuk kakitangannya semasa musim perayaan untuk menyebarkan mesej keselamatan jalan raya dan cara pemanduan berhemah.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih kepada para pemegang saham, pembekal-pembekal, para pelanggan, pembiaya kewangan dan pihak berkuasa yang berkenaan atas sokongan yang tidak berbelah bahagi terhadap Kumpulan. Saya juga ingin mengiktiraf ahli-ahli Lembaga Pengarah atas segala ilmu yang tidak ternilai yang disumbangkan dan kefahaman mereka serta penghargaan ikhlas saya atas sokongan mereka yang berterusan, kepimpinan dan arah tujuan untuk pengurusan.

Bagi pihak Lembaga Pengarah, saya ingin memberikan penghormatan kepada pihak pengurusan dan kakitangan atas kecekalan dan dedikasi mereka sepanjang tahun 2012. Kami berterima kasih atas segala sumbangan dan keinginan anda menjadi sebahagian daripada perniagaan ini.

KAM FOONG KENG

Pengerusi Eksekutif

FIVE-YEAR GROUP FINANCIAL SUMMARY

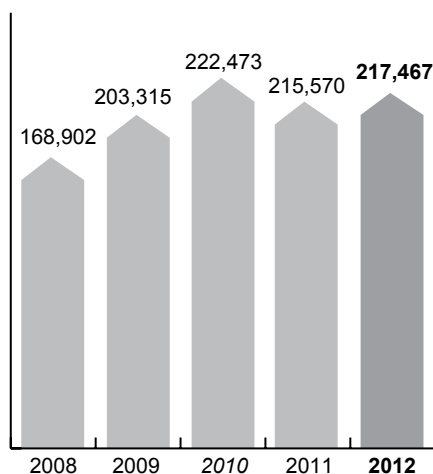
RINGKASAN KEWANGAN LIMA TAHUN KUMPULAN

	2012	2011	2010	2009	2008
Revenue (RM'000) <i>Hasil (RM'000)</i>	217,467	215,570	222,473	203,315	168,902
Profit Before Taxation (RM'000) <i>Keuntungan Sebelum Cukai (RM'000)</i>	27,669	25,859	31,304	25,730	21,601
Profit After Taxation (RM'000) <i>Keuntungan Selepas Cukai (RM'000)</i>	22,763	19,805*	27,254*	21,973*	18,281
Total Assets (RM'000) <i>Jumlah Aset (RM'000)</i>	361,552	346,596	331,614	305,547	295,210
Total Borrowings (RM'000) <i>Jumlah Pinjaman (RM'000)</i>	27,922	26,984	46,953	38,011	51,665
Shareholders' Fund (RM'000) <i>Dana Pemegang Saham (RM'000)</i>	302,608	289,177	249,604	231,368	217,663
Basic Earnings Per Share <i>Perolehan Asas Sesaham</i>	30.29 sen	26.35 sen	36.26 sen	29.24 sen	24.32 sen
Net Assets Per Share <i>Aset Bersih Sesaham</i>	RM4.03	RM3.85	RM3.32	RM3.08	RM2.90
Dividend Per Share (Single Tier) <i>Dividen Sesaham (Satu Peringkat)</i>	13 sen	12 sen	13 sen	12 sen	11 sen

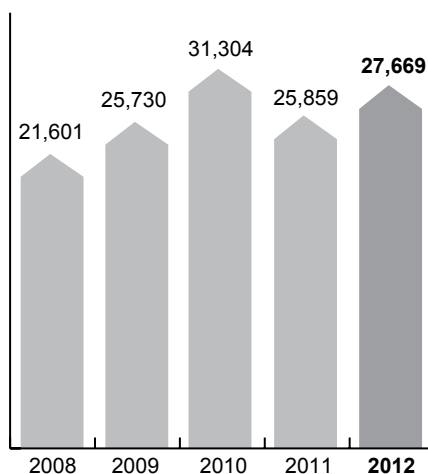
* After non-controlling interest / *Selepas kepentingan yang tidak dikawal*

**FIVE-YEAR GROUP FINANCIAL SUMMARY** (continued)**RINGKASAN KEWANGAN LIMA TAHUN KUMPULAN** (sambungan)

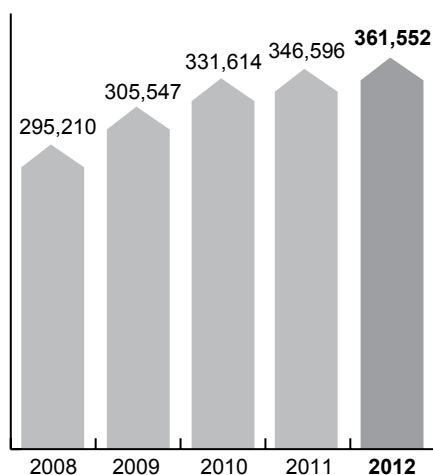
Revenue (RM'000)
Hasil (RM'000)



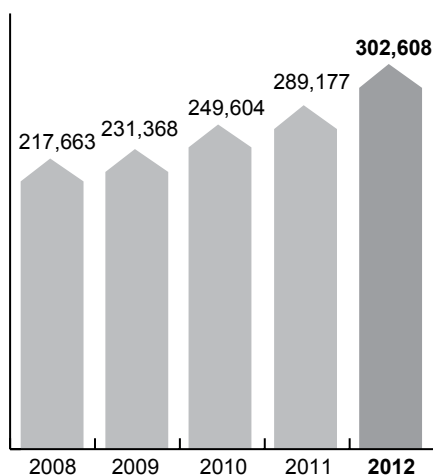
Profit Before Taxation (RM'000)
Keuntungan Sebelum Cukai (RM'000)



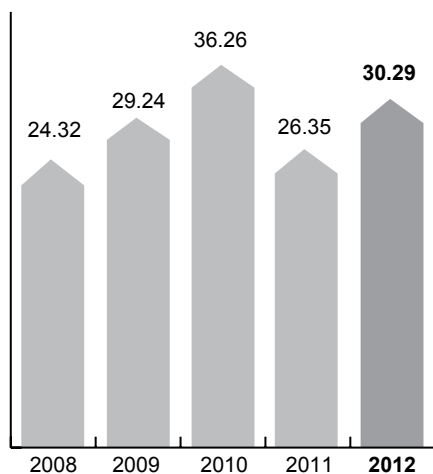
Total Assets (RM'000)
Jumlah Aset (RM'000)



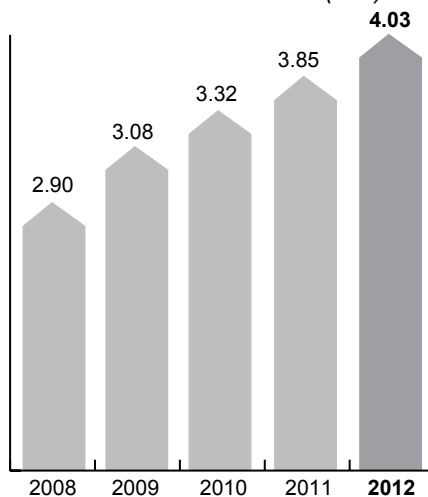
Shareholders' Fund (RM'000)
Dana Pemegang Saham (RM'000)



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



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



FINANCIAL CALENDAR / TAKWIM KEWANGAN

For The Financial Year Ended 31 December 2012 / Untuk Tahun Kewangan Berakhir 31 Disember 2012

Activities / Aktiviti-Aktiviti	Date / Tarikh
Announcement of Results Pengumuman Keputusan	
Unaudited results for first quarter ended 31 March 2012 <i>Keputusan belum diaudit bagi suku pertama berakhir 31 Mac 2012</i>	3 May 2012 3 Mei 2012
Unaudited results for second quarter ended 30 June 2012 <i>Keputusan belum diaudit bagi suku kedua berakhir 30 Jun 2012</i>	2 August 2012 2 Ogos 2012
Unaudited results for third quarter ended 30 September 2012 <i>Keputusan belum diaudit bagi suku ketiga berakhir 30 September 2012</i>	20 November 2012 20 November 2012
Unaudited results for fourth quarter ended 31 December 2012 <i>Keputusan belum diaudit bagi suku ke-empat berakhir 31 Disember 2012</i>	26 February 2013 26 Februari 2013
Interim Dividend Dividen Interim	
- Declaration <i>Pengisytiharan</i>	20 November 2012 20 November 2012
- Entitlement <i>Kelayakan</i>	6 December 2012 6 Disember 2012
- Payment <i>Pembayaran</i>	20 December 2012 20 Disember 2012
Final Dividend Dividen Akhir	
- Recommendation <i>Cadangan</i>	26 February 2013 26 Februari 2013
- Entitlement <i>Kelayakan</i>	28 June 2013 28 Jun 2013
- Payment <i>Pembayaran</i>	19 July 2013 19 Julai 2013
Issuance of Annual Report 2012 Penerbitan Laporan Tahunan 2012	31 May 2013 31 Mei 2013
Sixteenth (16th) Annual General Meeting Mesyuarat Agung Tahunan yang ke-Enambelas (16)	25 June 2013 25 Jun 2013



DIRECTORS' PROFILE

PROFIL PENGARAH

Kam Foong Keng

Aged 49, 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 49 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 negara. 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-duanya 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.

DIRECTORS' PROFILE (continued)

PROFIL PENGARAH (sambungan)

Chin Jit Sin

Aged 51, 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, talent management 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 51 tahun, Pengarah Urusan

Encik Chin merupakan 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, pengurusan bakat kakitangan 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 bertindak sebagai salah 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.



DIRECTORS' PROFILE (continued)

PROFIL PENGARAH (sambungan)

Kam Foong Sim

Aged 48, 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, a director and major shareholder of the Company, and daughter of Wong Ah Moy @ Wong Yoke Len, who is 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, 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 berkecualan 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, seorang Pengarah dan pemegang saham utama Syarikat, dan anak kepada Wong Ah Moy @ Wong Yoke Len, dimana beliau merupakan 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.

DIRECTORS' PROFILE (continued)

PROFIL PENGARAH (sambungan)

Wong Yoke Nyen

Aged 54, 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 four other public listed companies, namely XiDeLang Holdings Ltd, Benalec Holdings Berhad, Focus Lumber Berhad and Sentoria Group 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 54 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 bidang 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 empat syarikat awam tersenarai yang lain, iaitu XiDeLang Holdings Ltd, Benalec Holdings Berhad, Focus Lumber Berhad dan Sentoria Group 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.



DIRECTORS' PROFILE (continued)

PROFIL PENGARAH (sambungan)

Datuk Dr. Anis bin Ahmad

Aged 67, 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 67 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, iaitu sebagai Pensyarah dan Ketua Jabatan Ilmu Khasiat Ubat di Universiti Kebangsaan Malaysia, Pengarah kepada Biro Pengawalan Farmaseutikal Kebangsaan ("NPCB") di MoH, Setiausaha di Pihak Berkuasa Kawalan Dadah ("Drug Control Authority") di MoH, Timbalan Pengarah di Bahagian Perubatan di MoH dan Timbalan Pengarah Kesihatan (Perubatan) bagi Jabatan Kesihatan, Johor. Beliau dinaikkan pangkat kepada Pengarah NPCB dan seterusnya Pengarah Perubatan bagi MoH, dimana beliau berkhidmat sehingga persaraannya pada 2001.

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

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

DIRECTORS' PROFILE (continued)

PROFIL PENGARAH (sambungan)

Danny Ng Siew L'Leong

Aged 54, 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 several private limited companies.

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

Berusia 54 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 Tani (Kepujian) dari Universiti Pertanian Malaysia [sekarang dikenali sebagai Universiti Putra Malaysia], Malaysia, dalam bidang Pengurusan Kewangan pada tahun 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 di beberapa buah syarikat swasta.

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

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

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



CALENDAR OF EVENTS 2012 / TAKWIM PERISTIWA 2012

Date	Events
19 February	Bowling Tournament
18 March	NHF Annual Lunch 2011/2012
22 April	Netball Tournament
16 & 18 May	In-house training on Occupational Safety & Health Act - Roles & Responsibilities
24 May	In-house training on Effectiveness of Hazard Identification
27 May	Badminton Tournament
29 May	In-house workshop on Understanding and Applying Personality Preference Inventory at the workplace
18 June	Fifteenth (15th) Annual General Meeting
20 June, 2 & 23 July	In-house workshop on Enterprise Risk Management
24 June	6th Annual Blood Donation and Health Check Campaign
30 June, 27 July & 27 August	In-house training on Occupational Safety & Health Management System Internal Auditing
17 July	Month-long NHF Road Safety Campaign before Hari Raya
28-29 August	In-house workshop on 2 Page Feeder Program
13 September	Hari Raya celebration amongst NHF employees
26 September	In-house workshop on Structured Problem Solving
28 September	In-house workshop on Team Development
11 October	In-house training on How to be a High Performing Team - To develop strategic plans and project to achieve Company's Vision
21 October	Fusion Games Tournament
18 November	Futsal Tournament
11-14 December	Participation in Automechanika Shanghai exhibition

STATEMENT ON CORPORATE GOVERNANCE

Over the years, the principles set out in the Malaysian Code on Corporate Governance (revised 2007) have remained the primary guidance for corporate governance practices within New Hoong Fatt Holdings Berhad (“NHF” or “the Company”) and the group (“NHF Group”). NHF Group further recognises the good practices recommended under the recently released Malaysian Code on Corporate Governance 2012 (“MCCG 2012”). The Board of Directors (“Board”) of NHF has endeavoured to observe the best practices recommended by MCCG 2012 and will continue to review its compliance of the same to further strengthen and enhance corporate governance practices within the NHF Group.

A. THE BOARD OF DIRECTORS

1. Board Balance and Composition

The Board aims to maintain a Board balance in terms of diversity in experience, skills, competence, calibre and gender which fairly reflect the investment of 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.

The Board, through its Nomination Committee regularly reviews the composition of the Board. The current 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 Nomination Committee is of the opinion that the size and composition of the Board is appropriate and adequate for the scope and nature of the Company’s business and operations.

The Board recognises the importance of gender diversity and as such will continue with its current practice of having at least one third (1/3) of the Board comprising women. This practice has been in place for a number of years.

There is a clear division of responsibilities and accountability between the Executive Chairman and Managing Director, as set out in the Company’s Board Charter (“Board Charter”). The segregation of roles facilitates an open exchange of views and opinions between the Board and Management in their deliberation of the business, strategies and key operations of the NHF Group.

Although the Executive Chairman is not an independent director, the Board is still able to exercise objective judgement on business and corporate affairs,

independent from the Management. The Chairman was one of the pioneer members of the Group. Through her entrepreneurial leadership of the Board coupled with her extensive experience in the operations of the NHF Group for more than twenty six (26) years, the Chairman is able to lead and guide the vision, strategic direction and business development of the Group, and at the same time be guided by the independent advice and views from the Independent Directors. Recognising that the central issue in a well-governed board is the balance of power and influence between individuals on the Board, the Executive Directors, including the Chairman, do not have majority vote as the Board is composed of equal number of executive directors and independent directors. Hence, the Board, through its Nomination Committee, will continue to review the Board’s structure and composition in order to ensure balance of power and authority on the Board.

2. Roles and Responsibilities of the Board

The Board retains effective control of the NHF Group and is responsible for reviewing the strategic plan for the Group. Strategy and policies are developed by Managing Director together with top management, which are then reviewed, constructively challenged and approved by the Board. Quarterly review of the division responsibilities are conducted between the Managing Director and head of department to ensure that performance targets and goals of the established business plan are consistently met. The Managing Director reports to the Board at each quarterly meeting on the financial performance of the NHF Group as well as the development and performance of key business areas.

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. The Board also recognises that risk is inherent in any business decision-making process and in the NHF Group’s effort to expand the business globally, the Board has been diligently cautious in its strategic planning taking into consideration the various risks involved. During the financial year under review, the Group has adopted an Enterprise Risk Management framework which provides a systematic approach for identifying, assessing and mitigating risks that are related to strategic targets and business plans.

Further information is presented in the Group’s Statement on Risk Management and Internal Control set out separately in this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

(continued)

The Group practices a Talent Management Programmes where a line of succession is identified for key top management positions. In addition, internship and feeder programmes also provide a pool of potential candidates for future recruitment purposes.

3. Independence of Independent Non-Executive Directors

During the fourth quarter of 2012, the Board, through its Nomination Committee had undertaken an assessment of its independent directors. This assessment is to ensure that the Independent Directors are able to continue to exercise their oversight responsibilities in the decision-making of the Board independently and objectively.

During the assessment, the Board had also considered the tenure of two (2) Independent Directors who had exceeded a cumulative term of nine (9) years, namely Mr Danny Ng Siew L'Leong ("Mr Ng") and Datuk Dr. Anis bin Ahmad ("Datuk Dr. Anis"). Mr Ng and Datuk Dr. Anis had, in their respective assessment, confirmed the following:

- (i) They do not have personal interest or conflict of interest and have not entered or expected to enter into any contract with the Company and/or its subsidiary companies.
- (ii) They have their own business which is not in the same industry as the Group's.
- (iii) They sit on the boards of other public and/or private companies which do not have conflicting businesses or having the same nature of business with the Company and its subsidiary companies.
- (iv) They do not assist the Company in any operational matters of the Group.

Based on assessment carried out, the Board considered both Mr Ng and Datuk Dr. Anis as important Directors of the Board, in view of their many years on the Board with incumbent knowledge of the Group's activities and corporate history and have provided invaluable contributions to the Board in their roles as Independent Non-Executive Directors during their tenure. The Board will be seeking the approval from the Shareholders of the Company to retain both Mr Ng and Datuk Dr. Anis as Independent Directors as recommended by the MCCG 2012.

4. Re-election and Re-appointment of Directors

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

The Directors subject to retirement by rotation, Mr Ng and Ms Kam Foong Sim, who have given their written consent for re-election, have been evaluated by the Nomination Committee and recommendation has been made by the Board for their re-election at the forthcoming AGM.

5. Board Meetings and Supply of Information to the Board

Dates of Board meetings for the ensuing financial year are planned in advance and are usually fixed during the last board meeting of the current financial year in order to maximize attendance by Directors. During the financial year under review, 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

All Directors had committed their time to the board meetings held in 2012 and each Director, in the discharge of their duties, had participated actively at the meetings.

The Board has adopted a formal schedule of matters specifically reserved to itself for decision and approval, including approval of corporate proposals, appointment of directors and major acquisitions and disposals, annual budget and quarterly financial performance.

Directors and respective Committee members receive appropriate and timely information, comprising relevant financial and operational information well in advance of each meeting to facilitate informed decision making. Senior Management is often called upon by the Board to elaborate on any agenda during the meeting.

In between Board meetings, matters requiring Board approval are sanctioned 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.

STATEMENT ON CORPORATE GOVERNANCE

(continued)

6. Company Secretary

All Directors have full access to the advice and services of the Company Secretaries who regularly update, advise and assist the Board on good governance, board policies and procedures, administrative and corporate compliances. Recent amendments to the Main Market Listing Requirements and MCGG 2012, which were introduced by the regulators in 2012, were updated to the Board for information and action on a timely basis.

7. 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 2012 is set out separately in this Annual Report.

b. Nomination Committee

The Nomination Committee comprises entirely of Independent Non-Executive Directors and 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's responsibilities include assessing and recommending to the Board the candidature of directors based on recruitment criteria approved by the Board, one of which, amongst others, includes independence criteria and gender diversity.

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.

In accordance with the Board Charter, Directors should notify the Chairman of the Board before accepting other external appointment of directorship, whether in a listed or non-listed company, at least one (1) week before the new appointment.

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

- (a) enhanced the Directors' Performance Evaluation which was used to assess the Board, Board Committees and individual Director's performance;
- (b) assessed the independence of independent directors including two (2) Independent Directors whose tenure had exceeded a cumulative term of nine (9) years;
- (c) reviewed the performance of retiring Directors and recommended them to the Board for re-appointment;
- (d) updated on succession plans;
- (e) reviewed the size of the Board against the size of the Group and the complexity of the business to determine the impact of the number upon its effectiveness; and
- (f) developed and recommended to the Board the directors recruitment criteria and process.

Assessments and evaluations on the performance of the Board as a whole, individual Directors and each Board Committees have been carried out by the Nomination Committee and the results have been properly minuted and documented and reported to the Board accordingly.

c. Remuneration Committee

The Remuneration Committee consists of a majority of Non-Executive Directors and the attendance of the Members at the meeting held in 2012 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 met once in 2012, to review and recommend to the Board the remuneration of the Executive Directors. The Board as a whole also determined the remuneration of Non-Executive Directors. Fees payable to the Directors are subject to approval by the shareholders at the Company's AGM. The Directors concerned abstaining from participation in deliberations and decisions regarding their respective remuneration packages.

STATEMENT ON CORPORATE GOVERNANCE

(continued)

In making its recommendation, the Remuneration Committee considered the Group's financial performance for the year and sought comparative information on Directors' fees, remunerations and packages from other public listed companies.

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

	Salaries and Other Emoluments (RM)	Fees (RM)	Attendance Allowance (RM)	Benefits in Kind (RM)	Total (RM)
Executive Directors	1,563,752	327,000*	15,000	66,751	1,972,503
Non-Executive Directors	-	150,000	30,000	-	180,000

* 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	-
RM800,000 to RM850,000	1	-
RM850,000 to RM900,000	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.)

8. Continuing Education and Training of Directors

Through the Nomination Committee, the Board had undertaken an assessment of the training needs of each director. During the year 2012, 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	Malaysian Budget 2013 Tax Changes and the Impact on Businesses	½ day
2	Seminar	Law Governing Directors in A Nutshell: Malaysia Companies Act, 1965 (Act 125)	1 day
3	Seminar	Disclosure for CEOs and CFOs	1 day
4	Seminar	FMM National Manufacturing Conference 2012	1 day
5	Seminar	Vistage CEO Summit 2012 - Employee Engagement to the Power of 3 - Reaching the new consumer: Online Marketing Towards 2013 and Beyond	½ day
6	Workshop	Risk Refresher Program	½ day
7	Workshop	Risk Facilitation Workshop	2 days
8	Workshop	Workshop on Team Development	2 days
9	Workshop	How to be a High Performing Team - To develop strategic plans and project to achieve Company's Vision	2 days

9. Code of Conduct and Sustainability

Good governance at all levels is essential for sustainable development. The Board had established various strategies and policies in promoting the sustainable development in its business within the Group. Policies like Whistleblowing and Fraud Policy provide a platform for stakeholders to promote accountability and to enhance personal ethics in their dealings with the Group. The Group has other various policies in place to provide direction and guidance to the Directors, Senior Management, Employees and even Consultants in the discharge of their duties and responsibilities that will be in the best interest of the Group.

STATEMENT ON CORPORATE GOVERNANCE

(continued)

The strategic business plan of the Group, known internally as the Leadership Performance Plan (“LPP”), was introduced to the executives and top management in 2012. The LPP was designed to develop people as the first priority for competitive advantage in achieving business and profitability growth in a sustainable manner. In addition, corporate vision was revised to be more focused on regional areas.

10. Corporate Disclosure Policy and Procedures

NHF is committed to providing equal access to material information about the Company that is accurate, timely and complete, in order to keep the shareholders, stakeholders and the investing public informed. To achieve this, the Company has in place a Corporate Disclosure and Investor Relations Policy. No employee of the Group is permitted to disclose, comment on, or repeat to any person or entity external to NHF any information that is not generally available in the financial market. Any person having access to material information of the Group is listed in a privy list and is subject to signing of Confidentiality Agreement.

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 Risk 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 corporate governance, annual reports, quarterly report announcements, press releases, slide presentations from analyst briefings and other corporate information on NHF.

Notice of AGM together with the annual report was sent to the shareholders within the mandated period. Concurrently, the notice of AGM was advertised in the newspapers. The Articles of Association of the Company allow a shareholder to appoint one or up to two proxies to attend and vote in his stead.

The Company uses the AGM as the principal forum of dialogue with shareholders, who are provided ample opportunity to raise questions whether pertaining to issues in the Annual Report or developments in the NHF Group. Before proceeding with the AGM agenda, the Chairman informs the shareholders on how they may exercise their voting rights at the AGM.

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 under review.

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, clear 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. Timely release of announcements on quarterly and full year financial reports reflects the Board’s accountability to its shareholders.

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.

STATEMENT ON CORPORATE GOVERNANCE

(continued)

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. 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.

The Board has established a transparent relationship with its Internal and External Auditors. Whenever the need arises, the Auditors would highlight to both the Audit Committee and the Board, matters requiring their attention and response, especially those pertaining to the areas of risk management and 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. ADDITIONAL COMPLIANCE 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 2012, 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 under review.

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 2012 amounted to RM17,500.

The Audit Committee has also expanded its functions to consider non-audit service(s) which may be provided by the external auditors in order to ensure that their independence would not be impaired.

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 MCCG 2012. The Board is committed and will continue to enhance compliance with the best practices in corporate governance.

This Statement on Corporate Governance is made and approved by the Board of Directors.

PENYATA TADBIR URUS KORPORAT

Selama beberapa tahun, prinsip-prinsip yang digariskan di dalam Kod Tadbir Urus Korporat Malaysia (pindaan 2007) kekal menjadi panduan utama kepada amalan-amalan tadbir urus korporat di dalam New Hoong Fatt Holdings Berhad (“NHF” atau “Syarikat ini”) dan kumpulannya (“Kumpulan NHF”). Kumpulan NHF juga mengenal amalan-amalan baik yang dicadangkan di bawah Kod Tadbir Urus Korporat Malaysia 2012 (“MCCG 2012”) yang dilancarkan baru-baru ini. Lembaga Pengarah (“Lembaga”) NHF telah berusaha untuk mematuhi amalan-amalan terbaik yang dicadangkan oleh MCCG 2012 dan akan terus mengkaji pematuhannya bagi mengukuhkan dan menambah baik amalan-amalan tadbir urus korporat dalam Kumpulan NHF.

A. LEMBAGA PENGARAH

1. Keseimbangan Lembaga dan Komposisi

Lembaga menasaskan untuk mengekalkan keseimbangan Lembaga dari segi kepelbagaian pengalaman, kebolehan, kecekapan, kaliber dan jantina pengarah yang jelas mewakili pelaburan pemegang saham minoriti. Kepakaran yang luas dan kepelbagaian bidang yang dimiliki oleh Pengarah-pengarah menyumbang kepada gabungan kemahiran dan pengalaman yang diperlukan untuk menuju ke arah kejayaan Kumpulan.

Lembaga, melalui Jawatankuasa Pencalonannya mempertimbangkan komposisi ahli Lembaga Pengarah secara tetap. Lembaga ini kekal dianggotai oleh enam (6) orang ahli yang terdiri daripada Pengerusi Eksekutif, Pengarah Urusan dan seorang Pengarah Eksekutif, sementara tiga (3) orang Pengarah yang lain adalah pengarah bebas bukan eksekutif. Jawatankuasa Pencalonan berpendapat bahawa saiz dan komposisi Lembaga ini adalah sesuai dan mencukupi untuk skop dan dasar perniagaan dan operasi Syarikat.

Lembaga mengiktiraf kepentingan kepelbagaian jantina dan sehubungan dengan itu, ia akan terus mengekalkan amalan yang digunapakai iaitu dengan mempunyai sekurang-kurangnya satu pertiga (1/3) daripada ahli Lembaga terdiri daripada wanita. Amalan ini telah digunakan selama beberapa tahun.

Piagam Lembaga Syarikat (“Piagam Lembaga”) menyatakan pembahagian yang jelas tentang tanggungjawab dan akauntabiliti antara Pengerusi Eksekutif dan Pengarah Urusan. Pengasingan peranan ini memudahkan pertukaran pandangan dan pendapat yang terbuka di antara Lembaga dan pihak Pengurusan dalam pertimbangan mereka berkenaan hal-hal perniagaan, strategi dan operasi utama Kumpulan NHF.

Walaupun Pengerusi Eksekutif bukan seorang pengarah bebas, Lembaga masih dapat membuat penilaian yang objektif dalam urusan perniagaan dan korporatnya, serta bebas dari pengaruh pihak Pengurusan. Pengerusi Eksekutif merupakan salah seorang pengasas dalam Kumpulan ini. Melalui pimpinan keusahawanan beliau dalam Lembaga, berserta dengan pengalamannya yang luas di dalam operasi Kumpulan NHF yang melebihi dua puluh enam (26) tahun, beliau dapat memimpin dan mengawal visi, arah strategik dan pembangunan perniagaan Kumpulan, dan pada masa yang sama dibimbing oleh nasihat dan pandangan bebas daripada Pengarah-pengarah Bebas. Menyedari isu utama di dalam lembaga pengarah yang diurus baik merupakan keseimbangan kuasa dan pengaruh antara individu di dalam Lembaga, Pengarah Eksekutif termasuk Pengerusi, tidak mempunyai undi majoriti oleh kerana Lembaga terdiri daripada jumlah pengarah eksekutif dan pengarah bebas yang seimbang. Oleh itu, Lembaga melalui Jawatankuasa Pencalonannya akan terus menyemak struktur dan komposisi Lembaga untuk memastikan keseimbangan kuasa dan hak dalam Lembaga.

2. Peranan dan Tanggungjawab Lembaga

Lembaga mengekalkan kawalan yang berkesan dalam Kumpulan NHF dan bertanggungjawab untuk menyemak rancangan strategik Kumpulan NHF. Strategi dan polisi telah dibentuk oleh Pengarah Urusan bersama dengan pihak pengurusan atasan, dimana ianya telah disemak, dinilai kewajarannya dan seterusnya diluluskan oleh Lembaga. Penilaian suku tahunan ke atas tanggungjawab-tanggungjawab bahagian telah dijalankan di antara Pengarah Urusan dan ketua-ketua bahagian untuk memastikan sasaran prestasi dan matlamat rancangan perniagaan yang dibuat dapat dicapai dengan konsisten. Pada setiap mesyuarat suku tahunan Lembaga, Pengarah Urusan melaporkan tentang prestasi kewangan Kumpulan NHF serta pembangunan dan prestasi bahagian perniagaan utama.

Lembaga mengakui sepenuh tanggungjawabnya untuk mengekalkan satu sistem kawalan dalaman yang baik bagi melindungi pelaburan para pemegang saham serta operasi dan aset Kumpulan, sementara mematuhi undang-undang dan peraturan yang berkaitan, serta prosedur dan garis panduan dalaman. Lembaga juga sedar bahawa risiko wujud dalam sebarang proses membuat keputusan perniagaan dan di dalam usaha Kumpulan NHF untuk mengembangkan perniagaannya ke seluruh dunia, Lembaga telah mengambil langkah berhati-hati dalam rancangan strategiknya dengan menimbang semua risiko yang terlibat. Sepanjang tahun kewangan dalam tinjauan, Lembaga telah melaksanakan rangka kerja

PENYATA TADBIR URUS KORPORAT (sambungan)

Pengurusan Risiko Perusahaan, dimana ia memberikan pendekatan sistematik bagi mengenalpasti, menilai dan mengurangkan risiko yang terlibat dalam semua sasaran strategik serta rancangan perniagaan.

Maklumat selanjutnya dibentangkan secara berasingan dalam Penyata Pengurusan Risiko dan Kawalan Dalam Kumpulan di dalam Laporan Tahunan ini.

Kumpulan mengamalkan satu Program Pengurusan Bakat Kakitangan dimana turutan penggantian dikenalpasti bagi posisi pengurusan atasan yang utama. Disamping itu, program internship dan program feeder juga menyediakan sejumlah calon yang berpotensi untuk tujuan pengambilan pada masa hadapan.

3. Kelayakan Pengarah Bebas Bukan Eksekutif

Pada suku ke-empat 2012, Lembaga, melalui Jawatankuasa Pencalonannya telah menjalankan penilaian terhadap pengarah-pengarah bebasnya. Penilaian ini bertujuan untuk memastikan Pengarah-pengarah Bebas ini dapat terus melaksanakan tanggungjawabnya dalam mengawasi keputusan yang diambil oleh Lembaga Pengarah secara bebas dan objektif.

Semasa penilaian tersebut, Lembaga Pengarah juga telah mempertimbangkan tempoh penjawatan dua (2) Pengarah Bebasnya yang telah melebihi tempoh kumulatif sembilan (9) tahun, iaitu Encik Danny Ng Siew L'Leong ("Encik Ng") dan Datuk Dr. Anis bin Ahmad ("Datuk Dr. Anis"). Encik Ng dan Datuk Dr. Anis dalam penilaian masing-masing, telah mengesahkan yang berikut:

- (i) Mereka tidak mempunyai sebarang kepentingan peribadi atau percanggahan kepentingan dan tidak terlibat atau dijangka terlibat dalam mana-mana kontrak dengan Syarikat dan/atau subsidiarinya.
- (ii) Mereka mempunyai perniagaan sendiri yang bukan dalam industri yang sama dengan Kumpulan.
- (iii) Mereka menganggotai lembaga-lembaga pengarah syarikat awam dan/atau syarikat swasta yang tiada percanggahan perniagaan ataupun aktiviti perniagaan yang sama dengan Syarikat dan subsidiari-subsidiarinya.
- (iv) Mereka tidak membantu Syarikat di dalam mana-mana hal berkaitan operasi Kumpulan.

Berdasarkan kepada penilaian yang telah dibuat, Lembaga Pengarah menganggap kedua-dua Encik Ng dan Datuk Dr. Anis sebagai Pengarah-pengarah yang penting di dalam Lembaga, memandangkan keahlian mereka selama beberapa tahun dalam Lembaga dan dengan pengetahuan yang luas mengenai aktiviti dan sejarah korporat Kumpulan, mereka telah memberi sumbangan yang tidak ternilai kepada Lembaga dalam

funksinya sebagai Pengarah Bebas Bukan Eksekutif sepanjang tempoh penjawatan mereka. Lembaga akan mendapatkan kelulusan daripada pemegang-pemegang saham untuk mengekalkan kedua-dua Encik Ng dan Datuk Dr. Anis sebagai Pengarah Bebas seperti yang dicadangkan oleh MCGG 2012.

4. Pemilihan dan Perlantikan Semula Pengarah

Mengikut Tataurus Syarikat, satu pertiga (1/3) daripada Pengarah, termasuk Pengarah Urusan, bersara mengikut giliran pada setiap Mesyuarat Agung Tahunan tetapi layak untuk pemilihan semula.

Pengarah-pengarah yang tertakluk kepada persaraan bergiliran, iaitu Encik Ng dan Cik Kam Foong Sim, yang telah memberi kebenaran secara bertulis tentang persetujuan pemilihan semula telah dipertimbangkan oleh Jawatankuasa Pencalonan dan saranan telah dibuat oleh Lembaga untuk pemilihan mereka semula pada Mesyuarat Agung Tahunan akan datang.

5. Mesyuarat Lembaga Pengarah dan Penyampaian Maklumat kepadanya

Tarikh bagi mesyuarat Lembaga Pengarah untuk tahun kewangan seterusnya adalah dirancang dengan awal dan kebiasaannya ditetapkan pada mesyuarat Lembaga yang terakhir bagi tahun kewangan semasa untuk memaksimumkan kehadiran Pengarah-pengarah. Sepanjang tahun kewangan dalam tinjauan, empat (4) mesyuarat Lembaga telah diadakan dan kehadiran untuk mesyuarat-mesyuarat tersebut 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

Kesemua Pengarah telah meluangkan masa mereka untuk menghadiri mesyuarat-mesyuarat Lembaga yang diadakan dalam tahun 2012 dan setiap daripada mereka telah mengambil bahagian secara aktif pada mesyuarat tersebut dalam menjalankan tugas mereka.

Lembaga Pengarah telah mengkhususkan dengan rasmi perkara-perkara yang perlu diputuskan dan diluluskan olehnya, termasuk kelulusan untuk cadangan korporat, perlantikan pengarah, pemerolehan dan penjualan yang utama, bajet tahunan serta prestasi kewangan suku tahunan.

PENYATA TADBIR URUS KORPORAT (sambungan)

Kesemua Pengarah dan ahli jawatankuasanya menerima maklumat yang sesuai dan tepat pada masanya sebelum setiap mesyuarat, termasuk maklumat yang berkaitan dengan kewangan dan operasi bagi memudahkan mereka membuat keputusan yang bermaklumat. Pengurusan Kanan sering kali dipanggil oleh Lembaga Pengarah untuk menjelaskan secara terperinci berkenaan sebarang agenda yang dibincangkan semasa mesyuarat tersebut.

Di antara mesyuarat-mesyuarat Lembaga, perkara-perkara yang memerlukan kelulusan Lembaga adalah diluluskan melalui resolusi edaran yang disertakan maklumat berkaitan supaya mereka dapat membuat keputusan yang bermaklumat. Kesemua resolusi edaran yang diluluskan oleh Lembaga akan dibentangkan untuk notasi pada mesyuarat Lembaga yang seterusnya. Lembaga juga dimaklumkan mengenai sebarang pendedahan atau pengumuman yang dibuat kepada Bursa Malaysia Securities Berhad ("Bursa Sekuriti") dan pihak berkuasa berkaitan yang lain.

6. Setiausaha Syarikat

Kesemua Pengarah mempunyai akses sepenuhnya kepada nasihat dan khidmat Setiausaha-setiausaha Syarikat yang sering mengemaskini, menasihati dan membantu Lembaga mengenai tadbir urus yang baik, polisi dan prosedur Lembaga, serta pematuan pentadbiran dan korporat. Lembaga juga telah dimaklumkan tepat pada masanya tentang pindaan terbaru pada Syarat-syarat Penyenaraian Pasaran Utama dan MCCG 2012 yang telah diperkenalkan oleh pihak-pihak berkuasa berkenaan pada tahun 2012 untuk makluman dan tindakan mereka.

7. Jawatankuasa-jawatankuasa Lembaga

Lembaga Pengarah telah menubuhkan tiga (3) Jawatankuasa Lembaga yang diberikan kuasa-kuasa 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 tahun 2012 adalah dibentangkan secara berasingan di dalam Laporan Tahunan ini.

b. Jawatankuasa Pencalonan

Jawatankuasa Pencalonan dianggotai sepenuhnya oleh Pengarah Bebas Bukan Eksekutif dan bermesyuarat apabila perlu, sekurang-kurangnya sekali dalam setahun. 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

Antara tanggungjawab Jawatankuasa Pencalonan adalah menilai dan mencadangkan kepada Lembaga calon-calon Pengarah berdasarkan kepada ciri-ciri pengambilan yang dipersetujui Lembaga, di antaranya termasuk kriteria kebebasan dan kepelbagaian jantina.

Semua perlantikan adalah dilaksanakan oleh keseluruhan Lembaga setelah mempertimbangkan saranan daripada Jawatankuasa Pencalonan. Selepas itu, Jawatankuasa ini akan memastikan Pengarah yang baru dilantik menjalani Program Induksi Pengarah untuk memudahkan mereka memahami operasi, produk dan perkhidmatan Kumpulan. Setiausaha-setiausaha Syarikat memastikan kesemua perlantikan adalah dijalankan dengan betul dan segala maklumat yang diperlukan telah diperolehi.

Menurut Piagam Lembaga, kesemua Pengarah hendaklah memaklumkan kepada Pengerusi Lembaga Pengarah sebelum menerima perlantikan sebagai pengarah di luar, sama ada di dalam syarikat yang tersenarai ataupun tidak, sekurang-kurangnya satu (1) minggu sebelum perlantikan tersebut.

Sepanjang tahun kewangan dalam tinjauan, Jawatankuasa Pencalonan telah menjalankan aktiviti-aktiviti berikut:

- (a) menambah baik Kertas Penilaian Prestasi Pengarah yang telah digunakan untuk menilai prestasi Lembaga Pengarah, Jawatankuasa-jawatankuasa Lembaga dan setiap individu pengarah;
- (b) menilai kelayakan pengarah bebas bukan eksekutif termasuk dua (2) Pengarah Bebas yang mana tempoh penjawatan mereka telah melebihi kumulatif sembilan (9) tahun;
- (c) menyemak prestasi Pengarah-pengarah yang bersara dan mencadangkan mereka kepada Lembaga Pengarah untuk perlantikan semula;
- (d) dikemaskini tentang rancangan turutan penggantian;

PENYATA TADBIR URUS KORPORAT (sambungan)

- (e) menilai saiz Lembaga terhadap saiz Kumpulan dan juga kesulitan perniagaannya untuk menentukan kesan bilangannya terhadap keberkesanan Lembaga; dan
- (f) menghasil dan mencadangkan kepada Lembaga Pengarah tentang kriteria dan proses pengambilan pengarah.

Semua penilaian dan pertimbangan berkenaan prestasi keseluruhan Lembaga, setiap individu Pengarah dan Jawatankuasa Lembaga telah dijalankan oleh Jawatankuasa Pencalonan dan keputusannya telah diminitkan serta didokumenkan dengan betul dan seterusnya dilaporkan kepada Lembaga Pengarah.

c. Jawatankuasa Ganjaran

Majoriti ahli Jawatankuasa Ganjaran adalah pengarah bukan eksekutif dan kehadiran ahli-ahlinya di dalam mesyuarat yang diadakan pada tahun 2012 adalah seperti berikut:

Bilangan Mesyuarat Dihadiri	
Nama Pengarah	
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 sekali dalam tahun 2012 untuk menyemak semula dan mencadangkan kepada Lembaga ganjaran untuk Pengarah-pengarah Eksekutif. Keseluruhan Lembaga juga menentukan ganjaran bagi Pengarah-pengarah Bukan Eksekutif. Yuran kepada Pengarah-pengarah adalah tertakluk kepada kelulusan pemegang saham pada Mesyuarat Agung Tahunan Syarikat. Pengarah-pengarah yang terbabit mengecualikan diri daripada mengambil bahagian dalam pertimbangan dan keputusan mengenai pakej ganjaran masing-masing.

Dalam mengemukakan cadangannya, Jawatankuasa Ganjaran telah mempertimbangkan prestasi kewangan Kumpulan untuk tahun kewangan tersebut serta mencari maklumat perbandingan mengenai yuran, ganjaran dan pakej Pengarah daripada syarikat-syarikat tersenarai yang lain.

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

	Gaji dan lain-lain Emolumen (RM)	Yuran (RM)	Elaun Kehadiran (RM)	Manfaat lain (RM)	Jumlah (RM)
Pengarah Eksekutif	1,563,752	327,000*	15,000	66,751	1,972,503
Pengarah Bukan Eksekutif	-	150,000	30,000	-	180,000

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

Lingkungan bagi Ganjaran Setahun	Pengarah Eksekutif	Pengarah Bukan Eksekutif
RM50,000 hingga RM100,000	-	3
RM250,000 hingga RM300,000	1	-
RM800,000 hingga RM850,000	1	-
RM850,000 hingga RM900,000	1	-

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

(Bagi tujuan keselamatan, butiran bagi ganjaran Pengarah individu tidak ditunjukkan. Lembaga Pengarah berpendapat bahawa pendedahan yang dibuat mengenai ganjaran Pengarah di atas telah memenuhi aspek ketelusan dan tanggungjawab di bawah tadbir urus korporat).

8. Pendidikan Berterusan dan Latihan bagi Pengarah

Melalui Jawatankuasa Pencalonan, Lembaga Pengarah telah menjalankan satu penilaian tentang keperluan pendidikan dan latihan bagi setiap pengarah. Dalam tahun 2012, kesemua Pengarah telah menghadiri beberapa program latihan dan butir-butir mengenai seminar dan kursus yang telah dihadiri adalah seperti berikut:

PENYATA TADBIR URUS KORPORAT (sambungan)

Jenis		Tempoh	
No. Latihan	Tajuk	Masa	
1	Seminar	Perubahan Cukai Bajet Malaysia 2013 dan Kesannya terhadap Perniagaan	½ hari
2	Seminar	Undang-undang Kawalan Pengarah Secara Ringkas: Akta Syarikat Malaysia, 1965 (Akta 125)	1 hari
3	Seminar	Pendedahan untuk Ketua-ketua Pegawai Eksekutif (CEOs) dan Ketua-ketua Pegawai Kewangan (CFOs)	1 hari
4	Seminar	Persidangan Perkilangan Kebangsaan FMM 2012	1 hari
5	Seminar	Kemuncak Vistage CEO 2012 - Penglibatan Pekerja kepada 3 Kuasa - Mencapai pengguna baru: Pasaran Dalam Talian Menuju Tahun 2013 dan Seterusnya	½ hari
6	Bengkel	Program Ulang Kaji Risiko	½ hari
7	Bengkel	Bengkel Pengurusan Mudah Risiko	2 hari
8	Bengkel	Bengkel untuk Pembangunan Kumpulan	2 hari
9	Bengkel	Bagaimana Menjadi Pasukan yang Berjaya - Untuk mewujudkan rancangan dan projek strategik bagi mencapai Visi Syarikat	2 hari

9. Kod Peraturan dan Pengukuhan

Tadbir urus yang baik pada semua peringkat adalah sangat penting untuk pembangunan yang mampan. Lembaga Pengarah telah mewujudkan beberapa strategi dan polisi untuk menggalakkan pembangunan perniagaan yang berlanjutan dalam Kumpulan. Polisi-polisi seperti Polisi Pendedahan Penyelewengan ("Whistleblowing") dan Penipuan merupakan platform kepada pemegang-pemegang berkepentingan untuk menggalakkan akauntabiliti serta meningkatkan etika peribadi dalam urusan-urusan mereka dengan Kumpulan. Kumpulan juga mempunyai pelbagai polisi lain yang diwujudkan untuk memberikan panduan dan bimbingan kepada Pengarah, Pengurusan Kanan, kakitangan dan juga Konsultan-konsultan dalam

melaksanakan tugas serta tanggungjawab mereka yang akan mengutamakan kepentingan Kumpulan.

Rancangan perniagaan strategik Kumpulan yang dikenali sebagai Rancangan Prestasi Kepimpinan ("LPP") telah diperkenalkan kepada para eksekutif dan pengurusan atasan dalam tahun 2012. Rancangan ini direka untuk membangunkan insan sebagai keutamaannya bagi faedah kompetitif dalam mencapai pertumbuhan perniagaan dan keuntungan secara mampan. Selain itu, visi korporat juga dipinda untuk memberi lebih fokus kepada kawasan serantau.

10. Polisi dan Prosedur Pendedahan Korporat

NHF komited untuk memberikan akses sama rata untuk semua maklumat penting berkenaan Syarikat yang tepat, menepati masa dan lengkap bagi makluman para pemegang saham, pemegang berkepentingan serta pelabur awam. Untuk mencapai matlamat ini, Syarikat telah mewujudkan Polisi Pendedahan Korporat dan Perhubungan Pelabur. Kakitangan NHF tidak dibenarkan untuk mendedahkan, memberi ulasan atau memaklumkan kepada mana-mana individu atau entiti luar tentang maklumat yang biasanya tidak terdapat di dalam pasaran kewangan. Sesiapa yang mempunyai akses kepada maklumat penting Kumpulan adalah tersenarai di dalam senarai privi dan dikehendaki menandatangani persetujuan mengekalkan kerahsiaan.

B. PEMEGANG SAHAM DAN PERHUBUNGAN PELABUR

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

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

- Laporan Tahunan, yang mengandungi maklumat seperti penilaian perniagaan, penyata kewangan Kumpulan, dan maklumat mengenai Jawatankuasa Audit, Tadbir Urus Korporat serta Pengurusan Risiko dan Kawalan Dalam; dan
- pelbagai pengumuman yang dibuat kepada Bursa Sekuriti, termasuk pengumuman yang tepat pada waktunya mengenai keputusan kewangan setiap suku tahun. Pada masa yang sama, Syarikat mengamalkan satu polisi untuk membuat pengumuman awam dalam surat khabar utama dan media awam;



PENYATA TADBIR URUS KORPORAT (sambungan)

- (iii) dialog yang kerap bersama penganalisa dan pengurus dana yang mewakili pemegang saham individu atau institusi;
- (iv) melayani pertanyaan daripada para pemegang saham dan pelabur melalui e-mel dan telefon; dan
- (v) laman web Syarikat di www.newhoongfatt.com.my, yang mengandungi tadbir urus korporat, laporan tahunan, pengumuman laporan kewangan suku tahunan, siaran-siaran akhbar, pembentangan taklimat untuk penganalisa dan maklumat korporat lain mengenai NHF.

Notis Mesyuarat Agung Tahunan berserta laporan tahunan telah dihantar kepada para pemegang saham dalam waktu yang telah ditetapkan. Pada masa yang sama, notis Mesyuarat Agung Tahunan telah diiklankan di dalam surat khabar. Tataurus Syarikat membenarkan seorang pemegang saham melantik seorang atau sehingga dua orang proksi untuk menghadiri dan mengundi bagi pihaknya.

Syarikat menggunakan Mesyuarat Agung Tahunan sebagai forum dialog utama dengan pemegang saham, yang diberikan peluang secukupnya untuk mengemukakan soalan-soalan berkaitan isu-isu yang terdapat di dalam Laporan Tahunan atau perkembangan di dalam Kumpulan NHF. Sebelum memulakan agenda mesyuarat, Pengerusi memaklumkan kepada para pemegang saham tentang cara mereka boleh melaksanakan hak mengundi di dalam mesyuarat tersebut.

Seperti tahun-tahun lalu, setelah dipertimbangkan dengan sewajarnya oleh Jawatankuasa Pencalonan, Encik Danny Ng Siew L'Leong dikekalkan sebagai Pengarah Bebas Bukan Eksekutif Kanan Syarikat dimana sebarang persoalan daripada pemegang saham boleh disalurkan kepada beliau. Tiada sebarang pertanyaan daripada pemegang saham dikemukakan kepada beliau sepanjang tahun kewangan ini.

C. AKAUNTABILITI DAN AUDIT

1. Jawatankuasa Audit dan Laporan Kewangan

Apabila penyata kewangan tahunan dan pengumuman keputusan suku tahunan dikemukakan, Pengarah-pengarah berhasrat untuk membentangkan penilaian kedudukan kewangan serta prospek Kumpulan yang seimbang, jelas dan dapat difahami. Setiap laporan kewangan dan maklumat yang akan dikemukakan adalah disemak oleh Jawatankuasa Audit dan diluluskan oleh Lembaga Pengarah sebelum ia diserahkan kepada Bursa Sekuriti dan Suruhanjaya Sekuriti. Pengumuman mengenai laporan kewangan suku tahunan dan tahunan yang dibuat tepat pada

masanya mencerminkan akauntabiliti Lembaga Pengarah kepada pemegang-pemegang saham.

Butiran penuh mengenai komposisi, aktiviti-aktiviti, fungsi audit dalaman dan terma-terma rujukan bagi Jawatankuasa Audit adalah dinyatakan 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 ini telah disediakan menurut piawaian-piawaian perakaunan yang diluluskan di Malaysia.

Pengarah-pengarah telah menggunakan polisi perakaunan yang sesuai dengan konsisten semasa penyediaan penyata-penyata kewangan serta membuat keputusan dan anggaran yang munasabah dan berhemat. Penyata-penyata kewangan telah disediakan berasas kepada andaian kemajuan perniagaan berterusan.

Pengarah-pengarah bertanggungjawab untuk memastikan bahawa rekod-rekod perakaunan yang sewajarnya disimpan, dimana 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. Hubungan dengan Juruaudit

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

Lembaga Pengarah telah mewujudkan hubungan yang telus dengan Juruaudit Dalaman dan Luarannya. Apabila diperlukan, Juruaudit-juruaudit ini akan memberitahu kedua-dua Jawatankuasa Audit dan Lembaga Pengarah tentang perkara-perkara yang memerlukan perhatian dan tindak balas mereka, terutamanya berkaitan dengan pengurusan risiko serta sistem kawalan dalaman dan pematuhan Kumpulan. Sepanjang tahun kewangan ini, Jawatankuasa Audit

PENYATA TADBIR URUS KORPORAT (sambungan)

telah mengadakan dua (2) mesyuarat dengan Juruaudit Luaran tanpa kehadiran mana-mana eksekutif dan pihak pengurusan.

Jawatankuasa Audit juga telah meluaskan peranannya untuk mempertimbangkan perkhidmatan-perkhidmatan bukan audit yang boleh diberi oleh juruaudit luaran bagi memastikan kebebasan mereka tidak terjejas.

D. MAKLUMAT PEMATUHAN TAMBAHAN

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

Selain daripada yang dikemukakan di dalam penyata-penyata kewangan Kumpulan dan Syarikat bagi tahun kewangan berakhir 31 Disember 2012, Syarikat dan/atau subsidiari-subsidiarinya tidak memeterai sebarang kontrak mustahak yang melibatkan kepentingan Pengarah-pengarah dan pemegang-pemegang saham utama sepanjang tahun tersebut.

2. Yuran Bukan Audit

Bagi tahun kewangan berakhir 31 Disember 2012, yuran bukan audit yang dibayar kepada firma atau pertubuhan yang berkaitan dengan Juruaudit Luaran hasil perkhidmatannya kepada Syarikat atau subsidiarinya adalah sebanyak RM17,500.

PENYATA PEMATUHAN KOD

Dengan sukacitanya, Lembaga melaporkan kepada para pemegang saham bahawa Kumpulan mematuhi Amalan-amalan Terbaik dalam Kod Tadbir Urus Korporat 2012 pada dasarnya. Lembaga adalah komited dan akan terus meningkatkan pematuhan kepada amalan-amalan terbaik dalam tadbir urus korporat.

Penyata Tadbir Urus Korporat ini telah dibuat dan diluluskan oleh Lembaga Pengarah.

AUDIT COMMITTEE REPORT

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 2012.

1. MEMBERSHIP AND MEETINGS

The Audit Committee of the Company was established in 1998. The Audit Committee comprises entirely of Independent Non-Executive Directors and details of the attendance of each member 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/ Independent Non-Executive Director	4/4
Danny Ng Siew L'Leong Member/ Independent Non-Executive Director	3/4
Datuk Dr. Anis bin Ahmad Member/ 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

The Audit Committee has a set of Terms of Reference that guides the discharge of its roles and responsibilities. The details of the Terms of Reference are presented in an appendix to this Audit Committee Report.

3. SUMMARY OF ACTIVITIES

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

3.1 Financial Reporting

- (a) reviewed the quarterly financial results of the Group and made recommendations for Board's approval;
- (b) reviewed the audited financial statements of the Company and the Group with the External Auditors; and

- (c) reviewed the Group's financial results against the budget.

3.2 External Audit

- (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) discussed the impact and extent of applicability of new or proposed changes in Financial Reporting Standards to the Group with the External Auditors;
- (e) met twice with the External Auditors without any executives and senior management present except the Company Secretary; and
- (f) considered the re-appointment of External Auditors and their audit fees.

3.3 Internal Audit

- (a) reviewed the internal audit plan;
- (b) reviewed the internal audit reports and internal controls of the Group, together with audit issues and recommendations arising from the audit and Management's responses in relation thereto; and
- (c) assessed the performance of the Internal Auditors and considered their re-appointment and their audit fees.

3.4 Risk Management

- (a) the enterprise risk management ("ERM") framework and the ERM report of the Group;
- (b) reviewed on quarterly basis related party transactions and conflict of interest situations that may arise within the Group; and
- (c) met with senior management in order to be kept informed of operational matters affecting the Group.

AUDIT COMMITTEE REPORT (continued)

3.5 Corporate Governance

- (a) reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion into the annual report and ensured that these reports were prepared in accordance with the applicable requirements.

4. INTERNAL AUDIT FUNCTION

The Internal Auditors report directly to the Audit Committee and provide the Committee with independent and objective reports on the state of internal controls of 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.

During the financial year ended 31 December 2012, the Internal Auditors have completed the internal audit assignments covering various operating divisions within the Group, including its overseas operations in Jakarta, Indonesia and Shanghai, China. The Audit Committee ensured that appropriate actions were taken on the recommendations arising from the audits, with action plans being implemented on a timely basis.

Appendix to the Audit Committee Report

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

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. 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;
 - (vii) the assistance given by the officers of the Company to the External Auditors; and
 - (viii) the independence and suitability of the External Auditors and their services, including non-audit services.
- (b) To consider and approve the non-audit service(s) to be provided by the External Auditors subject to the confirmation from the External Auditors that such non-audit service(s) pose no threat to the independence of the External Auditors.
- (c) 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.

AUDIT COMMITTEE REPORT (continued)

- (d) 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.
- (e) 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.
- (f) To consider the major findings of internal audit and Management's response.
- (g) To review any related party transaction and conflict of interest that may arise within the Company or the Group.
- (h) 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.
- (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.

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. 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;

LAPORAN JAWATANKUASA AUDIT

Lembaga Pengarah New Hoong Fatt Holdings Berhad dengan sukacitanya membentangkan Laporan Jawatankuasa Audit untuk tahun kewangan berakhir 31 Disember 2012.

1. KEAHLIAN DAN MESYUARAT

Jawatankuasa Audit Syarikat telah ditubuhkan dalam tahun 1998. Jawatankuasa ini dianggotai sepenuhnya oleh Pengarah-pengarah Bebas Bukan Eksekutif dan butir-butir kehadiran setiap ahli pada mesyuarat jawatankuasa sepanjang tahun kewangan adalah seperti senarai di bawah.

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

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

2. TERMA-TERMA RUJUKAN JAWATANKUASA AUDIT

Jawatankuasa Audit mempunyai satu set terma rujukan yang menjadi panduan dalam pelaksanaan tugas-tugas dan tanggungjawab-tanggungjawabnya. Butiran terma-terma rujukan tersebut telah dibentangkan di dalam lampiran Laporan Jawatankuasa Audit ini.

3. RINGKASAN KEGIATAN

Sepanjang tahun kewangan dalam tinjauan, Jawatankuasa Audit telah menjalankan kegiatan-kegiatan berikut:

3.1 Laporan Kewangan

- (a) menyemak keputusan kewangan suku tahunan bagi Kumpulan dan membuat saranan bagi kelulusan Lembaga Pengarah;
- (b) menyemak penyata kewangan beraudit bagi Syarikat dan Kumpulan bersama dengan Juruaudit Luaran; dan

- (c) menyemak keputusan kewangan Kumpulan berbanding belanjawan.

3.2 Audit Luaran

- (a) menyemak perancangan audit luaran, skop dan dasar audit berkanun keatas penyata kewangan Kumpulan;
- (b) menyemak laporan audit luaran dan hasil keputusan pemeriksaan Juruaudit Luaran;
- (c) menyemak saranan daripada Juruaudit Luaran dan tindak balas daripada pihak Pengurusan berhubung dengan saranan tersebut;
- (d) berbincang dengan Juruaudit Luaran tentang kesan dan tahap penerapan Piawaian Laporan Kewangan yang baru terhadap Kumpulan;
- (e) bertemu sebanyak dua kali dengan Juruaudit Luaran tanpa kehadiran mana-mana eksekutif dan pengurusan kanan kecuali Setiausaha Syarikat; dan
- (f) mempertimbangkan perlantikan semula Juruaudit Luaran serta yuran audit mereka.

3.3 Audit Dalaman

- (a) menyemak perancangan audit dalaman;
- (b) menyemak laporan audit dalaman dan kawalan dalaman Kumpulan, serta isu-isu dan saranan yang timbul daripada audit dan tindak balas pihak Pengurusan berkenaan isu-isu tersebut; dan
- (c) menilai prestasi Juruaudit Dalaman serta mempertimbangkan perlantikan semula dan yuran audit mereka.

3.4 Pengurusan Risiko

- (a) menyemak rangka kerja pengurusan risiko perusahaan ("ERM") dan laporan ERM Kumpulan;
- (b) setiap suku tahun, menyemak urus niaga pihak berkaitan dan percanggahan kepentingan yang mungkin timbul dalam Kumpulan; dan
- (c) bertemu dengan pengurusan kanan untuk dimaklumkan tentang perkara-perkara operasi yang mempengaruhi Kumpulan.



LAPORAN JAWATANKUASA AUDIT (sambungan)

3.5 Tadbir Urus Korporat

- (a) menyemak Laporan Jawatankuasa Audit serta Penyata Pengurusan Risiko dan Kawalan Dalam untuk dimasukkan ke dalam laporan tahunan dan memastikan laporan-laporan ini telah disediakan menurut keperluan-keperluan yang berkaitan.

4. FUNGSI AUDIT DALAMAN

Juruaudit Dalaman melapor terus kepada Jawatankuasa Audit dengan memberikan laporan yang bebas dan objektif berkaitan dengan kawalan dalaman Kumpulan dan tahap pematuan setiap bahagian kepada polisi dan prosedur yang telah ditetapkan oleh Kumpulan serta syarat-syarat berkanun yang berkaitan. Fungsi audit dalaman adalah daripada khidmat luaran, oleh itu ia bebas daripada aktiviti-aktiviti audit mereka.

Sepanjang tahun kewangan berakhir 31 Disember 2012, Juruaudit Dalaman telah melengkapkan tugas-tugas audit dalaman yang merangkumi pelbagai bahagian operasi dalam Kumpulan, termasuk operasinya di luar negara iaitu di Jakarta, Indonesia dan Shanghai, China. Jawatankuasa Audit memastikan tindakan yang sesuai telah diambil keatas saranan-saranan yang timbul daripada audit dan pelaksanaan rancangan dibuat tepat pada masanya.

Lampiran untuk Laporan Jawatankuasa Audit

TERMA-TERMA RUJUKAN BAGI JAWATANKUASA AUDIT

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 seseorang yang mematuhi Perenggan 15.09 daripada 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 kepada sebarang terma-terma rujukan ini, penggantinya mestilah dibuat dalam masa tiga (3) bulan.
- (d) Tempoh penjawatan dan prestasi Jawatankuasa Audit serta setiap ahlinya hendaklah disemak oleh Lembaga Pengarah sekurang-kurangnya sekali setiap tiga (3) tahun untuk menentukan samaada Jawatankuasa Audit dan ahli-ahlinya telah menjalankan tugas-tugas mereka menurut terma-terma rujukan ini.

2. Fungsi dan Tugas

- (a) Untuk menyemak perkara berkaitan Audit Luan:
- (i) perancangan audit, skop dan dasarnya;
 - (ii) laporan audit;
 - (iii) keputusan daripada penilaian Juruaudit Luan terhadap polisi perakaunan dan sistem kawalan dalaman perakaunan dalam Kumpulan;
 - (iv) masalah-masalah dan perkara-perkara yang tidak selesai yang timbul daripada audit interim dan audit akhir, dan sebarang perkara yang ingin dibincangkan oleh Juruaudit Luan (tanpa kehadiran pihak Pengurusan, sekiranya perlu).
 - (v) laporan audit dan surat pihak pengurusan yang dikeluarkan oleh Juruaudit Luan dan pelaksanaan saranan-saranan audit;
 - (vi) maklumat kewangan interim;
 - (vii) bantuan yang diberikan oleh pegawai Syarikat kepada Juruaudit Luan; dan
 - (viii) kelayakan dan kesesuaian Juruaudit Luan serta perkhidmatan yang diberikan termasuk khidmat bukan audit.
- (b) Untuk mempertimbangkan dan meluluskan khidmat bukan audit oleh Juruaudit Luan yang tertakluk kepada pengesahan daripada mereka dimana khidmat yang diberikan tersebut tidak akan menjejaskan kelayakannya sebagai Juruaudit Luan.

LAPORAN JAWATANKUASA AUDIT (sambungan)

- (c) Untuk menyemak laporan suku tahunan atas keputusan kewangan yang disatukan serta penyata kewangan tahunan sebelum penyerahan kepada Lembaga Pengarah, yang mana fokus utamanya adalah:
- (i) perubahan atau pelaksanaan polisi dan amalan perakaunan yang utama;
 - (ii) penyelerasan utama yang timbul daripada audit;
 - (iii) andaian kemajuan perniagaan berterusan; dan
 - (iv) pematuhan terhadap piawaian perakaunan dan lain-lain tuntutan undang-undang.
- (d) Untuk mempertimbangkan perlantikan (atau perlantikan semula, yang mana berlaku) Juruaudit-juruaudit Dalam dan Luar, yuran audit dan sebarang persoalan berkaitan perletakan jawatan atau pemecatan.
- (e) Untuk melaksanakan perkara berkenaan fungsi audit dalaman yang berikut:
- (i) menyemak kecukupan skop, fungsi, kecekapan dan sumber-sumber bagi fungsi audit dalaman, dan sama ada ia mempunyai kuasa yang diperlukan untuk menjalankan tugasnya;
 - (ii) menyemak perancangan audit dalaman serta keputusan daripada proses audit dalaman dan, dimana perlu, memastikan tindakan yang sesuai diambil keatas saranan audit dalaman;
 - (iii) menyemak sebarang penilaian atau penaksiran keatas prestasi ahli-ahli audit dalaman; dan
 - (iv) dimana fungsi audit dalaman adalah dibawah pengurusan sendiri, meluluskan segala perlantikan atau penamatan jawatan pegawai kanan dan mengambil perhatian dalam perletakan jawatan ahli-ahlinya, dengan memberikan peluang untuk menjelaskan alasan bagi perletakan jawatan mereka.
- (f) Untuk mempertimbangkan hasil keputusan utama daripada audit dalaman dan tindak balas daripada pihak Pengurusan.
- (g) Untuk menyemak sebarang urus niaga pihak berkaitan dan percanggahan kepentingan yang mungkin timbul dalam Syarikat atau Kumpulan.
- (h) Untuk menyerahkan laporan kepada Lembaga Pengarah mengenai ringkasan kegiatan Jawatankuasa Audit dalam pelaksanaan fungsi dan tugas mereka untuk setiap tahun kewangan.

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 tugas-tugasnya;
- (c) mempunyai akses sepenuhnya kepada semua maklumat mengenai Kumpulan;
- (d) mempunyai saluran komunikasi terus dengan Juruaudit Luar dan individu-individu yang menjalankan fungsi atau aktiviti audit dalaman;
- (e) berhak untuk mendapatkan sebarang nasihat profesional atau selain daripadanya atas perbelanjaan Syarikat;
- (f) berhak untuk mengadakan mesyuarat dengan Juruaudit-juruaudit Dalam dan Luar, tanpa kehadiran Pengarah-pengarah yang lain atau kakitangan Kumpulan, apabila diperlukan; dan
- (g) melaporkan segera kepada Bursa Malaysia Securities Berhad tentang sebarang urusan yang belum diselesaikan dengan memuaskan oleh Lembaga Pengarah, menyebabkan pengabaian terhadap Syarat-Syarat Penyenaraian Pasaran Utama, Bursa Malaysia Securities Berhad.

4. Mesyuarat

- (a) Jawatankuasa ini mesti mengadakan mesyuarat sekurang-kurangnya empat (4) kali dalam setiap tahun kewangan. Kuorum mesyuarat mestilah terdiri daripada dua (2) orang ahli, dimana majoriti ahli yang menghadiri mesyuarat tersebut mestilah pengarah bebas.
- (b) Setiausaha Syarikat akan menjadi Setiausaha Jawatankuasa.
- (c) Atas permintaan Juruaudit-juruaudit Dalam dan Luar, Pengerusi Jawatankuasa Audit akan mengadakan mesyuarat Jawatankuasa Audit untuk mempertimbangkan sebarang perkara yang Juruaudit fikir perlu dimaklumkan kepada para Pengarah atau pemegang saham.



LAPORAN JAWATANKUASA AUDIT (sambungan)

- (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 bermesyuarat dengan Juruaudit Luaran tanpa kehadiran Pengarah Eksekutif sekurang-kurangnya dua (2) kali setahun.*
- (f) *Pengerusi Jawatankuasa Audit harus memastikan interaksi yang berterusan dengan pengurusan kanan, seperti Pengerusi Lembaga Pengarah, Pengarah Urusan, ketua bahagian kewangan, ketua bahagian audit dalaman dan Juruaudit Luaran supaya dimaklumkan tentang perkara-perkara yang mempengaruhi Syarikat.*

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

OBJECTIVE AND BOARD RESPONSIBILITIES

The Board of Directors (“the Board”) is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2012.

The Board is committed to maintaining a sound system of risk management and internal control to safeguard shareholders’ investments and the interests of stakeholders. The Board acknowledges its overall responsibility for the Group’s system of internal controls and towards 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 and the outsourced Internal Auditors to ensure that the internal controls and risk management practices are implemented and complied with within the Group.

BUSINESS PROCESSES AND RISK MANAGEMENT

Standard Operating Procedures

The New Hoong Fatt Group has set in place well-established Standard Operating Procedures (“SOPs”) addressing all critical and significant risks of the Group’s business processes. These SOPs are continuously streamlined and consolidated to enhance efficiency and effectiveness. The SOPs maintained in a database by the Quality Assurance department. All levels within the Group are required to adhere to these SOPs to help ensure that processes are executed according to procedures prescribed. To ensure adherence, the entire operations of the Group in Malaysia are ISO 9001 certified. The external and in-house ISO Internal Auditors reviewed and audited the processes and procedures periodically. Compliance with these procedures is an essential element of the internal control framework which leads to effective risk management.

Risk Management

The Group has in place an Enterprise Risk Management (“ERM”) framework which provides a systematic approach for identifying, assessing and mitigating risks that are related to strategic targets and business plans. The ERM framework covers financial controls, operational controls, talent management and Management Information Systems, including

compliance with relevant laws, regulations, rules and guidelines.

During the financial year under review, the Management, through the mechanisms under the ERM framework, has identified and assessed the significance of each risk applicable to the business together with the implementation of suitable controls to manage these risks. Each significant risk was assigned to an ultimate owner who ensured that control actions are carried out to mitigate the risk, and also monitored on the adequacy and effectiveness of controls that were in place. At the end of the quarter, a report was submitted by risk owners to the Management for review. The Management then reviews the ERM report with the Audit Committee and the Board.

Financial Reporting

The Finance team is responsible for managing the risks associated with the financial reporting process. This is achieved by following, maintaining and resourcing an appropriate financial management system in the Group, adhering to the limits of authority set, limiting the rights and entrusting responsibilities to individual staff within the team, adhering to SOPs on accounting practices and reporting.

The Group has a comprehensive budgeting process where annual budget is approved by the Board, to guide and control capital expenditure and expenses for the following year. The Audit Committee reviews the annual budget, 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.

Information and Communication Systems

The Group recognises the importance of leveraging on information and communication technology to promote effectiveness and efficiencies in its business. The Group uses comprehensive computer systems that cater for different requirements, including Enterprise Resource Planning, accounting and financial reporting systems and inventory systems. These computer systems enable transactions to be captured, compiled and analysed, and reports to be generated in a timely and accurate manner. The information system provides management with dependable data, analysis, variations and exceptions relevant to decision making.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(continued)

Strategic Business Planning

The strategic business plan of the Group, known internally as the Leadership Performance Plan (“LPP”), was introduced to the executives and top management in 2012. The LPP was designed to develop people as the first priority for competitive advantage in achieving business and profitability growth in a sustainable manner and are aligned and guided towards achieving the Group’s vision to be a leading autoparts solution provider in Asia. This plan was approved by the Board and monitored closely by the Management.

MONITORING AND REVIEW

The Group had outsourced the internal audit function to 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 reviewed the audit areas as set out in the audit 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 issues and recommendations arising from each review directly to the Audit Committee who 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 2012 were approximately RM76,170.

The External Auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the Annual Report of the Group for the financial year ended 31 December 2012 in accordance with the Recommended Practice Guide 5, Guidance for Auditors on the Review of Directors’ Statement on Risk Management and 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 risk management and internal control adopted by the Board.

CONCLUSION

The Board has appraised the adequacy, effectiveness and integrity of the system of risk management and internal controls framework which have been in place during the financial year under review and up to the date of approval of this statement. Furthermore, assurances have been received from the Managing Director and Executive Director (in-charge of finance) in early 2013 that the Group’s risk management and internal control system is in place, operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

This Statement on Risk Management and Internal Control is made in accordance with the Main Market Listing Requirements and the “Statement on Risk Management and Internal Control - Guidelines for Directors of Public Listed Issuers” adopted by Bursa Malaysia Securities Berhad, and with the approval of the Board of Directors.

The Board of Directors
New Hoong Fatt Holdings Berhad

PENYATA PENGURUSAN RISIKO DAN KAWALAN DALAMAN

OBJEKTIF DAN TANGGUNGJAWAB LEMBAGA

Dengan sukacitanya, Lembaga Pengarah (“Lembaga”) membentangkan Penyata Pengurusan Risiko dan Kawalan Dalaman bagi tahun kewangan berakhir 31 Disember 2012.

Lembaga ini komited untuk mengekalkan satu sistem pengurusan risiko dan kawalan dalaman yang kukuh bagi melindungi pelaburan pemegang-pemegang saham dan kepentingan pihak-pihak yang berkenaan. Lembaga ini mengakui seluruh tanggungjawabnya terhadap sistem kawalan dalaman Kumpulan ini dan untuk menilai kecukupan serta integriti sistemnya.

Disebabkan batasan yang wujud di dalam sebarang sistem kawalan dalaman, perhatian seharusnya diberikan bahawa sistem-sistem kawalan dalaman ini adalah direka untuk menguruskan risiko-risiko dan bukan menghapuskannya. Proses-proses tersebut hanya dapat memberi jaminan yang munasabah dan bukannya jaminan yang menyeluruh terhadap sebarang salah pernyataan atau kerugian ketara.

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

PROSES PERNIAGAAN DAN PENGURUSAN RISIKO

Prosedur Operasi Standard

Kumpulan New Hoong Fatt telah lama mewujudkan prosedur-prosedur operasi standard (“SOP”) yang mengenal pasti semua risiko kritikal dan utama bagi proses perniagaan Kumpulan ini. SOP ini diselaraskan serta digabungkan dari semasa ke semasa untuk meningkatkan kecekapan dan keberkesanannya. SOP ini dikendalikan di dalam satu pangkalan data oleh bahagian Kawalan Kualiti. Kesemua peringkat dalam Kumpulan adalah dikehendaki mematuhi SOP ini bagi memastikan semua proses dilaksanakan menurut prosedur yang telah ditetapkan. Untuk memastikan pematuan, keseluruhan operasi Kumpulan di Malaysia adalah disahkan sebagai mematuhi ISO 9001. Juruaudit dalaman ISO, samada dari luar atau dalam Kumpulan, menyemak dan mengaudit proses-proses dan prosedur-prosedur ini secara berkala. Pematuan kepada prosedur-prosedur ini merupakan elemen yang utama dalam rangka kerja kawalan dalaman yang menjamin pengurusan risiko yang berkesan.

Pengurusan Risiko

Kumpulan ini mempunyai satu rangka kerja pengurusan risiko perusahaan (“ERM”) yang menawarkan pendekatan sistematik bagi mengenalpasti, menilai dan mengurangkan risiko-risiko yang berkaitan dalam sasaran strategik serta rancangan perniagaan. Rangka kerja ERM ini meliputi kawalan kewangan, kawalan operasi, pengurusan bakat kakitangan dan Sistem Pengurusan Maklumat, termasuk pematuan kepada undang-undang, peraturan-peraturan dan garis panduan yang berkenaan.

Sepanjang tahun kewangan dalam tinjauan, melalui mekanisme dalam rangka kerja ERM, pihak Pengurusan telah mengenalpasti dan menilai kepentingan setiap risiko yang terlibat dalam perniagaan ini bersama dengan pelaksanaan kawalan yang sesuai untuk menguruskan risiko-risiko tersebut. Setiap risiko yang penting telah ditugaskan kepada seorang pemilik yang memastikan bahawa tindakan kawalan telah diambil untuk mengurangkan risiko tersebut, dan juga mengawasi kecukupan serta keberkesanan kawalan yang sedia ada. Pada penghujung suku tahun, satu laporan diserahkan oleh pemilik-pemilik risiko kepada pihak Pengurusan untuk semakan. Pihak Pengurusan kemudiannya menyemak laporan ERM tersebut bersama dengan Jawatankuasa Audit dan Lembaga Pengarah.

Laporan Kewangan

Bahagian Kewangan bertanggungjawab untuk menguruskan risiko-risiko yang berkaitan dengan proses laporan kewangan. Ini dapat dicapai dengan mematuhi, memelihara serta menyediakan sistem pengurusan kewangan yang sesuai dalam Kumpulan, mematuhi had-had kuasa yang ditetapkan, menghadkan hak serta mengamankan tanggungjawab kepada kakitangan individu dalam bahagian tersebut, serta mematuhi SOP di dalam amalan-amalan dan laporan perakaunan.

Kumpulan ini mempunyai proses belanjawan yang menyeluruh dimana belanjawan tahunan adalah diluluskan oleh Lembaga, untuk memandu dan mengawal modal perbelanjaan bagi tahun yang seterusnya. Jawatankuasa Audit menyemak belanjawan tahunan, laporan kewangan suku tahunan dan tahunan bagi Kumpulan, dan kawalan dalaman bersama dengan pihak Pengurusan, dan seterusnya melaporkan kepada pihak Lembaga. Pengarah-pengarah Eksekutif mempengerusikan kebanyakan mesyuarat biasa pengurusan. Mesyuarat-mesyuarat ini merupakan platform untuk menilai prestasi kewangan, serta isu-isu perniagaan dan operasi termasuk perkara-perkara kawalan dalaman dan pengurusan risiko.



PENYATA PENGURUSAN RISIKO DAN KAWALAN DALAMAN

(sambungan)

Sistem Maklumat dan Komunikasi

Kumpulan ini mengiktiraf kepentingan penggunaan teknologi maklumat dan komunikasi untuk menggalakkan keberkesanan dan kecekapan dalam perniagaannya. Kumpulan ini menggunakan sistem komputer yang menyeluruh dan memenuhi pelbagai keperluan termasuk sistem Perancangan Sumber Perniagaan, sistem perakaunan dan laporan kewangan serta sistem inventori. Sistem-sistem komputer ini membolehkan kesemua urusan dikumpul, disusun dan dianalisis, serta laporan dijana tepat pada masanya dan dengan teliti. Sistem maklumat ini memperlengkapkan pihak pengurusan dengan data yang boleh dipercayai, analisis, variasi dan pengecualian yang berkaitan untuk membuat keputusan.

Perancangan Strategik Perniagaan

Rancangan strategik perniagaan Kumpulan, juga dikenali sebagai Rancangan Prestasi Kepimpinan ("LPP") telah diperkenalkan kepada para eksekutif dan juga pihak pengurusan atasan dalam tahun 2012. LPP ini telah direka untuk membangunkan insan sebagai keutamaannya bagi faedah kompetitif dalam mencapai pertumbuhan perniagaan dan keuntungan secara mampan dan diselaraskan serta berpandu ke arah mencapai visi Kumpulan untuk menjadi pembekal utama bagi penyelesaian alat-alat automotif di Asia. Rancangan ini telah diluluskan oleh Lembaga dan dipantau rapi oleh pihak Pengurusan.

PEMANTAUAN DAN PENILAIAN

Kumpulan ini telah menyerahkan fungsi Audit Dalam kepada sebuah firma penasihat profesional yang bebas daripada aktiviti-aktiviti yang diaudit. Juruaudit Dalam ini menyediakan rancangan audit dalamannya berdasarkan profil risiko ke atas operasi Kumpulan seperti yang dinilai oleh pihak Pengurusan. Juruaudit Dalam tersebut menyemak bahagian-bahagian audit seperti yang dinyatakan di dalam rancangan audit yang diluluskan oleh Lembaga Pengarah atas cadangan Jawatankuasa Audit. Semakan ini memberikan satu penilaian yang objektif serta bebas mengenai sistem kawalan dalaman untuk memberi jaminan yang munasabah bahawa sistem ini terus beroperasi dengan memuaskan. Juruaudit Dalam melaporkan isu-isu dan saranan-saranan yang timbul daripada setiap semakan terus kepada Jawatankuasa Audit yang kemudiannya melapor kepada Lembaga. Jumlah kos yang ditanggung oleh Kumpulan untuk perkhidmatan Audit Dalam bagi tahun kewangan berakhir 31 Disember 2012 adalah lebih kurang RM76,170.

Juruaudit Luaran telah menyemak Penyata Pengurusan Risiko dan Kawalan Dalam ini untuk dimasukkan ke dalam Laporan Tahunan Kumpulan bagi tahun kewangan berakhir 31 Disember 2012 menurut Panduan Amalan 5 yang Disyorkan, Garis Panduan kepada Juruaudit dalam Semakan Penyata Pengurusan Risiko dan Kawalan Dalam yang dikeluarkan oleh Pengarah ("RGP5"), yang diterbitkan oleh Institut Akauntan Malaysia. Berdasarkan semakan mereka, tiada sebarang perkara ditemui yang boleh menyebabkan mereka percaya bahawa penyata ini tidak konsisten dengan pemahaman mereka tentang proses pengurusan risiko dan kawalan dalaman yang diamalkan oleh Lembaga.

KESIMPULAN

Lembaga ini telah menilai kecukupan, keberkesanan dan integriti sistem pengurusan risiko dan rangka kerja kawalan dalaman yang dilaksanakan sepanjang tahun kewangan dalam tinjauan sehingga tarikh kelulusan penyata ini. Tambahan pula, pada awal 2013, Pengarah Urusan dan Pengarah Eksekutif (yang menguruskan kewangan) telah memberi jaminan bahawa pengurusan risiko dan sistem kawalan dalaman Kumpulan adalah teratur, beroperasi dengan secukupnya dan berkesan dalam semua aspek penting berdasarkan kepada pengurusan risiko serta sistem kawalan dalaman Kumpulan.

Penyata Pengurusan Risiko dan Kawalan Dalam ini adalah dibuat menurut Syarat-syarat Penyenaraian Pasaran Utama dan "Penyata Pengurusan Risiko dan Kawalan Dalam – Garis Panduan untuk Pengarah-pengarah Syarikat Awam Tersenarai" yang diamalkan oleh Bursa Malaysia Securities Berhad, dengan kelulusan Lembaga Pengarah.

Lembaga Pengarah
New Hoong Fatt Holdings Berhad

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

46	Directors' Report
50	Statement By Directors
50	Statutory Declaration
51	Independent Auditors' Report
53	Statements Of Financial Position
55	Statements Of Comprehensive Income
56	Statements Of Changes In Equity
59	Statements Of Cash Flows
61	Notes To The Financial Statements



DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. 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 other than those disclosed in Note 8 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	<u>22,763</u>	<u>29,121</u>

DIVIDENDS

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

	RM'000
In respect of the financial year ended 31 December 2011: Final single tier dividend of 8 sen per ordinary share and a special final single tier dividend of 1 sen per ordinary share, paid on 12 July 2012	6,764
In respect of the financial year ended 31 December 2012: An interim single tier dividend of 3 sen per ordinary share, paid on 20 December 2012	<u>2,255</u>
	<u>9,019</u>

The Directors recommend a final single tier dividend of 8 sen and a special final single tier dividend of 2 sen per ordinary share, amounting to RM7,515,660 in respect of the financial year ended 31 December 2012, 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.

DIRECTORS' REPORT (continued)

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:

Kam Foong Keng
Chin Jit Sin
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 Danny Ng Siew L'Leong and Ms Kam Foong Sim retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

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 2012 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 1.1.2012	Bought	Sold	Balance at 31.12.2012
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' REPORT (continued)

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) certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which siblings of certain Directors 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 34 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;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT (continued)

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

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

- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (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 38 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events subsequent to the end of the reporting period are disclosed in Note 39 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
19 April 2013



STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 53 to 134 have been drawn up in accordance with Malaysian Financial Reporting Standards, International 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 2012 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 41 on page 135 of the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Kam Foong Keng

Director

Chin Jit Sin

Director

Kuala Lumpur

19 April 2013

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 53 to 135 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
19 April 2013

)
)
)
) **Kam Foong Sim**

Before me:

S. Ideraju

W-451

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NEW HOONG FATT HOLDINGS BERHAD

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 2012 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 53 to 134.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is 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 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 give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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.



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NEW HOONG FATT HOLDINGS BERHAD (continued)

Report on Other Legal and Regulatory Requirements (continued)

- (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 purposes 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 accounts 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 of 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

As stated in Note 3 to the financial statements, New Hoong Fatt Holdings Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These Standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information, and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

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

2895/08/14 (J)

Chartered Accountant

Kuala Lumpur

19 April 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	31.12.2012 RM'000	Group 31.12.2011 RM'000	1.1.2011 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	7	216,936	202,081	194,740
Investment properties	9	9,500	9,500	8,300
Prepaid lease payments for land	10	1,349	1,434	1,519
Available-for-sale financial asset	11	130	130	83
Intangible assets	12	4,476	9,869	15,487
Deferred tax assets	13	-	222	-
		232,391	223,236	220,129
Current assets				
Inventories	14	36,893	36,754	41,868
Trade and other receivables	15	61,012	50,410	58,950
Current tax assets		282	154	3
Cash and cash equivalents	16	30,974	35,502	33,328
		129,161	122,820	134,149
Non-current assets held for sale	17	-	540	-
TOTAL ASSETS		361,552	346,596	354,278
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	18	75,157	75,157	75,157
Reserves	19	227,451	214,020	196,573
		302,608	289,177	271,730
Non-controlling interests		-	-	2,597
TOTAL EQUITY		302,608	289,177	274,327
LIABILITIES				
Non-current liabilities				
Borrowings (interest bearing)	20	7,425	7,655	11,903
Deferred tax liabilities	13	15,859	15,242	14,748
		23,284	22,897	26,651
Current liabilities				
Trade and other payables	22	14,341	13,375	17,783
Borrowings (interest bearing)	20	20,497	19,329	35,050
Derivative liabilities	23	-	42	-
Current tax liabilities		822	1,776	467
		35,660	34,522	53,300
TOTAL LIABILITIES		58,944	57,419	79,951
TOTAL EQUITY AND LIABILITIES		361,552	346,596	354,278

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

**STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2012

	Note	31.12.2012 RM'000	Company 31.12.2011 RM'000	1.1.2011 RM'000
ASSETS				
Non-current assets				
Investments in subsidiaries	8	23,613	24,243	77,670
Current assets				
Trade and other receivables	15	81,645	61,445	5,522
Current tax assets		102	7	3
Cash and cash equivalents	16	61	27	172
		81,808	61,479	5,697
TOTAL ASSETS		105,421	85,722	83,367
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	18	75,157	75,157	75,157
Reserves	19	28,987	8,885	8,003
TOTAL EQUITY		104,144	84,042	83,160
LIABILITIES				
Current liabilities				
Trade and other payables	22	1,277	1,680	207
TOTAL EQUITY AND LIABILITIES		105,421	85,722	83,367

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	26	217,467	215,570	33,238	66,800
Cost of sales	27	(156,879)	(158,027)	-	-
Gross profit		60,588	57,543	33,238	66,800
Other operating income		12,239	12,524	-	-
Selling and distribution expenses		(10,858)	(9,746)	-	-
Administrative expenses		(27,818)	(26,204)	(615)	(564)
Other operating expenses		(5,300)	(6,800)	-	(55,527)
Finance costs	28	(1,182)	(1,458)	-	-
Profit before tax	29	27,669	25,859	32,623	10,709
Tax expense	30	(4,906)	(5,946)	(3,502)	(57)
Profit for the financial year		22,763	19,913	29,121	10,652
Other comprehensive (loss)/income:					
Foreign currency translations		(313)	172	-	-
Fair value gain on available-for-sale financial asset		-	47	-	-
Revaluation surplus of land and buildings, net of tax		-	7,193	-	-
Other comprehensive (loss)/income, net of tax		(313)	7,412	-	-
Total comprehensive income		22,450	27,325	29,121	10,652
Profit attributable to:					
Owners of the parent		22,763	19,805	29,121	10,652
Non-controlling interest		-	108	-	-
		22,763	19,913	29,121	10,652
Total comprehensive income attributable to:					
Owners of the parent		22,450	27,217	29,121	10,652
Non-controlling interest		-	108	-	-
		22,450	27,325	29,121	10,652
Earnings per ordinary share attributable to owners of the parent (sen)					
Basic and diluted	31	30.29	26.35		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

Group	Note	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Available-for-sale reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 January 2011		75,157	4,210	13,513	-	-	156,724	249,604	2,597	252,201
Effect of adoption of MFRS 1	40	-	-	22,126	-	-	-	22,126	-	22,126
Restated balance as at 1 January 2011		75,157	4,210	35,639	-	-	156,724	271,730	2,597	274,327
Profit for the financial year		-	-	-	-	-	19,805	19,805	108	19,913
Fair value gain on available-for-sale financial asset		-	-	-	47	-	-	47	-	47
Revaluation surplus of land and buildings, net of tax		-	-	7,193	-	-	-	7,193	-	7,193
Foreign currency translations		-	-	-	-	172	-	172	-	172
Total comprehensive income		-	-	7,193	47	172	19,805	27,217	108	27,325
Transactions with owners										
Disposal of a subsidiary	8	-	-	-	-	-	-	-	(2,705)	(2,705)
Final dividend paid for financial year ended 31 December 2010	32	-	-	-	-	-	(7,515)	(7,515)	-	(7,515)
Interim dividend paid for financial year ended 31 December 2011	32	-	-	-	-	-	(2,255)	(2,255)	-	(2,255)
Total transactions with owners		-	-	-	-	-	(9,770)	(9,770)	(2,705)	(12,475)
Balance as at 31 December 2011		75,157	4,210	42,832	47	172	166,759	289,177	-	289,177

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (continued)

Group	Note	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Available-for-sale reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance as at 1 January 2012		75,157	4,210	42,832	47	172	166,759	289,177	-	289,177
Profit for the financial year		-	-	-	-	-	22,763	22,763	-	22,763
Disposal of property, plant and equipment		-	-	(6,282)	-	-	6,282	-	-	-
Foreign currency translations		-	-	-	-	(313)	-	(313)	-	(313)
Total comprehensive income		-	-	(6,282)	-	(313)	29,045	22,450	-	22,450
Transactions with owners										
Final dividends paid for financial year ended 31 December 2011	32	-	-	-	-	-	(6,764)	(6,764)	-	(6,764)
Interim dividend paid for financial year ended 31 December 2012	32	-	-	-	-	-	(2,255)	(2,255)	-	(2,255)
Total transactions with owners		-	-	-	-	-	(9,019)	(9,019)	-	(9,019)
Balance as at 31 December 2012		75,157	4,210	36,550	47	(141)	186,785	302,608	-	302,608

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



STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (continued)

	Note	Share capital RM'000	Share premium RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Company					
Balance as at 1 January 2011		75,157	4,210	3,793	83,160
Total comprehensive income		-	-	10,652	10,652
Transactions with owners					
Final dividends paid for financial year ended 31 December 2010	32	-	-	(7,515)	(7,515)
Interim dividend paid for financial year ended 31 December 2011	32	-	-	(2,255)	(2,255)
Total transactions with owners		-	-	(9,770)	(9,770)
Balance as at 31 December 2011		75,157	4,210	4,675	84,042
Total comprehensive income		-	-	29,121	29,121
Transactions with owners					
Final dividends paid for financial year ended 31 December 2011	32	-	-	(6,764)	(6,764)
Interim dividend paid for financial year ended 31 December 2012	32	-	-	(2,255)	(2,255)
Total transactions with owners		-	-	(9,019)	(9,019)
Balance as at 31 December 2012		75,157	4,210	24,777	104,144

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		27,669	25,859	32,623	10,709
Adjustments for:					
Amortisation of:					
- prepaid lease payments for land	10	85	85	-	-
- intangible assets	12	544	234	-	-
Bad debts written off		9	42	-	-
Depreciation of property, plant and equipment	7	18,697	17,577	-	-
Dividend income		-	-	(33,238)	(66,800)
Fair value adjustment on:					
- investment properties	9	-	(1,200)	-	-
- derivative instruments		(42)	42	-	-
Gain on disposal of:					
- property, plant and equipment		(330)	(225)	-	-
- non-current asset held for sale		(10)	-	-	-
Impairment losses on:					
- investment in a subsidiary	8	-	-	-	55,527
- goodwill on consolidation	12	5,300	6,800	-	-
- property, plant and equipment		-	149	-	-
- trade receivables	15(h)	5	-	-	-
Interest expense	28	1,182	1,458	-	-
Interest income		(856)	(657)	-	-
Loss on disposal of a subsidiary	8	-	459	-	-
Property, plant and equipment written off	7	74	717	-	-
Intangible assets written off	12	1	-	-	-
Reversal of impairment loss on trade receivables	15(h)	(1)	(31)	-	-
Unrealised loss/(gain) on foreign exchange		236	(6)	-	-
Operating profit/(loss) before working capital changes		52,563	51,303	(615)	(564)
(Increase)/Decrease in inventories		(17)	821	-	-
(Increase)/Decrease in trade and other receivables		(11,418)	(5,494)	9	(17)
Increase/(Decrease) in trade and other payables		1,006	4,600	22	(27)
Cash generated from/(used in) operations		42,134	51,230	(584)	(608)
Dividend received		-	-	33,238	59,000
Tax paid		(5,149)	(4,334)	(3,597)	(61)
Net cash from operating activities		36,985	46,896	29,057	58,331

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (continued)

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		196	314	-	-
Proceeds from disposal of non-current asset held for sale		550	-	-	-
Proceeds from disposal of a subsidiary, net of cash and cash equivalents received	8	-	1,118	-	-
Purchase of property, plant and equipment	7	(33,456)	(20,187)	-	-
Purchase of intangible asset	12	(452)	(1,416)	-	-
Acquisition of additional interest in subsidiaries	8	-	-	-	(2,100)
Proceeds from liquidation of a subsidiary	8	-	-	630	-
Advances to subsidiaries		-	-	(20,634)	(46,606)
Interest received		856	657	-	-
Net cash used in investing activities		(32,306)	(19,514)	(20,004)	(48,706)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(1,182)	(1,458)	-	-
Repayments of:					
- bankers' acceptances		(46,945)	(51,229)	-	-
- term loans		(5,141)	(5,409)	-	-
- hire purchase creditors		(59)	(74)	-	-
Dividends paid to:					
- ordinary shareholders of the company	32	(9,019)	(9,770)	(9,019)	(9,770)
Drawdown of:					
- term loans		5,400	1,500	-	-
- bankers' acceptances		47,647	41,060	-	-
Net cash used in financing activities		(9,299)	(25,380)	(9,019)	(9,770)
Net (decrease)/increase in cash and cash equivalents		(4,620)	2,002	34	(145)
Effects of exchange rate fluctuations on cash and cash equivalent		92	172	-	-
Cash and cash equivalents at beginning of financial year		35,502	33,328	27	172
Cash and cash equivalents at end of financial year	16	30,974	35,502	61	27

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012

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, 5 1/2 Mile, Jalan Meru, 41050 Klang, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2012 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 19 April 2013.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. 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 other than those disclosed in Note 8 to the financial statements.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 53 to 134 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act, 1965 in Malaysia.

These are the Group and the Company's first financial statements prepared in accordance with MFRSs and accordingly MFRSs 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia.

The Group and the Company have consistently applied the same accounting policies in its opening MFRS statements of financial position as at 1 January 2011 and throughout all financial years presented, as if these policies had always been in effect. Comparative figures for the financial year ended 31 December 2011 in these financial statements have been restated to give effect to these changes, and Note 40 to the financial statements discloses the impact of the transition to MFRS on the Group and the Company's reported financial position, financial performance and cash flows for the financial year then ended.

However, Note 41 to the financial statements set out on page 135 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.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

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

The preparation of financial statements in conformity with MFRSs 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.

4.2 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 are initially measured 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 MFRSs. The choice of measurement basis is made on a 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

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.

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 MFRS 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 MFRS 112 *Income Taxes* and MFRS 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 MFRS 2 *Share-based Payment* at the acquisition date; and
- (c) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 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 re-measured 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 MFRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

Business combinations from 1 January 2011 onwards (continued)

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree 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 acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (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 to the financial statements. 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.

Business combinations before 1 January 2012

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 January 2011. Goodwill represents the amount recognised under the previous FRS Framework in respect of acquisitions prior to 1 January 2011.

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.

Freehold 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.

Freehold 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.

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:

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

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%
Motor vehicles	20%
Furniture, fittings and office equipment	10% - 33%

Freehold land has unlimited useful life and is not depreciated. Construction-in-progress are stated at cost. Construction-in-progress represent buildings under construction, tools and dies under development for future production purposes and machine under installation. Construction-in-progress 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases and hire purchase (continued)

(b) Operating lease (continued)

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.

The fair value of the investment properties are estimated by the Directors by reference to market evidence of transaction prices for similar properties in the same vicinity, which have been transacted in the open market.

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.

4.7 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investments in subsidiaries (continued)

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 MFRS 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 MFRS 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

4.8.1 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. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

4.8.2 Other intangible assets

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination. In-process development projects acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for development is not met.

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over their estimated economic useful lives and are assessed for any indication that the asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the other operating expenses line item.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Goodwill (continued)

4.8.2 Other intangible assets (continued)

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors; there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and wherever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed at each period end to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

Computer software

Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three (3) years.

4.9 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries), inventories and investment properties measured at fair value, 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 MFRS 8 *Operating Segments*.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

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.

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 (4) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(a) Financial assets (continued)

(iii) Loans and receivables (continued)

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.

(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.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(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 (2) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(b) Financial liabilities (continued)

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

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.

(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.

Any 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 MFRS 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(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.

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 is 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Impairment of financial assets (continued)

(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 or 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.

4.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition 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 expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Income taxes (continued)

(b) Deferred tax (continued)

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.

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 is settled, based on the announcement of tax rates by the Government in the annual budgets which have the substantial effect of actual enactment by the end of 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.

If the effect of the time value of money is material, the amount of a provision would 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.

Provisions 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 would be required to settle the obligation, the provision would be reversed.

Provisions for restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

4.17 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

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:

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Revenue recognition (continued)

Company

Dividend income is recognised when right to receive payment is established.

Group

- (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 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.
- (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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Earnings per share

(a) 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.

(b) Diluted

Diluted 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 adjusted for the effects of dilutive potential ordinary shares.

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

5.1 New MFRSs adopted during the current financial year

The Group and Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year.

Title	Effective Date
MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2012
MFRS 2 <i>Share-based Payment</i>	1 January 2012
MFRS 3 <i>Business Combinations</i>	1 January 2012
MFRS 4 <i>Insurance Contracts</i>	1 January 2012
MFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2012
MFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2012
MFRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2012
MFRS 8 <i>Operating Segments</i>	1 January 2012
MFRS 101 <i>Presentation of Financial Statements</i>	1 January 2012
MFRS 102 <i>Inventories</i>	1 January 2012
MFRS 107 <i>Statement of Cash Flows</i>	1 January 2012
MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2012
MFRS 110 <i>Events After the Reporting Period</i>	1 January 2012
MFRS 111 <i>Construction Contracts</i>	1 January 2012
MFRS 112 <i>Income Taxes</i>	1 January 2012
MFRS 116 <i>Property, Plant and Equipment</i>	1 January 2012
MFRS 117 <i>Leases</i>	1 January 2012
MFRS 118 <i>Revenue</i>	1 January 2012
MFRS 119 <i>Employee Benefits</i>	1 January 2012
MFRS 120 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1 January 2012
MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates</i>	1 January 2012
MFRS 123 <i>Borrowing Costs</i>	1 January 2012
MFRS 124 <i>Related Party Disclosures</i>	1 January 2012
MFRS 126 <i>Accounting and Reporting by Retirement Benefit Plans</i>	1 January 2012
MFRS 127 <i>Consolidated and Separate Financial Statements</i>	1 January 2012
MFRS 128 <i>Investments in Associates</i>	1 January 2012
MFRS 129 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2012
MFRS 131 <i>Interests in Joint Ventures</i>	1 January 2012
MFRS 132 <i>Financial Instruments: Presentation</i>	1 January 2012
MFRS 133 <i>Earnings Per Share</i>	1 January 2012
MFRS 134 <i>Interim Financial Reporting</i>	1 January 2012
MFRS 136 <i>Impairment of Assets</i>	1 January 2012
MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2012

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)

5.1 New MFRSs adopted during the current financial year (continued)

The Group and Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year (continued).

Title		Effective Date
MFRS 138	<i>Intangible Assets</i>	1 January 2012
MFRS 139	<i>Financial Instruments: Recognition and Measurement</i>	1 January 2012
MFRS 140	<i>Investment Property</i>	1 January 2012
MFRS 141	<i>Agriculture</i>	1 January 2012
Improvements to MFRSs (2008)		1 January 2012
Improvements to MFRSs (2009)		1 January 2012
Improvements to MFRSs (2010)		1 January 2012
IC Interpretation 1	<i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 January 2012
IC Interpretation 2	<i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 January 2012
IC Interpretation 4	<i>Determining Whether an Arrangement Contains a Lease</i>	1 January 2012
IC Interpretation 5	<i>Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 January 2012
IC Interpretation 6	<i>Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment</i>	1 January 2012
IC Interpretation 7	<i>Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies</i>	1 January 2012
IC Interpretation 9	<i>Reassessment of Embedded Derivatives</i>	1 January 2012
IC Interpretation 10	<i>Interim Financial Reporting and Impairment</i>	1 January 2012
IC Interpretation 12	<i>Service Concession Arrangements</i>	1 January 2012
IC Interpretation 13	<i>Customer Loyalty Programmes</i>	1 January 2012
IC Interpretation 14	<i>MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	1 January 2012
IC Interpretation 15	<i>Agreements for the Construction of Real Estate</i>	1 January 2012
IC Interpretation 16	<i>Hedges of a Net Investment in a Foreign Operation</i>	1 January 2012
IC Interpretation 17	<i>Distributions of Non-cash Assets to Owners</i>	1 January 2012
IC Interpretation 18	<i>Transfers of Assets from Customers</i>	1 January 2012
IC Interpretation 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 January 2012
IC Interpretation 107	<i>Introduction of the Euro</i>	1 January 2012
IC Interpretation 110	<i>Government Assistance - No Specific Relation to Operating Activities</i>	1 January 2012
IC Interpretation 112	<i>Consolidation - Special Purpose Entities</i>	1 January 2012
IC Interpretation 113	<i>Jointly Controlled Entities - Non-Monetary Contributions by Venturers</i>	1 January 2012
IC Interpretation 115	<i>Operating Leases - Incentives</i>	1 January 2012
IC Interpretation 125	<i>Income Taxes - Changes in the Tax Status of an Entity or its Shareholders</i>	1 January 2012
IC Interpretation 127	<i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>	1 January 2012
IC Interpretation 129	<i>Disclosure - Service Concession Arrangements</i>	1 January 2012
IC Interpretation 131	<i>Revenue - Barter Transactions Involving Advertising Services</i>	1 January 2012
IC Interpretation 132	<i>Intangible Assets - Web Site Costs</i>	1 January 2012

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)

5.1 New MFRSs adopted during the current financial year (continued)

- (a) Amendments to MFRS 101 *Clarification of the Requirements for Comparative Information* are mandatory for annual periods beginning on or after 1 January 2013.

The Group has early adopted Amendments to MFRS 101 *Clarification of the Requirements for Comparative Information* in conjunction with the application of MFRS 101. These Amendments clarify that the third statement of financial position is required only if a retrospective application, retrospective restatement or reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period. If the third statement of financial position is presented, these Amendments clarify that the related notes to the opening statement of financial position need not be disclosed. Accordingly, there are no related notes disclosed in relation to the opening statement of financial position as at 1 January 2011.

- (b) Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* are mandatory for annual periods beginning on or after 1 January 2013.

The Group has early adopted Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* in conjunction with the application of MFRS 1. These Amendments clarify that the first MFRS financial statements shall include at least three statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented.

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

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and Company.

MFRSs, Amendments to MFRSs and IC Interpretations		Effective for financial periods beginning on or after
Amendments to MFRS 101	<i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
Amendments to MFRS 101	<i>Government Loans (Amendments to MFRS 1)</i>	1 January 2013
MFRS 10	<i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11	<i>Joint Arrangements</i>	1 January 2013
MFRS 12	<i>Disclosure of Interests in Other Entities</i>	1 January 2013
MFRS 13	<i>Fair Value Measurements</i>	1 January 2013
MFRS 119	<i>Employee Benefits (revised)</i>	1 January 2013
MFRS 127	<i>Separate Financial Statements</i>	1 January 2013
MFRS 128	<i>Investments in Associates and Joint Ventures</i>	1 January 2013
Amendments to MFRS 7	<i>Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to MFRSs	<i>Annual Improvements 2009-2011 Cycle</i>	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12	<i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013
MFRS 3	<i>Business Combinations (as issued by the International Accounting Standards Board ('IASB') in March 2004)</i>	1 January 2013
MFRS 127	<i>Consolidated and Separate Financial Statements (as issued by the IASB in December 2003)</i>	1 January 2013

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

5. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)

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

MFRSs, Amendments to MFRSs and IC Interpretations		Effective for financial periods beginning on or after
IC Interpretation 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013
Amendments to MFRS 10, MFRS 12 and MFRS 127	<i>Investment Entities</i>	1 January 2014
Amendments to MFRS 132	<i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Mandatory Effective Date of MFRS 9 and Transition Disclosures		1 January 2015
MFRS 9	<i>Financial Instruments</i>	1 January 2015

The Group and Company are in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for the future financial years.

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 MFRS 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

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) Classification of leasehold land

The Group has assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117.

- (e) Classification of non-current bank borrowings

Term loan agreements entered into by the Group include clauses which require repayment on demand at the discretion of financial institutions. The Group believes that, in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

- (f) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

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) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(b) 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 subsidiaries to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The calculations of the value-in-use amount are most sensitive to the following assumptions:

- (i) Budgeted gross margins. Gross margins are based on historical averages achieved in the preceding three (3) 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 subsidiary. These discount rates have consistently been used by management as the benchmark rates in project appraisals of the subsidiary.

Further details are disclosed in Note 12 to the financial statements.

(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) 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.

(e) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(f) 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.

(g) 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.

(h) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

7. PROPERTY, PLANT AND EQUIPMENT

2012

Group	Balance as at 1.1.2012 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Written off RM'000	Reclassi- fications RM'000	Balance as at 31.12.2012 RM'000
Carrying amount							
Freehold land							
- at valuation	51,900	-	(9,900)	-	-	-	42,000
- at cost	-	10,391	-	-	-	-	10,391
Buildings							
- at valuation	54,374	355	-	(1,580)	-	-	53,149
Long term leasehold land and building							
- at valuation	14,400	-	-	(260)	-	-	14,140
Plant and machinery	14,278	3,349	-	(4,057)	(21)	-	13,549
Tools, equipment and air-conditioners	1,125	407	-	(287)	(27)	383	1,601
Moulds and dies	56,653	9,804	-	(11,254)	-	11,269	66,472
Motor vehicles	1,909	1,077	-	(720)	-	-	2,266
Furniture, fittings and office equipment	1,787	243	-	(539)	(7)	(116)	1,368
Construction-in-progress	5,655	17,900	-	-	(19)	(11,356)	12,000
	202,081	43,526	(9,900)	(18,697)	(74)	-	216,936

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	At 31.12.2012				
2012	Cost RM'000	Valuation RM'000	Accumulated depreciation RM'000	Accumulated impairment RM'000	Carrying amount RM'000
Freehold land					
- at valuation	-	42,000	-	-	42,000
- at cost	10,391	-	-	-	10,391
Buildings					
- at valuation	-	54,878	(1,580)	(149)	53,149
Long term leasehold land and building					
- at valuation	-	14,400	(260)	-	14,140
Plant and machinery	68,685	-	(55,136)	-	13,549
Tools, equipment and air-conditioners	4,261	-	(2,660)	-	1,601
Moulds and dies	180,346	-	(113,556)	(318)	66,472
Motor vehicles	5,671	-	(3,405)	-	2,266
Furniture, fittings and office equipment	6,145	-	(4,777)	-	1,368
Construction-in-progress	12,000	-	-	-	12,000
	287,499	111,278	(181,374)	(467)	216,936

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

2011	Balance as at 1.1.2011 RM'000	Additions RM'000	Disposals RM'000	Disposal of a subsidiary (Note 8) RM'000	Depreciation charge for the financial year RM'000	Written off RM'000	Reclassi- fication as non-current asset held for sale (Note 17) RM'000	Revaluation surplus RM'000	Impairment loss RM'000	Reclassi- fications RM'000	Balance as at 31.12.2011 RM'000
Group											
Carrying amount											
Freehold land											
- at valuation	47,307	-	-	-	-	-	(328)	4,842	-	79	51,900
- at cost	79	-	-	-	-	-	-	-	-	(79)	-
Buildings											
- at valuation	39,125	-	-	-	(903)	-	(212)	1,906	(149)	14,607	54,374
- at cost	14,289	357	-	(106)	(449)	-	-	31	-	(14,122)	-
Long term leasehold land											
- at valuation	5,625	-	-	-	(52)	(363)	-	394	-	(5,604)	-
Long term leasehold land and building											
- at valuation	-	-	-	-	-	-	-	-	-	14,400	14,400
- at cost	8,955	-	-	-	(159)	-	-	-	-	(8,796)	-
Plant and machinery	15,300	3,193	-	-	(3,971)	(244)	-	-	-	-	14,278
Tools, equipment and air-conditioners	1,482	173	-	(129)	(301)	(100)	-	-	-	-	1,125
Moulds and dies	54,657	12,166	-	-	(10,402)	-	-	-	-	232	56,653
Motor vehicles	2,254	1,245	(89)	(768)	(733)	-	-	-	-	-	1,909
Furniture, fittings and office equipment	1,143	1,329	-	(68)	(607)	(10)	-	-	-	-	1,787
Construction-in-progress	4,524	1,848	-	-	-	-	-	-	-	(717)	5,655
	194,740	20,311	(89)	(1,071)	(17,577)	(717)	(540)	7,173	(149)	-	202,081

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

2011	At 31.12.2011				
	Cost RM'000	Valuation RM'000	Accumulated depreciation RM'000	Accumulated impairment RM'000	Carrying amount RM'000
Freehold land					
- at valuation	-	51,900	-	-	51,900
Buildings					
- at valuation	-	54,523	-	(149)	54,374
Long term leasehold land and building					
- at valuation	-	14,400	-	-	14,400
Plant and machinery	65,389	-	(51,111)	-	14,278
Tools, equipment and air-conditioners	3,516	-	(2,391)	-	1,125
Moulds and dies	159,273	-	(102,302)	(318)	56,653
Motor vehicles	4,987	-	(3,078)	-	1,909
Furniture, fittings and office equipment	6,116	-	(4,329)	-	1,787
Construction-in-progress	5,655	-	-	-	5,655
	244,936	120,823	(163,211)	(467)	202,081

- (a) The land and buildings of the Group were revalued by the Directors in 2011 based on a valuation carried out by an independent professional valuer by reference to the indicative market value based on existing use method.

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	
	2012 RM'000	2011 RM'000
Land	31,410	35,662
Buildings	41,134	42,191
	72,544	77,853

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2012 (continued)****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	
	2012 RM'000	2011 RM'000
Purchase of property, plant and equipment	43,526	20,311
Addition of freehold land by land swap	(10,391)	-
Less: Professional fees capitalised	357	-
	(10,034)	-
Financed by hire purchase arrangements	(36)	(124)
Cash payments on purchase of property, plant and equipment	33,456	20,187

During the financial year, the Group had entered into an agreement with a third party for land swap for a total consideration of RM10,034,000 against the freehold land of the Group at a carrying amount of RM9,900,000, resulting in gain on disposal of RM134,000 to the Group.

As at 31 December 2012, the carrying amounts of the property, plant and equipment of the Group under finance leases are as follows:

	Group	
	2012 RM'000	2011 RM'000
Motor vehicles	46	73

Details of the terms and conditions of the hire purchase arrangements are disclosed in Note 21 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2012 RM'000	2011 RM'000
Unquoted shares, at cost	79,140	82,852
Less: Impairment losses	(55,527)	(58,609)
	23,613	24,243

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company		Subsidiaries		
		2012	2011	2012	2011	
New Hoong Fatt Auto Supplies Sdn. Bhd. (“NHFAS”) ⁽¹⁾	Malaysia	100%	100%	-	-	Marketing, distribution and trading of automotive parts and accessories
NJ Manufacturing Industries Sdn. Bhd. ⁽¹⁾	Malaysia	100%	100%	-	-	Provision of rental of property, plant and equipments
Jhi Soon Manufacturing Industries Sdn. Bhd. ⁽¹⁾	Malaysia	100%	100%	-	-	Provision of rental of property, plant and equipments
Hoeken Industrial Sdn. Bhd.	Malaysia	100%	100%	-	-	In voluntary winding up
Advancesoft ICT Sdn. Bhd.	Malaysia	-	100%	-	-	Liquidated
New Hoong Fatt Industries Sdn. Bhd. ⁽¹⁾	Malaysia	100%	100%	-	-	Inactive
MJ Manufacturing Industries Sdn. Bhd. ⁽¹⁾	Malaysia	100%	100%	-	-	Manufacturing of moulds and dies
Auto Global Parts Industries Sdn. Bhd. ⁽¹⁾	Malaysia	100%	100%	-	-	Manufacturing and marketing of automotive parts and provision of injection services
NHF Ventures Sdn. Bhd. ⁽¹⁾	Malaysia	100%	100%	-	-	Investment holding company
Subsidiaries of New Hoong Fatt Auto Supplies Sdn. Bhd.						
PT. NHF Auto Supplies Indonesia	Indonesia	-	-	100%	100%	Importing, exporting and trading of automotive parts and accessories

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

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				Principal activities
		Company		Subsidiaries		
		2012	2011	2012	2011	
Subsidiary of NHF Ventures Sdn. Bhd.						
Ampire Auto Parts (Shanghai) Co., Ltd.	Peoples Republic of China	-	-	100%	100%	Importing, exporting and trading of automotive parts and accessories

(1) Subsidiaries audited by BDO in Malaysia.

(a) During the financial year:

- (i) NJ Manufacturing Industries Sdn. Bhd. and Jhi Soon Manufacturing Industries Sdn. Bhd., wholly owned subsidiaries of the Company have changed its principal activities from manufacturing and marketing of automotive parts to provision of rental of property, plant and equipments.
- (ii) On 29 April 2012, PT. NHF Auto Supplies Indonesia has increased the authorised share capital from USD 400,000 to USD 500,000. Subsequently, on 4 May, 2012 approval from the Ministry of Justice, Indonesia has been granted to increase the issued and paid up share capital from USD 250,000 to USD 500,000.

(b) In the previous financial year:

- (i) Hoeken Industrial Sdn. Bhd., a wholly owned subsidiary of the Group and of the Company had commenced member's voluntary winding up pursuant to Section 254(1)(b) of the Companies Act, 1965. Accordingly, an impairment loss of approximately RM55,527,000 was recognised during the financial year ended 31 December 2011.

As at the end of the reporting period, the liquidation process has yet to be completed.

- (ii) 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. During the financial year, the liquidation process was completed and proceeds of approximately RM630,000 was received by the Company upon the completion of the liquidation process. Accordingly, cost of investment RM3,712,000 and impairment loss of RM3,082,153 previously recognised has been written off during the financial year. No gain or loss was recorded in the Group and the Company arising from the liquidation.

(c) Acquisitions of subsidiaries in the previous financial year

- (i) On 11 January 2011, the Group subscribed for 250,000 shares at USD 1.00 each representing 100% equity interest in PT. NHF Auto Supplies Indonesia ("PT NHF"), a company incorporated in Indonesia, through its wholly owned subsidiary, New Hoong Fatt Auto Supplies Sdn. Bhd. for a cash consideration of RM757,500. PT NHF is principally engaged in the importing, exporting and trading of automotive parts and accessories.

The fair value of the identifiable assets and liabilities of PT NHF as at the date of incorporation are as follows:

	2011 RM'000
Cash/Total cost of acquisition	758

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

8. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Acquisitions of subsidiaries in the previous financial year (continued)

(i) The effects of the incorporation of PT NHF on cash flows were as follows:

	2011 RM'000
Incorporation expenses settled in cash	758
Cash and cash equivalents of subsidiary incorporated	(758)
	<hr/>
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'000
Revenue	450
Loss for the financial year	(827)
	<hr/>

(ii) 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'000
Cash/Total cost of acquisition	*
	<hr/>

The effects of the acquisition of NHFV on cash flows were as follows:

	2011 RM'000
Acquisition expenses settled in cash	*
Cash and cash equivalents of subsidiary acquired	(*)
	<hr/>
Net cash outflow of the Group on acquisition	-
	<hr/>

* represents RM2

NHFV has contributed the following results to Group for the financial year from the acquisition date:

	2011 RM'000
Revenue	-
Loss for the financial year	(4)
	<hr/>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

8. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Acquisitions of subsidiaries in the previous financial year (continued)

- (iii) On 3 June 2011, the Group incorporated a wholly owned subsidiary, Ampire Auto Parts (Shanghai) Co. Ltd ("Ampire") in the People's Republic of China through its wholly owned subsidiary, NHF Ventures Sdn. Bhd., with initial investment of RMB10.5 million (equivalent to RM3,064,960). Ampire is principally engaged in the importing, exporting and trading of automotive parts and accessories.

The fair value of the identifiable assets and liabilities of Ampire as at the date of incorporation were as follows:

	2011 RM'000
Cash/Total cost of incorporation	3,065

The effects of the incorporation of Ampire on cash flows were as follows:

	2011 RM'000
Incorporation expenses settled in cash	3,065
Cash and cash equivalents of subsidiary incorporated	(3,065)
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'000
Revenue	145
Loss for the financial year	(638)

- (iv) On 6 September 2011, the Group and 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.
- (v) On 8 September 2011, the Group and 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

8. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Disposal of a subsidiary in the previous financial year

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'000
Cost of investment	(3,000)
Post acquisition profits	(1,059)
	<hr/>
	(4,059)
Net proceeds from disposal	3,600
	<hr/>
Loss on disposal	(459)
	<hr/>

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'000
Property, plant and equipment	1,071
Inventories	4,293
Trade and other receivables	14,031
Cash and cash equivalents	2,481
Deferred tax liabilities	(101)
Trade and other payables	(9,007)
Borrowings	(5,942)
Current tax liabilities	(61)
	<hr/>
Net assets disposed	6,765
Less: Non-controlling interests	(2,705)
Loss on disposal	(459)
	<hr/>
Net proceeds from disposal	3,601
Less: Cash and cash equivalents of a subsidiary disposed	(2,483)
	<hr/>
Cash flow on disposal, net of cash and cash equivalents disposed	1,118
	<hr/>

9. INVESTMENT PROPERTIES

2012	Balance as at 1.1.2012 RM'000	Fair value adjustments recognised in profit or loss RM'000	Balance as at 31.12.2012 RM'000
Group			
Carrying amount			
Long-term leasehold land and buildings	9,500	-	9,500

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

9. INVESTMENT PROPERTIES (continued)

2011	Balance as at 1.1.2011 RM'000	Fair value adjustments recognised in profit or loss RM'000	Balance as at 31.12.2011 RM'000
Group			
Carrying amount			
Long-term leasehold land and buildings	8,300	1,200	9,500

The fair value of the investment properties is estimated by the Directors by reference to market evidence of transaction prices for similar properties in the same vicinity, which have been transacted in the open market. Pursuant to the valuation report dated 17 February 2012 by an independent firm of professional valuer, Messrs. Konsortium Perunding Hartanah Sdn. Bhd. the fair value of the investment properties is RM9,500,000 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	
	2012 RM'000	2011 RM'000
Insurance	1	1
Quit rent and assessment	32	32

10. PREPAID LEASE PAYMENTS FOR LAND

2012	Balance as at 1.1.2012 RM'000	Amortisation charge for the financial year RM'000	Balance as at 31.12.2012 RM'000
Group			
Carrying amount			
Short-term leasehold land	1,434	(85)	1,349

	At 31.12.2012	
	Cost RM'000	Accumulated amortisation RM'000
Short-term leasehold land	1,823	(474)
		Carrying amount RM'000
		1,349

2011	Balance as at 1.1.2011 RM'000	Amortisation charge for the financial year RM'000	Balance as at 31.12.2011 RM'000
Group			
Carrying amount			
Short-term leasehold land	1,519	(85)	1,434

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

10. PREPAID LEASE PAYMENTS FOR LAND (continued)

		At 31.12.2011	
	Cost RM'000	Accumulated amortisation RM'000	Carrying amount RM'000
Short-term leasehold land	1,823	(389)	1,434

11. AVAILABLE-FOR-SALE FINANCIAL ASSET

	Group	
	2012 RM'000	2011 RM'000
Available-for-sale financial asset		
- Club membership	130	130

Information on the fair value hierarchy is disclosed in Note 36(e) to the financial statements.

12. INTANGIBLE ASSET

2012		Balance as at 1.1.2012 RM'000	Additions RM'000	Impairment loss for the financial year RM'000	Amortisation charge for the financial year RM'000	Written off RM'000	Balance as at 31.12.2012 RM'000
Group	Note						
Carrying amount							
Goodwill on consolidation	(a)	8,539	-	(5,300)	-	-	3,239
Computer software	(b)	1,330	452	-	(544)	(1)	1,237
		9,869	452	(5,300)	(544)	(1)	4,476

		At 31.12.2012	
	Cost RM'000	Accumulated impairment RM'000	Accumulated amortisation RM'000
Goodwill on consolidation	31,225	(27,986)	-
Computer software	2,618	-	(1,381)
	33,843	(27,986)	(1,381)



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

12. INTANGIBLE ASSET (continued)

2011	Balance as at 1.1.2011 RM'000	Additions RM'000	Impairment loss for the financial year RM'000	Amortisation charge for the financial year RM'000	Balance as at 31.12.2011 RM'000
Group					
Carrying amount					
Goodwill on consolidation	15,339	-	(6,800)	-	8,539
Computer software	148	1,416	-	(234)	1,330
	15,487	1,416	(6,800)	(234)	9,869

	At 31.12.2011			
	Cost RM'000	Accumulated impairment RM'000	Accumulated amortisation RM'000	Carrying amount RM'000
Goodwill on consolidation	31,225	(22,686)	-	8,539
Computer software	2,167	-	(837)	1,330
	33,392	(22,686)	(837)	9,869

(a) Goodwill on consolidation

Goodwill arising from business combinations has been allocated to manufacturing cash-generating units ('CGU'), for impairment testing as follows:

	Manufacturing RM'000	Total RM'000
Goodwill	8,539	8,539
Less: Impairment loss	(5,300)	(5,300)
	3,239	3,239

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 RM5,300,000 (2011: RM6,800,000) has been recognised during the financial year due to declining economic benefits expected from the CGU of which the goodwill were allocated to as a result of reducing economic life of its products.

The recoverable amount was determined based on value-in-use calculations using cash flow projections based on management's estimation of revenue and cost in respect of products for which the business operation and assets acquired can produce, derived from internal sources and external sources. The remaining economic lives of the products are estimated for a period of 1 to 2 years and the discount rate applied to the cash flow projections was 9.14% based on weighted average cost of capital of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

12. INTANGIBLE ASSET (continued)

(a) Goodwill on consolidation (continued)

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:

(I) Budgeted gross margins

Gross margins are based on historical averages achieved in the preceding three (3) 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.

(b) Computer software

	Group	
Cost	2012 RM'000	2011 RM'000
Balance as at 1 January	2,167	751
Additions during the financial year	452	1,416
Write off	(1)	-
Balance as at 31 December	2,618	2,167
Accumulated amortisation		
Balance as at 1 January	837	603
Amortisation charge for the financial year	544	234
Balance as at 31 December	1,381	837
Carrying amount	1,237	1,330



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

13. DEFERRED TAX

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

	Group	
	2012 RM'000	2011 RM'000
Balance as at 1 January	15,020	14,748
Recognised directly in equity	-	(20)
Disposal of a subsidiary (Note 8)	-	(101)
	-	(121)
Recognised in profit or loss (Note 8):		
- current year	1,017	384
- (over)/under provision in prior years	(178)	9
	839	393
Balance as at 31 December	15,859	15,020

	Group	
	2012 RM'000	2011 RM'000
Presented after offsetting:		
Deferred tax assets	-	(222)
Deferred tax liabilities	15,859	15,242
Balance as at 31 December 2012	15,859	15,020

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

	Group	
	Unused tax losses RM'000	Total RM'000
Deferred tax assets		
Balance as at 31 December 2010	-	-
Recognised in profit or loss	222	222
Balance as at 31 December 2011	222	222
Recognised in profit or loss	(222)	(222)
Balance as at 31 December 2012	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

13. DEFERRED TAX (continued)

(b) The movements of deferred tax assets and liabilities are made up of the following: (continued)

Deferred tax liabilities	Group	
	Property, plant and equipment RM'000	Total RM'000
Balance as at 1 January 2011	14,748	14,748
Recognised directly in equity	(20)	(20)
Disposal of a subsidiary	(101)	(101)
Recognised in profit or loss	615	615
Balance as at 31 December 2011	15,242	15,242
Recognised in profit or loss	617	617
Balance as at 31 December 2012	15,859	15,859

14. INVENTORIES

	Group	
	2012 RM'000	2011 RM'000
At cost		
Raw materials	13,701	12,686
Work-in-progress	2,600	2,475
Finished goods	18,546	20,255
Consumables	100	117
	34,947	35,533
At net realisable value		
Finished goods	1,946	1,221
	36,893	36,754

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2012 (continued)****15. TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
Third parties	44,388	44,692	-	-
Less: Impairment losses	(8)	(89)	-	-
	44,380	44,603	-	-
Other receivables and deposits				
Amounts owing by subsidiaries	-	-	46,505	4,046
Dividends receivable from a subsidiary	-	-	35,129	57,379
Other receivables	619	293	-	-
Refundable deposits	286	296	3	3
	905	589	81,637	61,428
Loans and receivables	45,285	45,192	81,637	61,428
Prepayments	15,727	5,218	8	17
Total	61,012	50,410	81,645	61,445

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 days to 120 days (2011: 30 days to 120 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 RM10,570 (2011: RM25,792) owing by companies in which family members of the Executive Directors of the Company has substantial financial interests.
- (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 RM15,275,368 (2011: RM3,044,943) 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 37 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

15. TRADE AND OTHER RECEIVABLES (continued)

(f) The currency exposure profile of trade and other receivables are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	38,170	36,645	81,645	61,445
US Dollar	9,362	10,619	-	-
New Taiwan Dollar	3,149	2,248	-	-
Chinese Renminbi	661	369	-	-
Indonesian Rupiah	9,670	529	-	-
	61,012	50,410	81,645	61,445

(g) The ageing analysis of trade receivables of the Group are as follows:

	Group	
	2012 RM'000	2011 RM'000
Neither past due nor impaired	35,496	34,920
Past due, not impaired		
1 to 30 days	7,023	7,866
31 to 60 days	845	1,261
61 to 90 days	329	209
More than 90 days	687	347
	8,884	9,683
Past due and impaired	8	89
	44,388	44,692

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 RM8,883,622 (2011: RM9,682,561) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

15. TRADE AND OTHER RECEIVABLES (continued)

- (g) The ageing analysis of trade receivables of the Group are as follows: (continued)

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	
	2012 RM'000	2011 RM'000
Trade receivables, gross	8	89
Less: Impairment loss	(8)	(89)
	-	-

- (h) The reconciliation of movement in the impairment loss is as follows:

	Group	
	2012 RM'000	2011 RM'000
As at 1 January	89	785
Written off	(85)	(665)
Reversal of impairment loss	(1)	(31)
Impairment loss	5	-
As at 31 December	8	89

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.

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash and bank balances	24,637	14,436	61	27
Short term placements	6,337	21,066	-	-
	30,974	35,502	61	27

- (a) Information on financial risks of cash and cash equivalents are disclosed in Note 37 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

16. CASH AND CASH EQUIVALENTS (continued)

(c) The currency exposure profile of cash and cash equivalents are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	20,689	30,234	61	27
US Dollar	8,808	4,773	-	-
Chinese Renminbi	466	284	-	-
Indonesian Rupiah	1,011	211	-	-
	30,974	35,502	61	27

17. NON-CURRENT ASSET HELD FOR SALE

	2012 RM'000	2011 RM'000
Property, plant and equipment		
Freehold land and building (Note 7)	-	540

The disposal of non-current assets held for sale in 2011 was completed during the financial year.

18. SHARE CAPITAL

	Group and Company			
	2012		2011	
	Number of shares'000	RM'000	Number of shares'000	RM'000
Ordinary shares of RM1.00 each:				
Authorised	100,000	100,000	100,000	100,000
Issued and fully paid:				
Balance as at 1 January/ 31 December	75,157	75,157	75,157	75,157

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.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

19. RESERVES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-distributable:				
Share premium	4,210	4,210	4,210	4,210
Revaluation reserve	36,550	42,832	-	-
Exchange translation reserve	(141)	172	-	-
Available-for-sale reserve	47	47	-	-
	40,666	47,261	4,210	4,210
Distributable:				
Retained earnings	186,785	166,759	24,777	4,675
	227,451	214,020	28,987	8,885

(a) Revaluation reserve

The asset revaluation reserve is used to record the changes in the fair value of land and buildings.

(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

The reserve arose from gains or losses of financial assets is classified as available-for-sale reserve.

(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.

20. BORROWINGS (INTEREST BEARING)

	Group	
	2012 RM'000	2011 RM'000
Current liabilities - unsecured		
Bankers' acceptances	14,910	14,208
Term loans	5,572	5,083
Hire purchase creditors (Note 21)	15	38
	20,497	19,329
Non-current liabilities - unsecured		
Term loans	7,425	7,655
	27,922	26,984

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

20. BORROWINGS (INTEREST BEARING) (continued)

	Group	
	2012 RM'000	2011 RM'000
Total borrowings		
Bankers' acceptances	14,910	14,208
Term loans	12,997	12,738
Hire purchase creditors (Note 21)	15	38
	27,922	26,984
Repayable as follows:		
- not later than one (1) year	20,497	19,329
- between one (1) to five (5) years	7,425	7,655
	27,922	26,984

- (a) Borrowings are denominated in Ringgit Malaysia except for hire purchase creditors which is denominated in Indonesian Rupiah.
- (b) Bankers' acceptances and term loans of the Group are guaranteed by corporate guaranteed from the Company.
- (c) Information on financial risks of the borrowings is disclosed in Note 37 to the financial statements.

21. HIRE PURCHASE CREDITORS

	Group	
	2012 RM'000	2011 RM'000
Minimum hire purchase payments:		
- not later than one (1) year	15	38
- later than one (1) year but not later than five (5) years	-	-
Total minimum hire purchase payments	15	38
Less: Future interest charges	-	-
Present value of hire purchase payments	15	38
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	15	38

Information on financial risks of hire purchase creditors is disclosed in Note 37 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Trade				
Third parties	6,229	6,679	-	-
Non-trade				
Amounts owing to subsidiaries	-	-	1,075	1,500
Other payables	1,915	882	-	-
Accruals	6,197	5,814	202	180
	8,112	6,696	1,277	1,680
Total	14,341	13,375	1,277	1,680

- (a) Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 days to 120 days (2011: 30 days to 120 days).
- (b) Included in trade payables of the Group are amounts of RM133,213 (2011: RM118,046) owing to companies in which family member of the Executive 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 37 to the financial statements.
- (e) The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Ringgit Malaysia	12,404	12,253	1,277	1,680
Chinese Renminbi	124	131	-	-
Indonesian Rupiah	149	136	-	-
US Dollar	1,664	855	-	-
	14,341	13,375	1,277	1,680

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

23. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Group	
	2012		2011	
	Contract/ Notional amount RM'000	Liabilities RM'000	Contract/ Notional amount RM'000	Liabilities RM'000
Forward currency contracts	-	-	4,153	42

In the previous financial year, the Group entered into forward currency contracts to operationally hedge forecast purchases denominated in foreign currencies that were expected to occur at various dates within three (3) months from the end of the financial year. The forward currency contracts had maturity dates that coincided with the expected occurrence of these transactions. The fair values of these components had been determined based on the difference between the contract value and fair value of the derivative financial instruments at the end of the financial year.

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	
	2012 RM'000	2011 RM'000
Not later than one (1) year	293	358
Later than one (1) year and not later than five (5) years	688	1,272
	981	1,630

(b) Capital commitments

	Group	
	2012 RM'000	2011 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
- Contracted but not provided for	29,579	11,354



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

25. CONTINGENT LIABILITIES

Unsecured	Company	
	2012 RM'000	2011 RM'000
Guarantee in favour of banks for banking facilities utilised by subsidiaries	27,907	26,946

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.

26. REVENUE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sale of goods	217,467	215,570	-	-
Dividend income from subsidiaries	-	-	33,238	66,800
	217,467	215,570	33,238	66,800

27. COST OF SALES

In 2012, inventories recognised as cost of sales amounted to RM116,299,114 (2011: RM122,625,399).

28. FINANCE COSTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest expense on:				
- bankers' acceptances	521	692	-	-
- bank overdrafts	-	26	-	-
- term loans	661	735	-	-
- hire purchase creditors	-	5	-	-
	1,182	1,458	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

29. PROFIT BEFORE TAX

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before tax is arrived					
at after charging:					
Amortisation of:					
- prepaid lease payments for land	10	85	85	-	-
- intangible asset	12	544	234	-	-
Auditors' remuneration:					
- statutory		210	187	19	17
- non-statutory		18	4	18	4
Bad debts written off		9	42	-	-
Depreciation of property, plant and equipment	7	18,697	17,577	-	-
Directors' remunerations					
- fees:					
- payable by the Company		165	150	165	150
- payable by subsidiaries		318	278	-	-
- emoluments other than fees:					
- payable by the Company		45	45	45	45
- payable by subsidiaries		1,717	1,748	-	-
Fair value adjustments					
on derivative instruments	23	(42)	42	-	-
Loss on disposal of a subsidiary	8	-	459	-	-
Impairment loss on:					
- investment in a subsidiary	8	-	-	-	55,527
- goodwill	12	5,300	6,800	-	-
- property, plant and equipment		-	149	-	-
- trade receivables	15(h)	5	-	-	-
Intangible assets written off	12	1	-	-	-
Property, plant and equipment written off	7	74	717	-	-
Net realised loss on foreign exchange		318	-	-	-
Rental of factory and premises		723	677	-	-
Unrealised loss on foreign exchange		236	-	-	-
And crediting:					
Reversal of impairment loss on trade receivables	15(h)	1	31	-	-
Dividend income from unquoted subsidiaries		-	-	33,238	66,800
Fair value adjustments on investment properties	9	-	1,200	-	-
Gain on disposal of property, plant and equipment		330	225	-	-
Gain on disposal of scrap		10,658	9,917	-	-
Gain on disposal of non- current asset held for sale		10	-	-	-
Interest income from short term placements		856	657	-	-
Net realised gain on foreign exchange		-	71	-	-
Rental income from investment properties		378	501	-	-
Unrealised gain on foreign exchange		-	6	-	-

**NOTES TO THE FINANCIAL STATEMENTS****31 DECEMBER 2012 (continued)****30. TAX EXPENSE**

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial year:				
- current year	4,390	5,531	3,502	-
- (over)/under provision in prior years	(323)	22	-	57
	4,067	5,553	3,502	57
Deferred tax liabilities (Note 13):				
- relating to origination and reversal of temporary differences	1,017	384	-	-
- (over)/under provision in prior years	(178)	9	-	-
	839	393	-	-
	4,906	5,946	3,502	57

The Malaysian income tax is calculated at the statutory tax rate of 25% (2011: 25%) of the estimated taxable profits for the fiscal year.

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

	Group		Company	
	2012	2011	2012	2011
	%	%	%	%
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	(4.9)	(1.9)	(14.5)	(155.9)
Non-allowable expenses	15.1	12.9	0.2	130.9
Utilisation of reinvestment allowances	(15.6)	(13.2)	-	-
	(19.5)	22.7	10.7	-
(Over)/Under provision of tax expense in prior years	(1.2)	0.1	-	0.5
(Over)/Under provision of deferred tax in prior years	(0.6)	0.1	-	-
Average effective tax rate	17.7	22.9	10.7	0.5

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

31. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The 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.

	2012	2011
Profit attributable to equity holders of the parent (RM'000)	22,763	19,805
Weighted average number of ordinary shares applicable to basic earnings per share ('000)	75,157	75,157
Basic earnings per ordinary share (sen)	30.29	26.35

Diluted earnings per ordinary share

Diluted earnings per ordinary share is the same as basic earnings per ordinary share as there were no dilutive potential ordinary shares.

32. DIVIDENDS

	2012		2011	
	Single tier dividend per share sen	Amount of dividend RM'000	Single tier dividend per share sen	Amount of dividend RM'000
Final dividend paid	9	6,764	10	7,515
Interim dividend paid	3	2,255	3	2,255
	12	9,019	13	9,770

The Directors recommend a final single tier dividend of 8 sen per ordinary share and a special final single tier dividend of 2 sen per ordinary share amounting to RM7,515,660 in respect of the financial year ended 31 December 2012, 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 2013.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

33. EMPLOYEES BENEFITS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Salaries, wages, overtime, bonuses, allowances and commissions	30,901	27,604	135	135
Contributions to defined contribution plan	2,856	2,561	-	-
Social security contributions	302	301	-	-
	34,059	30,466	135	135

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM1,732,312 (2011: RM1,762,940) and RM15,000 (2011: RM15,000) respectively.

34. 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.

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. }	Companies in which family members of the Executive Directors of the Company have substantial financial interests.
Pong Codan Rubber (M) Sdn. Bhd. }	
PT Pong Codan Indonesia }	
L F Kim Holdings Sdn. Bhd. }	

(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		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sales to:				
- Pong Codan Marketing Sdn. Bhd.	19	17	-	-
- Pong Codan Rubber (M) Sdn. Bhd.	37	97	-	-
- PT Pong Codan Indonesia	-	807	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

34. 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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Purchases from:				
- Pong Codan Marketing Sdn. Bhd.	1,083	1,231	-	-
- Pong Codan Rubber (M) Sdn. Bhd.	395	372	-	-
- PT Pong Codan Indonesia	-	489	-	-
Rental paid to:				
L F Kim Holdings Sdn. Bhd.	72	108	-	-
Dividend received and receivable from subsidiaries	-	-	33,238	66,800

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.

- (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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors' remuneration payable to:				
Executive Directors:				
- fees	333	293	15	15
- Other emoluments	1,732	1,763	15	15
	2,065	2,056	30	30
Non-executive Directors:				
- fees	150	135	150	135
- Other emoluments	30	30	30	30
	180	165	180	165
	2,245	2,221	210	195

The estimated monetary value of benefits-in-kind received by the Directors other than in cash from the Group amounted to RM96,350 (2011: RM104,343).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

35. 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 and accessories, and moulds and dies.
Trading	Marketing, distribution and trading of automotive parts and accessories.
Investment	Investment holding and provision of rental of property, plant and equipments.

Other operating segments that do not constitute reportable segments comprise of inactive subsidiary and a subsidiary under voluntary winding up.

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.

Segment liabilities exclude deferred tax liabilities.

2012	Manufacturing RM'000	Trading RM'000	Investment RM'000	Other operating segments RM'000	Total RM'000
Revenue					
Total revenue	163,119	136,966	50,252	-	350,337
Inter-segment revenue	(82,618)	-	(50,252)	-	(132,870)
Revenue from external customers	80,501	136,966	-	-	217,467
Interest income	167	267	422	-	856
Finance costs	(184)	(684)	(314)	-	(1,182)
Net finance expenses	(17)	(417)	108	-	(326)
Depreciation of property, plant and equipment	(6,244)	(1,508)	(10,945)	-	(18,697)
Amortisation of prepaid lease payments for land	-	(85)	-	-	(85)
Amortisation of intangible assets	(399)	(73)	(72)	-	(544)
Segment profit/(loss) before income tax	28,286	(1,925)	32,438	(10)	58,789

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

35. OPERATING SEGMENTS (continued)

(a) Business segments (continued)

2012	Manufacturing RM'000	Trading RM'000	Investment RM'000	Other operating segments RM'000	Total RM'000
Income tax expense	(3,005)	(824)	(1,077)	-	(4,906)
Other material non-cash items:					
- impairment loss on goodwill	-	-	(5,300)	-	(5,300)
- Bad debts written off	-	(9)	-	-	(9)
- Fair value adjustments on derivatives	20	-	22	-	42
- Property, plant and equipment written off	(60)	(9)	(5)	-	(74)
Additions to non-current assets other than financial instruments	37,433	6,196	349	-	43,978
Segment assets	92,727	109,004	159,775	46	361,552
Segment liabilities	12,188	26,253	4,643	1	43,085

2011	Manufacturing RM'000	Trading RM'000	Investment RM'000	Other operating segments RM'000	Total RM'000
Revenue					
Total revenue	143,698	150,609	66,800	-	361,107
Inter-segment revenue	(78,737)	-	(66,800)	-	(145,537)
Revenue from external customers	64,961	150,609	-	-	215,570
Interest income	446	211	-	-	657
Finance costs	(483)	(975)	-	-	(1,458)
Net finance expenses	(37)	(764)	-	-	(801)
Depreciation of property, plant and equipment	(16,068)	(1,509)	-	-	(17,577)
Amortisation of prepaid lease payments for land	-	(85)	-	-	(85)
Amortisation of intangible assets	(135)	(99)	-	-	(234)
Segment profit/(loss) before income tax	44,419	2,442	10,709	(18)	57,552



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

35. OPERATING SEGMENTS (continued)

(a) Business segments (continued)

2011	Manufacturing RM'000	Trading RM'000	Investment RM'000	Other operating segments RM'000	Total RM'000
Income tax expense	(5,284)	(604)	(58)	-	(5,946)
Other material non-cash items:					
- fair value gain on investment properties	-	1,200	-	-	1,200
- impairment loss on goodwill	(6,800)	-	-	-	(6,800)
- fair value adjustments on derivatives	(20)	-	(22)	-	(42)
- property, plant and equipment written off	(349)	(368)	-	-	(717)
Additions to non-current assets other than financial instruments	19,215	2,513	-	-	21,727
Segment assets	257,158	89,208	54	176	346,596
Segment liabilities	17,897	24,099	180	1	42,177

Reconciliation of reportable segment profit or loss and liabilities to the Group's corresponding amounts are as follows:

	2012 RM'000	2011 RM'000
Profit for the financial year		
Total profit for reportable segments	58,789	57,552
Elimination of inter-segment profits	(31,120)	(31,693)
Profit before tax	27,669	25,859
Income tax expense	(4,906)	(5,946)
Profit for the financial year	22,763	19,913
Liabilities		
Total liabilities for reportable segments	43,085	42,177
Deferred tax liabilities	15,859	15,242
Group's liabilities	58,944	57,419

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

35. OPERATING SEGMENTS (continued)

(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.

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	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Malaysia	133,682	150,434	338,439	332,857	43,642	20,503
Asean	26,618	16,892	14,507	3,475	170	633
Non Asean	57,167	48,244	8,606	10,264	166	591
	217,467	215,570	361,552	346,596	43,978	21,727

36. 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 2011.

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 2012 and 31 December 2011.

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 target gearing ratio is less than 40% determined as the proportion of net debt to shareholder's fund. 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.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

36. FINANCIAL INSTRUMENTS (continued)

(a) Capital management (continued)

The gearing ratios of the Group and of the Company are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Borrowings	27,922	26,984	-	-
Trade and other payables	14,341	13,375	1,277	1,680
Current tax liabilities	822	1,776	-	-
Total liabilities	43,085	42,135	1,277	1,680
Less: Cash and cash equivalents	(30,974)	(35,502)	(61)	(27)
Net debt	12,111	6,633	1,216	1,653
Total equity	302,686	289,177	104,144	84,042
Net debt (A)	12,111	6,633	1,216	1,653
Total equity plus net debt (B)	314,719	295,810	105,360	85,695
Gearing ratio (A)/(B)	3.85%	2.24%	1.15%	1.93%

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 December 2012.

(b) Categories of financial instruments

Group 2012	Loans and receivables RM'000	Available- for-sale RM'000	Total RM'000
Financial assets			
Investments	-	130	130
Trade and other receivables	45,285	-	45,285
Cash and cash equivalents	30,974	-	30,974
	76,259	130	76,389

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Borrowings	27,922	27,922
Trade and other payables	14,341	14,341
	42,263	42,263

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

36. FINANCIAL INSTRUMENTS (continued)

(b) Categories of financial instruments (continued)

Company 2012	Loans and receivables RM'000	Total RM'000
Financial assets		
Trade and other receivables	81,637	81,637
Cash and cash equivalents	61	61
	81,698	81,698
	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Trade and other payables	1,277	1,277

Group 2011	Loans and receivables RM'000	Available- for-sale RM'000	Total RM'000
Financial assets			
Investments	-	130	130
Trade and other receivables	45,192	-	45,192
Cash and cash equivalents	35,502	-	35,502
	80,694	130	80,824
	Other financial liabilities RM'000	Fair value through profit or loss RM'000	Total RM'000
Financial liabilities			
Borrowings	26,984	-	26,984
Trade and other payables	13,375	-	13,375
Derivative liabilities	-	42	42
	40,359	42	40,401



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

36. FINANCIAL INSTRUMENTS (continued)

(b) Categories of financial instruments (continued)

Company 2011	Loans and receivables RM'000	Total RM'000
Financial assets		
Trade and other receivables	61,428	61,428
Cash and cash equivalents	27	27
	<u>61,455</u>	<u>61,455</u>
	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Trade and other payables	1,680	1,680

(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:

2012	Note	Group		Company	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Recognised					
Financial liabilities:					
Hire purchase creditors	20	15	15	-	-
Fixed rate term loans		410	403	-	-
Unrecognised					
Financial corporate guarantee given to subsidiaries	25	-	-	-	#
2011					
Recognised					
Financial liabilities:					
Hire purchase creditors	20	38	38	-	-
Fixed rate term loans		1,953	1,898	-	-
Unrecognised					
Financial corporate guarantee given to subsidiaries	25	-	-	-	#

The fair value of the financial corporate guarantee is negligible as the chances of the financial institution to call upon the corporate guarantees are remote.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

36. FINANCIAL INSTRUMENTS (continued)

(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 memberships

The fair values of club memberships are estimated by reference to the recently transacted prices of similar instruments.

(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).



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

36. FINANCIAL INSTRUMENTS (continued)

(e) Fair value hierarchy (continued)

As at 31 December 2012, the Group held the following financial instruments carried at fair values on the statement of financial position:

Assets measured at fair value

	31.12.2012 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Available-for-sale financial asset				
- Club memberships	130	-	130	-

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'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Available-for-sale financial asset				
- Club memberships	130	-	130	-

Liabilities measured at fair value

	31.12.2011 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Financial liabilities at fair value through profit or loss				
- Forward currency contracts	42	-	42	-

There were no transfer between level 1 and level 2 fair value measurements during the financial year ended 31 December 2012 and 31 December 2011.

37. 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 an 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 China have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Foreign currency risk (continued)

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:

	2012 RM'000	2011 RM'000
US Dollar ("USD")	8,808	4,773
Chinese Renminbi ("RMB")	466	284
Indonesian Rupiah ("IDR")	1,011	211
	10,285	5,268

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 USD. The Group exports to Asean and Non-Asean regions are mainly denominated in USD.

The Group did not enter into any forward foreign exchange contract during the financial year.

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 2012 RM'000 Profit after tax	2011 RM'000 Profit after tax
USD/RM - strengthen by 5%	536	457
- weaken by 5%	(536)	(457)

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.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Liquidity and cash flow risk (continued)

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31 December 2012				
Financial liabilities				
Trade and other payables	14,341	-	-	14,341
Borrowings	20,979	7,720	-	28,699
Total undiscounted financial liabilities	35,320	7,720	-	43,040

Company	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31 December 2012				
Financial liabilities				
Trade and other payables	1,277	-	-	1,277
Total undiscounted financial liabilities	1,277	-	-	1,277

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31 December 2011				
Financial liabilities				
Trade and other payables	13,375	-	-	13,375
Borrowings	19,839	8,055	-	27,894
Derivative liabilities	42	-	-	42
Total undiscounted financial liabilities	33,256	8,055	-	41,311

Company	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31 December 2011				
Financial liabilities				
Trade and other payables	1,680	-	-	1,680
Total undiscounted financial liabilities	1,680	-	-	1,680

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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 cash 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 sovereign ratings by registered credit agencies.

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% (2011: 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 15 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 15 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 not materially affected by changes in market interest rates, the Group does not use derivative financial instruments to hedge its risk.

Sensitivity analysis for interest rate risk

At 31 December 2012, if interest rates at the date had been 100 basis points lower with all other variables held constant, post-tax profit for the year would have been RM209,000 (2011: RM234,000) higher, arising mainly as a result of lower interest expense on variable borrowings. If interest rates had been 100 basis points higher, with all other variables held constant, post-tax profit would have been RM206,000 (2011: RM234,000) lower, arising mainly as a result of higher interest expense on variable borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

37. 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	Weighted average effective interest rate per annum %	Repayable within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	5 years RM'000	Total RM'000
At 31 December 2012								
Fixed rates								
Bankers' acceptances	20	3.83	14,910	-	-	-	-	14,910
Term loans	20	5.58	410	-	-	-	-	410
Hire purchase creditors	21	-	15	-	-	-	-	15
Floating rates								
Term loans	20	4.79	5,162	4,744	2,509	172	-	12,587
At 31 December 2011								
Fixed rates								
Bankers' acceptances	20	3.71	14,208	-	-	-	-	14,208
Term loans	20	5.55	1,543	410	-	-	-	1,953
Hire purchase creditors	21	-	38	-	-	-	-	38
Floating rates								
Term loans	19	4.48	3,540	3,540	2,938	767	-	10,785

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 18 December 2012, the Group's wholly-owned subsidiary, namely PT. NHF Auto Supplies Indonesia, had executed the letters of offer at Jakarta, Indonesia to purchase properties for a total consideration price of IDR71,500,000,000 (equivalent to approximately RM22.9 million).

39. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 30 January 2013, the Group had successfully completed the execution of the sale and purchase agreements at Jakarta, Indonesia, in connection with the acquisition of properties for a total consideration price of IDR71,500,000,000 (equivalent to approximately RM22.9 million).

40. EXPLANATION OF TRANSITION TO MFRSS

The Group and the Company are non-transitioning entities as defined by the MASB, and has adopted the MFRS Framework during the financial year ended 31 December 2012. Accordingly, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSS.

The accounting policies set out in Note 4 to the financial statements have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2012, as well as comparative information presented in these financial statements for the financial year ended 31 December 2011 and in the preparation of the opening MFRS statements of financial position at 1 January 2011 (the date of transition of the Group to MFRSS).

The Group has adjusted amounts previously reported in the financial statements that were prepared in accordance with the previous FRS Frameworks. In preparing the opening statements of financial position at 1 January 2011, an explanation on the impact arising from the transition from FRSs to MFRSS on the Group's financial position, financial performance and cash flows is set out as follows:

(a) Reconciliation of financial position as at 1 January 2011

		[Group]			[Company]		
	Note	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	40 (c)	172,224	22,516	194,740	-	-	-
Investment properties		8,300	-	8,300	-	-	-
Prepaid lease payments for land		1,519	-	1,519	-	-	-
Available-for-sale financial assets		83	-	83	-	-	-
Intangible assets	40 (c)	15,339	148	15,487	-	-	-
Investments in subsidiaries		-	-	-	77,670	-	77,670
		197,465	22,664	220,129	77,670	-	77,670



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

40. EXPLANATION OF TRANSITION TO MFRSs (continued)

(a) Reconciliation of financial position as at 1 January 2011 (continued)

Note	[Group]			[Company]		
	Previously reported under FRSS RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000	Previously reported under FRSS RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000
ASSETS						
Current assets						
Inventories	41,868	-	41,868	-	-	-
Trade and other receivables	58,950	-	58,950	5,522	-	5,522
Current tax assets	3	-	3	3	-	3
Cash and cash equivalents	33,328	-	33,328	172	-	172
	134,149	-	134,149	5,697	-	5,697
TOTAL ASSETS	331,614	22,664	354,278	83,367	-	83,367
EQUITY AND LIABILITIES						
Equity attributable to owners of the parent						
Share capital	75,157	-	75,157	75,157	-	75,157
Reserves	17,723	22,126	39,849	4,210	-	4,210
Retained earnings	156,724	-	156,724	3,793	-	3,793
	249,604	22,126	271,730	83,160	-	83,160
Non-controlling interests	2,597	-	2,597	-	-	-
TOTAL EQUITY	252,201	22,126	274,327	83,160	-	83,160
LIABILITIES						
Non-current liabilities						
Borrowings	11,903	-	11,903	-	-	-
Deferred tax liabilities	14,210	538	14,748	-	-	-
	26,113	538	26,651	-	-	-
Current liabilities						
Trade and other payables	17,783	-	17,783	207	-	207
Borrowings	35,050	-	35,050	-	-	-
Current tax payable	467	-	467	-	-	-
	53,300	-	53,300	207	-	207
TOTAL LIABILITIES	79,413	538	79,951	207	-	207
TOTAL EQUITY AND LIABILITIES	331,614	22,664	354,278	83,367	-	83,367

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

40. EXPLANATION OF TRANSITION TO MFRSs (continued)

(a) Reconciliation of financial position as at 31 December 2011

		[Group]			[Company]		
	Note	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	40 (c)	203,411	(1,330)	202,081	-	-	-
Investment properties		9,500	-	9,500	-	-	-
Prepaid lease payments for land		1,434	-	1,434	-	-	-
Available-for-sale financial assets		130	-	130	-	-	-
Intangible assets		8,539	1,330	9,869	-	-	-
Investments in subsidiaries		-	-	-	24,243	-	24,243
Deferred tax assets		222	-	222	-	-	-
		223,236	-	223,236	24,243	-	24,243
Current assets							
Inventories		36,754	-	36,754	-	-	-
Trade and other receivables		50,410	-	50,410	61,445	-	61,445
Current tax assets		154	-	154	7	-	7
Cash and cash equivalents		35,502	-	35,502	27	-	27
		122,820	-	122,820	61,479	-	61,479
Non-current assets held for sale		540	-	540	-	-	-
TOTAL ASSETS		346,596	-	346,596	85,722	-	85,722

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2012 (continued)

40. EXPLANATION OF TRANSITION TO MFRSs (continued)

(a) Reconciliation of financial position as at 31 December 2011 (continued)

Note	[Group]			[Company]		
	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000	Previously reported under FRSs RM'000	Effect on adoption of MFRSs RM'000	Restated under MFRSs RM'000
EQUITY AND LIABILITIES						
Equity attributable to owners of the parent						
Share capital	75,157	-	75,157	75,157	-	75,157
Reserves	47,261	-	47,261	4,210	-	4,210
Retained earnings	166,759	-	166,759	4,675	-	4,675
	289,177	-	289,177	84,042	-	84,042
Non-controlling interests	-	-	-	-	-	-
TOTAL EQUITY	289,177	-	289,177	84,042	-	84,042
LIABILITIES						
Non-current liabilities						
Borrowings	7,655	-	7,655	-	-	-
Deferred tax liabilities	15,242	-	15,242	-	-	-
	22,897	-	22,897	-	-	-
Current liabilities						
Trade and other payables	13,375	-	13,375	1,680	-	1,680
Borrowings	19,329	-	19,329	-	-	-
Derivative liabilities	42	-	42	-	-	-
Current tax payable	1,776	-	1,776	-	-	-
	34,522	-	34,522	1,680	-	1,680
TOTAL LIABILITIES	57,419	-	57,419	1,680	-	1,680
TOTAL EQUITY AND LIABILITIES	346,596	-	346,596	85,722	-	85,722

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

40. EXPLANATION OF TRANSITION TO MFRSs (continued)

- (b) Reconciliation of profit and loss and other comprehensive income as at 31 December 2011

The statements of comprehensive income for the financial year ended 31 December 2011 have been restated arising from the adoption of MFRS as follows:

Group	As previously reported under FRSs RM'000	Effects on adoption of MFRSs RM'000	As restated under MFRSs RM'000
Revenue	215,570	-	215,570
Cost of sales	(158,036)	-	(158,036)
Gross profit	57,543	-	57,543
Other operating income	12,524	-	12,524
Selling and distribution expenses	(9,746)	-	(9,746)
Administrative expenses	(26,204)	-	(26,204)
Other operating expenses	(6,800)	-	(6,800)
Finance costs	(1,458)	-	(1,458)
Profit before tax	25,859	-	25,859
Tax expense	(5,946)	-	(5,946)
Profit for the financial year	19,913	-	19,913
Other comprehensive income			
Foreign currency translation	172	-	172
Fair value gains on available-for-sale financial asset	47	-	47
Revaluation surplus of land and building, net of tax	29,319	(22,126)	7,193
Other comprehensive income, net of tax	29,538	(22,126)	7,412
Total comprehensive income	49,451	(22,126)	27,325



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

40. EXPLANATION OF TRANSITION TO MFRSs (continued)

(c) Notes to reconciliation

(i) Property, plant and equipment – use of fair value as deemed cost

The Group elected to apply the optional exemption to measure certain property, plant and equipment at fair value at the date of transition to MFRSs and use that fair value as deemed cost.

The aggregate fair value of these property, plant and equipment at 1 January 2011 was determined to be RM194,740,082 compared to the then carrying amount of RM172,223,358 under FRSs.

(ii) Intangible assets

Previously, computer software was included under property, plant and equipment. MFRS 138 *Intangible Assets* requires reclassification of computer software, which is not an integral part of a related hardware, as an intangible asset and is amortised over its useful life.

The costs relating to expenditure on such software has been reclassified from property, plant and equipment to intangible assets. A reclassification of RM147,729 was made on transition to MFRS on 1 January 2011 of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (continued)

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:

	2012		2011	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Total retained earnings before consolidation adjustments				
- Realised	256,017	24,777	236,732	4,675
- Unrealised	(10,827)	-	(8,851)	-
	245,190	24,777	227,881	4,675
Less: Consolidation adjustments	(58,405)	-	(61,122)	-
Total Group/Company retained earnings as per consolidated financial statements	186,785	24,777	166,759	4,675

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 Malaysia Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

**LIST OF PROPERTIES / SENARAI HARTANAH**

as at 31 December 2012 / pada 31 Disember 2012

Location	Description/ Existing Use	Land Area / Built-up Area	Tenure/ Approximate Age of Building	Date of Last Revaluation or Acquisition	Net Book Value (RM'000)
<i>Lokasi</i>	<i>Keterangan / Kegunaan</i>	<i>Keluasan Tanah / Luas Kawasan Terbina</i>	<i>Jenis Hakmilik / Anggaran Usia Bangunan</i>	<i>Tarikh Penilaian Semula atau Pembelian</i>	<i>Nilai Buku Bersih (RM'000)</i>
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 <i>Tanah perindustrian dan bangunan/ Pejabat dan kilang</i>	31,240 sq m/ 29,034 sq m	Freehold/ 14-21 years <i>Pegangan bebas/ 14-21 tahun</i>	03.02.12	28,541
GM 3890 Lot 5043 Mukim of Kapar District of Klang Selangor	Industrial land and building/ Office and warehouse <i>Tanah perindustrian dan bangunan/ Pejabat dan gudang</i>	10,918 sq m/ 9,486 sq m	Freehold/ 10 years <i>Pegangan bebas/ 10 tahun</i>	03.02.12	10,651
GM 1672 Lot 5044 Mukim of Kapar District of Klang Selangor	Industrial land and building/ Warehouse <i>Tanah perindustrian dan bangunan/ Gudang</i>	10,031 sq m/ 17,756 sq m	Freehold/ 10 years <i>Pegangan bebas/ 10 tahun</i>	03.02.12	13,666
HS(M)35401 No. PT 54723 (Lot 5045) Mukim of Kapar District of Klang Selangor	Industrial land and building/ Factory <i>Tanah perindustrian dan bangunan/ Kilang</i>	10,085 sq m/ 6,786 sq m	Freehold/ 12 years <i>Pegangan bebas/ 12 tahun</i>	03.02.12	8,876

LIST OF PROPERTIES / SENARAI HARTANAH

as at 31 December 2012 / pada 31 Disember 2012 (Continued / Sambungan)

Location	Description/ Existing Use	Land Area / Built-up Area	Tenure/ Approximate Age of Building	Date of Last Revaluation or Acquisition	Net Book Value (RM'000)
<i>Lokasi</i>	<i>Keterangan / Kegunaan</i>	<i>Keluasan Tanah / Luas Kawasan Terbina</i>	<i>Jenis Hakmilik / Anggaran Usia Bangunan</i>	<i>Tarikh Penilaian Semula atau Pembelian</i>	<i>Nilai Buku Bersih (RM'000)</i>
GM 1859 Lot 5046 Mukim of Kapar District of Klang Selangor	Industrial land and building/ Office and factory <i>Tanah perindustrian dan bangunan/ Pejabat dan kilang</i>	10,669 sq m/ 7,237 sq m	Freehold/ 10 years <i>Pegangan bebas/ 10 tahun</i>	03.02.12	9,572
HS(M) 36093 No. PT 56761 (Lot 5047-5048) Mukim of Kapar District of Klang Selangor	Industrial land and building/ Factory <i>Tanah perindustrian dan bangunan/ Kilang</i>	20,109 sq m/ 12,447 sq m	Freehold/ 2 years <i>Pegangan bebas/ 2 tahun</i>	03.02.12	16,537
GM 5108 Lot 5060 Mukim of Kapar District of Klang Selangor	Vacant agricultural land <i>Tanah pertanian kosong</i>	12,141 sq m/ -	Freehold/ - <i>Pegangan bebas/ -</i>	14.08.12	3,383
GM 5105 Lot 5061 Mukim of Kapar District of Klang Selangor	Vacant agricultural land <i>Tanah pertanian kosong</i>	12,141 sq m/ -	Freehold/ - <i>Pegangan bebas/ -</i>	14.08.12	3,383
GM 5592 Lot 5062 Mukim of Kapar District of Klang Selangor	Vacant agricultural land <i>Tanah pertanian kosong</i>	12,141 sq m/ -	Freehold/ - <i>Pegangan bebas/ -</i>	14.08.12	3,625
GM 5582 Lot 5065 Mukim of Kapar District of Klang Selangor	Vacant Industrial land <i>Tanah perindustrian kosong</i>	12,141 sq m/ -	Freehold/ - <i>Pegangan bebas/ -</i>	03.02.12	4,000

**LIST OF PROPERTIES / SENARAI HARTANAH**

as at 31 December 2012 / pada 31 Disember 2012 (Continued / Sambungan)

Location	Description/ Existing Use	Land Area / Built-up Area	Tenure/ Approximate Age of Building	Date of Last Revaluation or Acquisition	Net Book Value (RM'000)
Lokasi	Keterangan / Kegunaan	Keluasan Tanah / Luas Kawasan Terbina	Jenis Hakmilik / Anggaran Usia Bangunan	Tarikh Penilaian Semula atau Pembelian	Nilai Buku Bersih (RM'000)
Pajakan Negeri (WP) 26296 – 26297 Lot 47054 – 47055 Mukim Batu District of Kuala Lumpur Wilayah Persekutuan KL	Industrial land and building/ Office and warehouse <i>Tanah perindustrian dan bangunan/ Pejabat dan gudang</i>	2,839 sq m/ 2,680 sq m	Leasehold of 99 years expiring on 16.06.2067/ 39 years <i>Pajakan 99 tahun berakhir 16.06.2067/ 39 tahun</i>	09.02.12	5,987
Pajakan Negeri (WP) 26293 – 26295 Lot 47051 – 47053 Mukim Batu District of Kuala Lumpur Wilayah Persekutuan KL	Industrial land and building/ Rented out as office and warehouse <i>Tanah perindustrian dan bangunan/ Disewa sebagai pejabat dan gudang</i>	4,425 sq m/ 2,334 sq m	Leasehold of 99 years expiring on 16.06.2067/ 39 years <i>Pajakan 99 tahun berakhir 16.06.2067/ 39 tahun</i>	09.02.12	9,500
PN 24531 & PN 27157 Lot 16474 & 16475 Mukim Batu District of Kuala Lumpur Wilayah Persekutuan KL	Vacant industrial land <i>Tanah perindustrian kosong</i>	4,590 sq m/ -	Leasehold of 99 years expiring on 16.06.2067 <i>Pajakan 99 tahun berakhir 16.06.2067</i>	09.02.12	8,739
Pajakan Negeri CL015413797 Miles 5 ½ Tuaran Road District of Kota Kinabalu Sabah	Industrial land and building/ Office and warehouse <i>Tanah perindustrian dan bangunan/ Pejabat dan gudang</i>	3,565 sq m / 1,780 sq m	Leasehold of 60 years expiring on 29.09.2028/ 6 years <i>Pajakan 60 tahun berakhir 29.09.2028/ 6 tahun</i>	10.02.12	2,668

ANALYSIS OF SHAREHOLDINGS / ANALISA PEGANGAN SAHAM

As at 30 April 2013 / Pada 30 April 2013

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	:	1,256
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	0.79	391	0.00
100 – 1,000	217	17.28	182,722	0.24
1,001 – 10,000	754	60.03	3,172,800	4.22
10,001 – 100,000	218	17.36	6,750,900	8.98
100,001 – less than 5% of issued shares / kurang dari 5% terbitan saham	55	4.38	29,391,900	39.11
5% and above of issued shares / 5% dan ke atas terbitan saham	2	0.16	35,657,887	47.44
TOTAL / JUMLAH	1,256	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

Name / Nama	No. of Shares Held / Bilangan Saham Dipegang			
	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 dimana beliau adalah pemegang saham utama dan pengarah.

**ANALYSIS OF SHAREHOLDINGS / ANALISA PEGANGAN SAHAM***As at 30 April 2013 / Pada 30 April 2013 (Continued / Sambungan)***DIRECTORS' INTERESTS****KEPENTINGAN PENGARAH-PENGARAH**

Name / Nama	No. of Shares Held / Bilangan Saham Dipegang			
	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.

ANALYSIS OF SHAREHOLDINGS / ANALISA PEGANGAN SAHAM

As at 30 April 2013 / Pada 30 April 2013 (Continued / Sambungan)

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)	2,875,000	3.83
4. Kam Kin Foong	1,877,125	2.50
5. Kam Fong Mei	1,777,425	2.36
6. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Siew Lai (Margin)	1,643,800	2.19
7. Patricia Lim Pek Yew	1,630,200	2.17
8. Lee Kam Tai	1,627,425	2.17
9. Wong Fong Ngoh	1,439,600	1.92
10. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Kwee Hock (Margin)	1,206,300	1.61
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)	915,900	1.22
13. Chin Jit Sin	838,200	1.12
14. Lim Pei Tiam @ Liam Ahat Kiat	768,400	1.02
15. Wong Fong Ngoh	744,000	1.00
16. Amanahraya Trustees Berhad Public Smallcap Fund	742,800	1.00
17. L F Kim Holdings Sdn Bhd	720,000	0.96
18. Lim Khuan Eng	687,100	0.91
19. Kam Foong Sim	675,000	0.90
20. Lien, Li-Yu	452,800	0.60
21. Koay Keng Huat	383,100	0.51
22. Lim Pin Kong	372,000	0.49
23. Lim Pin Kong	368,100	0.49
24. Koay Keng Ling	354,000	0.47
25. HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for / Untuk Yeo Seng Chong	350,000	0.47
26. Amanahraya Trustees Berhad Public Strategic Smallcap Fund	328,000	0.44
27. Lin, Chih-Chun	320,600	0.43
28. Tseng Wan-I	306,000	0.41
29. Goh Beng Choo	280,300	0.37
30. Lim Gaik Bway @ Lim Chiew Ah	270,000	0.36
TOTAL / JUMLAH	60,743,487	80.82



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth (16th) Annual General Meeting of **NEW HOONG FATT HOLDINGS BERHAD** will be held at Dillenia & Eugenia Rooms, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 25 June 2013 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 2012 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 two (2) sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2012. **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 Danny Ng Siew L'Leong **Resolution 2**
 - (ii) Ms Kam Foong Sim **Resolution 3**
4. To approve the Directors' Fees of RM165,000 for the financial year ended 31 December 2012. **Resolution 4**
5. To re-appoint Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modifications, the following resolutions as Ordinary and Special Resolutions of the Company:

6. **ORDINARY RESOLUTION**
RETENTION OF MR DANNY NG SIEW L'LEONG AS INDEPENDENT DIRECTOR

"THAT, subject to the passing of the Resolution 2 above, and in accordance with the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"), Mr Danny Ng Siew L'Leong be and is hereby retained as Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting."

Resolution 6
7. **ORDINARY RESOLUTION**
RETENTION OF DATUK DR. ANIS BIN AHMAD AS INDEPENDENT DIRECTOR

"THAT in accordance with the MCCG 2012, Datuk Dr. Anis Bin Ahmad be and is hereby retained as Independent Non-Executive Director of the Company and to hold office until the conclusion of the next Annual General Meeting."

Resolution 7
8. **SPECIAL RESOLUTION**
PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

"THAT the deletion, alterations, modifications, variations and additions to the Articles of Association of the Company, more particularly set out in Annexure I contained in the Annual Report, be and is hereby approved."

Resolution 8
9. 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 ANNUAL GENERAL MEETING

(continued)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

FURTHER NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Sixteenth (16th) Annual General Meeting of the Company, a final single tier dividend of eight (8) sen and a special final single tier dividend of two (2) sen per ordinary share of RM1.00 each for the financial year ended 31 December 2012 will be paid on 19 July 2013 to Depositors whose names appear in the Record of Depositors on 28 June 2013.

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 28 June 2013 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
 31 May 2013

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 need not be an advocate, an approved company auditor or a person approved by the Registrar in a particular case. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("Authorised Nominee"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt Authorised Nominee 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.
4. Only a depositor whose name appears in the Company's Record of Depositors as at 18 June 2013 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.
5. 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.
6. 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.



NOTICE OF ANNUAL GENERAL MEETING

(continued)

EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 6

Mr Danny Ng Siew L'Leong ("Mr Ng") was appointed as Independent Non-Executive Director of the Company on 20 April 1998 and had exceeded the nine (9) years term limit prescribed by the MCGG 2012 at this Annual General Meeting ("AGM"). In observing the recommendation under the MCGG 2012 in relation to tenure of an Independent Director, the Board of Directors of the Company, after having assessed the independence of Mr Ng, considers him to be independent and recommends that Mr Ng be retained as Independent Non-Executive Director of the Company. The details of his assessment and justifications are contained in the Statement on Corporate Governance, page 22 of the Annual Report.

Resolution 7

Datuk Dr. Anis Bin Ahmad ("Datuk Dr. Anis") was appointed as Independent Non-Executive Director of the Company on 2 December 2002 and had exceeded the nine (9) years term limit prescribed by the MCGG 2012 at this AGM. In observing the recommendation under the MCGG 2012 in relation to tenure of an Independent Director, the Board of Directors of the Company, after having assessed the independence of Datuk Dr. Anis, considers him to be independent and recommends that Datuk Dr. Anis be retained as Independent Non-Executive Director of the Company. The details of his assessment and justifications are contained in the Statement on Corporate Governance, page 22 of the Annual Report.

Resolution 8

The Special Resolution proposed at this AGM is for the purpose of streamlining the Company's Articles of Association in line with the recent amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as well as for standardisation purposes. With the shareholders' approval, the proposed amendments as per Annexure I contained in the Annual Report will be incorporated into the Company's Articles of Association.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Further details of the Directors standing for re-election are set out in the Directors' Profile of the Annual Report.

NOTIS MESYUARAT AGUNG TAHUNAN

DENGAN INI DIMAKLUMKAN BAHAWA Mesyuarat Agung Tahunan **NEW HOONG FATT HOLDINGS BERHAD** yang ke-Enambelas (16) akan diadakan di Bilik Dillenia & Eugenia, Tingkat Bawah, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, pada hari Selasa, 25 Jun 2013, pada pukul 10.00 pagi bagi tujuan-tujuan berikut:

AGENDA

URUSAN BIASA

1. Menerima Penyata-penyata Kewangan yang telah diaudit bagi tahun kewangan berakhir pada 31 Disember 2012 bersama dengan Laporan-laporan Pengarah dan Juruaudit.
2. Meluluskan dividen akhir satu peringkat sebanyak lapan (8) sen dan dividen khas akhir satu peringkat sebanyak dua (2) sen sesaham biasa berharga RM1.00 bagi tahun kewangan berakhir pada 31 Disember 2012. **Resolusi 1**
3. Melantik semula Pengarah-pengarah berikut yang bersara selaras dengan Artikel 78 Tataurus Syarikat, dan oleh kerana layak, menawarkan diri mereka untuk dilantik semula:
 - (i) Encik Danny Ng Siew L'Leong **Resolusi 2**
 - (ii) Cik Kam Foong Sim **Resolusi 3**
4. Meluluskan yuran Pengarah sebanyak RM165,000 bagi tahun kewangan berakhir 31 Disember 2012. **Resolusi 4**
5. Melantik semula Tetuan BDO sebagai Juruaudit Syarikat dan memberi kuasa kepada Pengarah-pengarah untuk menetapkan bayaran mereka. **Resolusi 5**

URUSAN KHAS

Untuk menimbang dan sekiranya difikirkan wajar, meluluskan, sama ada dengan atau tanpa sebarang pindaan, resolusi-resolusi berikut sebagai Resolusi Biasa dan Resolusi Khas bagi Syarikat:

6. RESOLUSI BIASA

PENGEKALAN ENCIK DANNY NG SIEW L'LEONG SEBAGAI PENGARAH BEBAS

"BAHAWA, tertakluk kepada kelulusan Resolusi 2 seperti di atas, dan selaras dengan Kod Tadbir Urus Korporat Malaysia 2012 ("MCCG 2012"), Encik Danny Ng Siew L'Leong dikekalkan sebagai Pengarah Bebas Bukan Eksekutif syarikat dan perlantikannya kekal sehingga keputusan Mesyuarat Agung Tahunan yang seterusnya." **Resolusi 6**

7. RESOLUSI BIASA

PENGEKALAN DATUK DR. ANIS BIN AHMAD SEBAGAI PENGARAH BEBAS

"BAHAWA, selaras dengan MCCG 2012, Datuk Dr. Anis Bin Ahmad dikekalkan sebagai Pengarah Bebas Bukan Eksekutif syarikat dan perlantikannya kekal sehingga keputusan Mesyuarat Agung Tahunan yang seterusnya." **Resolusi 7**

8. RESOLUSI KHAS

CADANGAN PINDAAN TATAURUS SYARIKAT

"BAHAWA, pemotongan, perubahan, pindaan, variasi dan penambahan kepada Tataurus Syarikat, seperti yang terkandung di dalam Lampiran I yang terdapat pada Penyata Tahunan ini adalah dengan ini diluluskan." **Resolusi 8**

9. Untuk menjalankan sebarang urusan lain yang mana notis sewajarnya telah diberikan selaras dengan Akta Syarikat, 1965 serta Tataurus Syarikat.



NOTIS MESYUARAT AGUNG TAHUNAN

(sambungan)

NOTIS BERKELAYAKAN DIVIDEN DAN BAYARAN

DENGAN INI JUGA DIMAKLUMKAN BAHAWA tertakluk kepada kelulusan daripada pemegang-pemegang saham pada Mesyuarat Agung Tahunan Syarikat yang ke-Enambelas (16), dividen akhir satu peringkat sebanyak lapan (8) sen dan dividen khas akhir satu peringkat sebanyak dua (2) sen sesaham biasa berharga RM1.00 bagi tahun kewangan berakhir 31 Disember 2012 akan dibayar pada 19 Julai 2013 kepada pendeposit sepertimana yang terdapat di dalam Rekod Pendeposit pada 28 Jun 2013.

Pendeposit hanya layak untuk menerima dividen berhubung dengan:

- (a) Sekuriti yang dipindahkan ke dalam Akaun Sekuriti Pendeposit sebelum 4.00 petang pada 28 Jun 2013 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

31 Mei 2013

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 sekiranya tidak menyatakan bahagian pegangannya yang diwakili oleh setiap proksi.
2. Dimana ahli Syarikat merupakan penama diberi kuasa seperti yang ditakrifkan di bawah Akta Industri Sekuriti (Depositori Pusat) 1991 ("Penama Diberi Kuasa"), penama boleh melantik sekurang-kurangnya satu (1) proksi bagi setiap akaun sekuriti yang dipegang dimana saham biasa Syarikat adalah berada di dalam kredit akaun sekuriti tersebut.
3. Dimana ahli Syarikat merupakan Penama Diberi Kuasa yang dikecualikan yang 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 bagi setiap Akaun Omnibus yang dipegangnya.
4. Hanya pendeposit dimana namanya berada di dalam Rekod Pendeposit Syarikat pada 18 Jun 2013 akan dianggap sebagai ahli Syarikat dan berhak untuk menghadiri, bercakap dan mengundi di mesyuarat ini atau melantik proksinya untuk menghadiri dan mengundi bagi pihaknya.
5. 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.
6. 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.

NOTIS MESYUARAT AGUNG TAHUNAN

(sambungan)

NOTA PENERANGAN BERKENAAN URUSAN KHAS

Resolusi 6

Encik Danny Ng Siew L'Leong ("Encik Danny") telah dilantik sebagai Pengarah Bebas Bukan Eksekutif syarikat pada 20 April 1998 dan telah melebihi had terma sembilan (9) tahun seperti yang ditetapkan oleh MCGG 2012 pada Mesyuarat Agung Tahunan kali ini. Dalam pematuhan kepada cadangan di bawah MCGG 2012 berkenaan dengan tempoh sebagai Pengarah Bebas, Ahli Lembaga Pengarah syarikat, setelah menilai kebebasan Encik Danny, mempertimbangkan beliau sebagai bebas dan mencadangkan Encik Danny dikekalkan sebagai Pengarah Bebas Bukan Eksekutif syarikat. Butir-butir penilaian dan justifikasi beliau adalah terkandung di dalam Penyata Tadbir Urus Korporat, di muka surat 28 pada Penyata Tahunan ini.

Resolusi 7

Datuk Dr. Anis Bin Ahmad ("Datuk Dr. Anis") telah dilantik sebagai Pengarah Bebas Bukan Eksekutif syarikat pada 2 Disember 2002 dan telah melebihi had terma sembilan (9) tahun seperti yang ditetapkan oleh MCGG 2012 pada Mesyuarat Agung Tahunan kali ini. Dalam pematuhan kepada cadangan di bawah MCGG 2012 berkenaan tempoh sebagai Pengarah Bebas, Ahli Lembaga Pengarah syarikat, setelah menilai kebebasan Datuk Dr. Anis, mempertimbangkan beliau sebagai bebas dan mencadangkan Datuk Dr. Anis dikekalkan sebagai Pengarah Bebas Bukan Eksekutif syarikat. Butir-butir penilaian dan justifikasi beliau adalah terkandung di dalam Penyata Tadbir Urus Korporat, di muka surat 28 pada Penyata Tahunan ini.

Resolusi 8

Resolusi Khas seperti yang dicadangkan di dalam Mesyuarat Agung Tahunan kali ini adalah bertujuan untuk menyelaraskan Tataurus Syarikat dengan pindaan terkini pada Syarat-syarat Penyenaraian Pasaran Utama, Bursa Malaysia Securities Berhad di samping untuk tujuan pemiawaian. Dengan persetujuan pemegang-pemegang saham, pindaan yang dicadangkan seperti yang terkandung di dalam Lampiran I pada Penyata Tahunan ini akan dimasukkan ke dalam Tataurus Syarikat.

PENYATA MENGIRINGI NOTIS MESYUARAT AGUNG TAHUNAN

Butir-butir yang selanjutnya bagi Pengarah-pengarah yang akan dilantik semula, dinyatakan di dalam Profil Pengarah di dalam Laporan Tahunan ini.



DETAILS OF THE PROPOSED AMENDMENTS TO

ARTICLES OF ASSOCIATION

ANNEXURE I

	EXISTING ARTICLES		PROPOSED AMENDMENTS
30	<p><i>Suspension of registration</i></p> <p>The registration of transfer may be suspended at such time and for such periods as the Directors may from time to time determine not exceeding in the whole, thirty (30) days in any year. Twelve (12) Market Days' notice of intention to suspend the said register of Members shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange. The said notice shall state the purpose or purposes for which the register of Members is being closed. The Company shall give written notice in accordance with the Rules to the Central Depository to prepare the appropriate Record of Depositors.</p>	30	<p><i>Suspension of registration</i></p> <p>The registration of transfer may be suspended at such time and for such periods as the Directors may from time to time determine not exceeding in the whole, thirty (30) days in any year. Twelve (12) Ten (10) Market Days' (or any such period of time as may be prescribed by the Exchange from time to time) notice of intention to suspend the said register of Members shall be published in a daily newspaper circulating in Malaysia if the Directors so decide and shall also be given to the Exchange. The said notice shall state the purpose or purposes for which the register of Members is being closed. The Company shall give written notice in accordance with the Rules to the Central Depository to prepare the appropriate Record of Depositors.</p>
64	<p><i>Demand for a poll</i></p> <p>At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:-</p> <p>(a) by the Chairman;</p> <p>(b) by any Member or Members present in person or by proxy and representing not less than one-tenth (1/10) of the total voting rights of all Members having the right to vote at the meeting; or</p> <p>(c) by a Member or Members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right.</p> <p>Unless a poll is so demanded a declaration by the Chairman of the meeting that a resolution has on a show of hands been carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolutions. The demand for a poll may be withdrawn.</p>	64	<p><i>Demand for a poll</i></p> <p>At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:-</p> <p>(a) by the Chairman;</p> <p>(b) by at least three (3) Members present in person or by proxy;</p> <p>(c) by any Member or Members present in person or by proxy and representing not less than one-tenth (1/10) of the total voting rights of all Members having the right to vote at the meeting; or</p> <p>(d) by a Member or Members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right.</p> <p>Unless a poll is so demanded a declaration by the Chairman of the meeting that a resolution has on a show of hands been carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolutions. The demand for a poll may be withdrawn.</p>

DETAILS OF THE PROPOSED AMENDMENTS TO

ARTICLES OF ASSOCIATION (continued)

	EXISTING ARTICLES		PROPOSED AMENDMENTS
72	<p><i>Instrument appointing proxy to be in writing</i></p> <p>The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless the Member specifies the proportion of his holdings to be represented by each proxy.</p>	72	<p><i>Appointment of Proxy</i></p> <p>(a) A Member entitled to attend and vote at any general meeting of the Company shall be entitled to appoint any person as his proxy to attend and vote instead of the Member at the meeting. A proxy appointed to attend and vote at any general meeting shall have the same rights as the Member to speak at the meeting.</p> <p>(b) There shall be no restriction as to the qualification of a proxy. A proxy may but need not be a Member of the Company and the provisions of Section 149(1) of the Act shall not apply to the Company. A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless the Member specifies the proportion of his holdings to be represented by each proxy.</p> <p>(c) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.</p>

[This portion of the page is intentionally left blank]



DETAILS OF THE PROPOSED AMENDMENTS TO

ARTICLES OF ASSOCIATION (continued)

	EXISTING ARTICLES		PROPOSED AMENDMENTS
72A	<p><i>Appointment of more than one proxy</i></p> <p>Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.</p>	72A	<p><i>Appointment of more than one proxy</i></p> <p>(a) Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint up to two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.</p> <p>(b) Where a Member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account, known as 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. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.</p>
141	<p><i>Payments by cheque or other methods</i></p> <p>Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or paid via electronic or other methods of funds transfer or remittance to such account as designated by such holder. Every such cheque or warrant or electronic transfer or remittance shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant or electronic transfer or remittance shall operate as a good discharge to the Company in respect of the dividend represented thereby, notwithstanding that it may subsequently appear that the cheque or warrant has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant or electronic transfer or remittance shall be sent at the risk of the person entitled to the money thereby represented.</p>	141	<p><i>Payments to Members in respect of shares</i></p> <p>Subject to the provisions of the Act and any relevant applicable requirements issued by the regulatory authorities, any dividend, interest or other money payable in cash in respect of shares which are listed and quoted for trading on the Exchange, including any cash distribution or capital repayment, may be paid by cheque or warrant sent through the post directed to the registered address of the holder or paid via electronic or other methods of funds transfer or remittance to such account as designated by such holder. Every such cheque or warrant or electronic transfer or remittance shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant or electronic transfer or remittance shall operate as a good discharge to the Company in respect of the payments represented thereby, notwithstanding that it may subsequently appear that the cheque or warrant has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant or electronic transfer or remittance shall be sent at the risk of the person entitled to the money thereby represented.</p>

PROXY FORM



NEW HOONG FATT HOLDINGS BERHAD

(425709-K)

I/We (full name of shareholder in block letters) and
NRIC No. / Passport 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 Sixteenth (16th) Annual General Meeting of the Company to be held at Dillenia & Eugenia Rooms, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 25 June 2013 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:

	AGENDA	FOR	AGAINST
Resolution 1	Approval of a final single tier dividend of 8 sen and a special final single tier dividend of 2 sen		
Resolution 2	Re-election of Mr Danny Ng Siew L'Leong as Director		
Resolution 3	Re-election of Ms Kam Foong Sim as Director		
Resolution 4	Approval of Directors' Fees of RM165,000		
Resolution 5	Re-appointment of Auditors and to authorise Directors to fix their remuneration		
Resolution 6	Retention of Mr Danny Ng Siew L'Leong as Independent Director		
Resolution 7	Retention of Datuk Dr. Anis Bin Ahmad as Independent Director		
Resolution 8	Approval of Proposed Amendments to Articles of Association		

(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 2013

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 need not be an advocate, an approved company auditor or a person approved by the Registrar in a particular case. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("Authorised Nominee"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt Authorised Nominee 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.
4. Only a depositor whose name appears in the Company's Record of Depositors as at 18 June 2013 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.
5. 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.
6. 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. Pasport / 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-Enambelas (16) yang akan diadakan di Bilik Dillenia & Eugenia, Tingkat Bawah, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur pada hari Selasa, 25 Jun 2013 jam 10.00 pagi atau pada sebarang penangguhannya dan untuk mengundi seperti berikut:

	AGENDA	MENYOKONG	MENENTANG
Resolusi 1	Meluluskan dividen akhir satu peringkat sebanyak 8 sen dan dividen akhir satu peringkat khas sebanyak 2 sen		
Resolusi 2	Pemilihan semula Encik Danny Ng Siew L'Leong sebagai Pengarah		
Resolusi 3	Pemilihan semula Cik Kam Foong Sim sebagai Pengarah		
Resolusi 4	Meluluskan yuran Pengarah sebanyak RM165,000		
Resolusi 5	Perlantikan semula Juruaudit dan memberi kuasa kepada Pengarah untuk menetapkan bayaran mereka		
Resolusi 6	Pengekalan Encik Danny Ng Siew L'Leong sebagai Pengarah Bebas		
Resolusi 7	Pengekalan Datuk Dr. Anis Bin Ahmad sebagai Pengarah Bebas		
Resolusi 8	Meluluskan Cadangan Pindaan Tataurus Syarikat		

(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 2013

Bilangan Saham
Biasa yang dipegang

No. Akaun CDS

Tandatangan / Meterai Ahli

Nota-nota:

- Setiap ahli Syarikat yang layak menghadiri dan mengundi dalam mesyuarat ini berhak untuk melantik tidak lebih dari dua (2) proksi untuk menghadiri dan mengundi bagi pihak dirinya. Seseorang proksi boleh, tetapi tidak semestinya seorang ahli Syarikat. Jika proksi bukan seorang ahli Syarikat adalah berada di dalam kredit akaun sekuriti tersebut.
- Dimana ahli Syarikat merupakan penama diberi kuasa yang ditakrifkan di bawah Akta Industri Sekuriti (Depositori Pusat) 1991 ("Penama Diberi Kuasa"), penama boleh melantik sekurang-kurangnya satu (1) proksi bagi setiap akaun sekuriti yang dipegang dimana saham biasa Syarikat adalah berada di dalam kredit akaun sekuriti tersebut.
- Dimana ahli Syarikat merupakan Penama Diberi Kuasa yang dikecualikan yang 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 bagi setiap Akaun Omnibus yang dipegangnya.
- Hanya pendeposit dimana namanya berada di dalam Rekod Pendeposit Syarikat pada 18 Jun 2013 akan dianggap sebagai ahli Syarikat dan berhak untuk menghadiri, bercakap dan mengundi di mesyuarat ini atau melantik proksinya untuk menghadiri dan mengundi bagi pihaknya.
- 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.
- 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.

Making Quality Lubricants For 122 YEARS



Headquarters

Lot 5043, Jalan Teratai,
Meru, 41050 Klang,
Selangor Darul Ehsan.
Tel: 603 - 3377 8308 / 8288
Fax: 603 - 3377 8301 / 8259

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 1/2 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

www.newhoongfatt.com.my



NEW HOONG FATT HOLDINGS BERHAD

(425709 - K)

Lot 5043, Jalan Teratai, Meru, 41050 Klang, Selangor, Malaysia

Tel: +603 3392 6818 Fax: +603 3392 6808

Email: enquiries@newhoongfatt.com.my

Website: www.newhoongfatt.com.my