



Expanding Towards



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 BERSEPADU

Cover Rationale

In recent years, many Asian countries have experienced rapid growth. In particular, the automotive industries have developed greatly and in turn the demand for automotive replacement parts have consequently increased. As such, NHF continues its mission to grow and expand within Asia whilst also pursuing growing demands in other regions around the world.

Rasional Muka Depan

Dalam beberapa tahun kebelakangan ini, banyak negara-negara Asia mengalami pertumbuhan yang pesat. Khususnya, industri automotif telah membangun dengan mendadak dan menyebabkan permintaan bagi alat-alat ganti automotif terus bertambah. Sehubungan itu, NHF meneruskan misinya untuk membangun dan berkembang di Asia sementara memenuhi permintaan yang semakin meningkat di rantau-rantau lain di seluruh dunia.

17TH ANNUAL GENERAL MEETING

MESYUARAT AGUNG TAHUNAN KE-17

**Venue
Tempat** Banyan & Casuarina Rooms
Ground Floor, Sime Darby Convention Centre
1A Jalan Bukit Kiara 1
60000 Kuala Lumpur

**Date
Time** Tuesday, 24 June 2014
10.00 a.m.

**Tarikh
Masa** Selasa, 24 Jun 2014
pada jam 10.00 pagi

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COMPANY'S PROFILE

PROFIL SYARIKAT

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

Having gained vast experience in trading and distribution, the NHF Group had in 1989, 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 sebuah 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, satu cawangan di Segambut, Kuala Lumpur dan satu di Kota Kinabalu, Sabah untuk membekalkan perkhidmatannya kepada rangkaian pengedarannya yang melebihi 1,000 pemborong dan peruncit di seluruh Malaysia. Pada tahun 2011, Kumpulan NHF telah meluaskan sayap perniagaannya ke luar negara dengan menubuhkan cawangan di Jakarta, Indonesia dan Shanghai, China sebagai usahanya menawan pasaran di sana.

Setelah memperolehi pengalaman yang luas di bahagian pemasaran dan pengedaran, pada tahun 1989, 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 “tool and dies” telah membolehkan Kumpulan ini mengeksport ke lebih kurang 50 buah negara di ASEAN, Timur Tengah, Pakistan, Amerika Tengah dan Selatan, Eropah, Taiwan, China, India, Afrika dan Rusia.

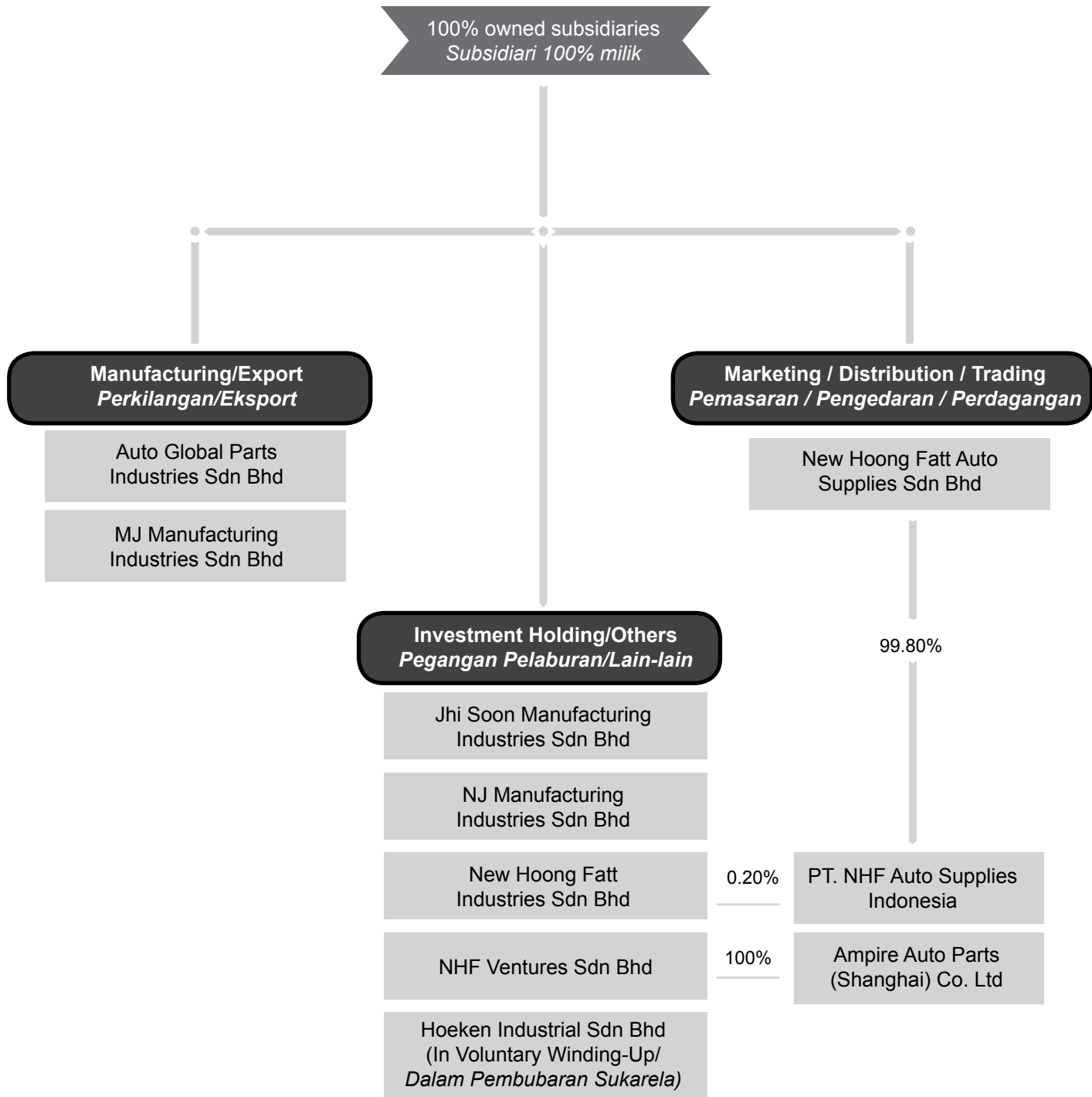
Untuk peluang pembangunan, Kumpulan ini akan terus mempelbagaikan produk keluaran, terus meningkatkan kualiti produk dan mempertingkatkan kewujudannya di kawasan serantau.

GROUP STRUCTURE

STRUKTUR KUMPULAN



NEW HOONG FATT HOLDINGS BERHAD



CORPORATE INFORMATION

MAKLUMAT KORPORAT

BOARD OF DIRECTORS

LEMBAGA PENGARAH

- 01 Kam Foong Keng
(Executive Chairman / *Pengerusi Eksekutif*)
- 02 Chin Jit Sin
(Managing Director / *Pengarah Urusan*)
- 03 Kam Foong Sim
(Executive Director / *Pengarah Eksekutif*)
- 04 Wong Yoke Nyen
(Independent Non-Executive Director / *Pengarah Bebas Bukan Eksekutif*)
- 05 Danny Ng Siew L'Leong
(Independent Non-Executive Director / *Pengarah Bebas Bukan Eksekutif*)
- 06 Datuk Dr. Anis bin Ahmad
(Independent Non-Executive Director / *Pengarah Bebas Bukan Eksekutif*)

SECRETARIES

SETIAUSAHA-SETIAUSAHA

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

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

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

AUDITORS

JURUAUDIT

BDO (AF: 0206)
Chartered Accountants / *Akauntan Bertauliah*

PRINCIPAL BANKERS

BANK-BANK UTAMA

- Citibank Berhad
- Hong Leong Bank Berhad
- Industrial and Commercial Bank of China (Malaysia) Berhad
- Malayan Banking Berhad
- United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

PENYENARAIAH 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 2013.

INDUSTRY OVERVIEW

In 2013, approximately 83.5 million units of light-vehicles were sold worldwide. Giants in the automotive market remained at the forefront whilst emerging economies showed signs of growing population. In Asia, China retained its position as the biggest auto market and recorded sales of 21.9 million vehicles in 2013.

Within ASEAN, the region’s most populous nation, Indonesia, with 28 million people in the capital city Jakarta alone, reported vehicle sales of 1.2 million units, an increase 9.2%. On home ground, Malaysia recorded a new high in Total Industry Volume of 655,793 units, being the fourth consecutive year it exceeded the 600,000 mark. The National Automotive Policy 2014 was recently updated with a newly established framework of measures to liberalise the local automotive industry, enabling market forces to determine more competitive car prices within the next five years and to turn Malaysia into a regional automotive hub for energy-efficient vehicles.

In 2013, one factor that impacted world economies and industry trade was the weakening of currencies experienced by countries on several continents which resulted in slow down of demand particularly towards the second half of the year. Countries like Indonesia, Pakistan and Mexico experienced weakening of their currency. Africa’s largest economy, South Africa also reported an 18% decline in 2013, marking a five-year low for the Rand.

FINANCIAL REVIEW

For the financial year ended 31 December 2013, the Group’s consolidated revenue recorded a decline of 3.2% as compared to 2012. Total revenue achieved was RM210.6 million compared to RM217.5 million in 2012. The decline in revenue was mainly attributed to the cautious outlook of several countries and contraction of economies worldwide towards the second half of the year. Export revenue declined by 1.9% while revenue

for local market declined by 4.0% as compared to 2012. Revenue for the Group’s overseas trading arms in Indonesia and China however, had collectively recorded a jump of 44.6% compared to 2012.

Profit before taxation amounting to RM27.4 million has declined slightly by 1.1% as compared to RM27.7 million in 2012. Although revenue was lower and expenses were higher in 2013, lower manufacturing costs and impairment of goodwill helped cushion their impact.

Net profit amounting to RM20.1 million was 11.8% lower as compared to RM22.8 million in 2012. Taxation in 2013 was higher due to higher provision for deferred taxation as compared to 2012.

Consequently, earnings per share dropped to 26.81 sen for the financial year under review as compared to 30.29 sen in the previous financial year. At the end of the financial year under review, net assets per ordinary share stood at RM4.17 compared to RM4.03 in 2012.

DIVIDENDS

In view of profits achieved over the nine month period ended 30 September 2013, 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 2013. The interim dividend amounting to RM2,254,698 was paid to shareholders on 27 December 2013.

The Board further recommended a final single tier dividend of 8 sen plus a special final single tier dividend of 1 sen per share, amounting to RM6,764,094 for approval of the shareholders at the upcoming Annual General Meeting. This brings the total single tier dividend proposed and declared to 12 sen for the financial year under review.

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

BUSINESS REVIEW

NHF was cautiously optimistic throughout 2013 in view of the challenges posed by Western economies, namely in Europe and the USA. The economies of the Eurozone and USA showed marginal growth of 1.8% and 0.4% respectively. Although Japan did not suffer a slow-down, it maintained its low growth rate of approximately 1.8% for 2013. China, however, had a growth rate of 7.8%.

The Group remained resilient by embracing its core values which inspire perseverance and excellence. With a change-ready and customer-focused stance, NHF was not only capable of providing quality automotive parts to customers through an integrated supply chain system, but was also poised to meet stakeholders' expectations satisfactorily.

To accommodate growth, NHF readied itself technologically by enhancing its capabilities. Subsequent to spending approximately RM11.0 million in 2012, the new Cathodic Electro-Deposition paint line, hydraulic press machines and plastic injection machines were fully installed and readily operational in 2013. With upgrades to the metal stamping division and plastic section, NHF was capable of expanding its manufacturing capacity by 30%. The expanded capacity enabled the Group to further cement its overseas trading arms in Indonesia and China. Having established a footprint in two major growing automotive markets, namely China and Indonesia, NHF continued to focus on developing the channels in these markets, in view of future progress and growth.

On the local front, in 2013, the Group had completed re-building a warehouse in Segambut, Kuala Lumpur. By February 2014, the trading branch in Sungai Besi was consolidated with the Segambut branch. Management hopes that the synergy and consolidation will enable improvement of services to the customers.

FUTURE PROSPECTS

As NHF continues to market and distribute its products worldwide, the Group will concentrate its efforts to expand within Asia and strengthen its existing markets.

NHF's presence in China and Indonesia positions the Group as ever-ready to capture opportunities that arise from economic developments in these countries. The stabilisation of economies and a steady increase in populations around the world provide a healthy appetite for vehicles. Amidst this positive outlook for the global automotive industry, the global economy continues to face various challenges in 2014.

NHF remains confident of the demand for automotive replacement parts, and the Group remains dedicated to upholding its position as a leading provider of automotive replacement parts not just in Malaysia, but globally.

CORPORATE SOCIAL RESPONSIBILITY

As a company that believes in building a sustainable business, NHF regards not just its staff but also the surrounding community it operates in as an important aspect to its growth. In doing so, NHF has established itself as a socially responsible organisation, a priority that is fundamental to the business. In 2013, the Group engaged both employees and the public in a variety of initiatives.

As part of the Group's contribution towards sustainability of the environment, NHF participated in the Solar Photovoltaic Feed-in Tariff system by Tenaga Nasional Berhad ("TNB"). New Hoong Fatt Auto Supplies Sdn Bhd ("NHFAS"), a wholly owned subsidiary of NHF, had entered into a Renewable Energy Power Purchase Agreement with TNB for the sale and delivery of renewable energy by NHFAS to TNB for a concession period of 21 years. NHFAS shall produce electricity of no less than 35% of the declared annual availability during the period via solar panels installed atop of its new warehouse in Segambut, Kuala Lumpur.

NHF supports the development of potential talent within its Group. At the same time, it also recognises the importance of long-serving staff. An award presentation ceremony was held to reward and recognise 22 employees who have served over 10 years, including the longest serving employee of 30 years.

In recognition of the importance of health awareness amongst its employees and community, NHF organised its annual blood donation drive, held at its premises in Meru, Klang. The one-day event, themed "I Have Saved A Life, Have You?" attracted a personal record of 201 donors, a 28% increase from the previous year. In total, the campaign attracted about 500 visitors who took advantage of other free health-related tests. In addition, NHF invited the Road Safety Department ("JKJR") Selangor to conduct talks on positive road safety practices.

To demonstrate a continued dedication towards road safety, NHF renewed its pledge to uphold the cause, collaborating once again with JKJR. This year, during the re-signing of the Memorandum of Understanding (MoU) between NHF and JKJR, the Group took the lead in engaging six (6) additional companies along Jalan Teratai, Meru, Klang to lend their support and commitment towards road safety awareness. The first MoU was signed in 2011. Following the re-signing of the MoU, NHF, together with the JKJR, organised a week-long campaign to involve participating companies and their employees in talks and exhibitions on road safety.

As part of the Group's internal activities, NHF held its annual family day event at the Group's premises in Meru, Klang. Themed, "Relax and Enjoy", NHF's family day was well attended by its employees and their family members. NHF also took the opportunity to present awards to seven children of employees, rewarding their excellent academic achievements.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our sincere gratitude to our shareholders, suppliers, partners, customers, financiers and respective authorities for their support to the Group. To the valued Board of Directors, I would like to convey my deepest appreciation for your continued leadership, support and direction for the management.

To the management and staff, I express my greatest appreciation for your tenacity and commitment throughout 2013. Thank you for the work that you have rendered and contributed towards the sustained growth of the Group.

KAM FOONG KENG

Executive Chairman

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 2013.

TINJAUAN INDUSTRI

Dalam tahun 2013, lebih kurang 83.5 juta unit kenderaan ringan telah dijual di seluruh dunia. Pengeluar-pengeluar terbesar dalam pasaran automotif mengekalkan kedudukan mereka di hadapan manakala negara-negara membangun menunjukkan tanda-tanda pertumbuhan dalam populasi mereka. Di Asia, China mengekalkan kedudukannya sebagai pasaran automotif terbesar dan merekodkan jualan sebanyak 21.9 juta unit kenderaan dalam tahun 2013.

Di rantau ASEAN, negara dengan penduduk yang paling ramai, Indonesia, dengan 28 juta penduduk di ibu kota Jakarta merekodkan jualan kenderaan sebanyak 1.2 juta unit, iaitu peningkatan sebanyak 9.2%. Di pasaran tempatan pula, Malaysia telah mencatatkan rekod baru jumlah jualan industri (“TIV”) sebanyak 655,793 unit, merupakan tahun keempat berturut-turut dimana ia melebihi jumlah 600,000 unit. Dasar Automotif Negara 2014 telah dikemaskini baru-baru ini dengan penubuhan rangka kerja yang baru bagi langkah-langkah meliberalisasikan industri automotif tempatan, membolehkan kuasa pasaran menentukan harga kenderaan yang lebih berdaya saing dalam tempoh lima tahun yang akan datang dan menjadikan Malaysia sebagai hab automotif serantau bagi kenderaan cepak tenaga.

Pada tahun 2013, satu faktor yang memberi kesan kepada ekonomi dunia dan perdagangan industri adalah kelemahan mata wang yang dialami oleh negara-negara di beberapa benua yang menyebabkan kemerosotan permintaan terutamanya menjelang separuh kedua tahun tersebut. Negara-negara seperti Indonesia, Pakistan dan Mexico mengalami kelemahan mata wang mereka. Ekonomi terbesar di Afrika, iaitu Afrika Selatan, melaporkan penurunan sebanyak 18% pada tahun 2013, menandakan tahap yang paling rendah bagi matawang Rand dalam lima tahun ini.

TINJAUAN KEWANGAN

Bagi tahun kewangan berakhir 31 Disember 2013, hasil pendapatan konsolidasi Kumpulan mencatatkan kemerosotan sebanyak 3.2% berbanding dengan tahun 2012. Jumlah hasil pendapatan yang dicapai adalah sebanyak RM210.6 juta berbanding dengan RM217.5 juta pada tahun 2012. Penurunan ini terutamanya adalah disebabkan oleh pandangan yang berhati-hati di beberapa negara dan pengecutan ekonomi dunia dalam separuh kedua tahun ini. Hasil eksport menurun sebanyak 1.9%, manakala hasil pendapatan untuk pasaran tempatan merosot sebanyak 4.0% berbanding dengan tahun 2012. Walaubagaimanapun, hasil pendapatan bagi bahagian perdagangan Kumpulan di Indonesia dan China secara kolektif telah mencatatkan lonjakan sebanyak 44.6% berbanding dengan tahun 2012.

Keuntungan sebelum cukai sebanyak RM27.4 juta menunjukkan penurunan yang sedikit iaitu 1.1% berbanding dengan RM27.7 juta dalam tahun 2012. Walaupun hasil pendapatan lebih rendah dan perbelanjaan lebih tinggi dalam tahun 2013, kos pengeluaran dan pengurangan “goodwill” yang lebih rendah membantu mengurangkan kesannya.

Keuntungan bersih sebanyak RM20.1 juta adalah 11.8% lebih rendah berbanding dengan RM22.8 juta pada tahun 2012. Cukai tahun 2013 adalah lebih tinggi disebabkan oleh peruntukan cukai tertunda yang lebih tinggi berbanding dengan tahun 2012.

Akibatnya, perolehan sesaham telah menurun kepada 26.81 sen untuk tahun kewangan dalam tinjauan berbanding dengan 30.29 sen pada tahun kewangan sebelumnya. Menjelang hujung tahun dalam tinjauan, nilai aset bersih sesaham adalah sebanyak RM4.17 berbanding dengan RM4.03 pada tahun 2012.

DIVIDEN-DIVIDEN

Memandangkan keuntungan yang dicapai sepanjang tempoh sembilan bulan berakhir 30 September 2013, Lembaga Pengarah telah mengisytiharkan dividen interim satu peringkat sebanyak 3 sen bagi setiap saham biasa bernilai RM1.00 bagi tahun kewangan berakhir 31 Disember 2013. Dividen interim ini yang berjumlah RM2,254,698 telah dibayar kepada para pemegang saham pada 27 Disember 2013.

Lembaga Pengarah selanjutnya mencadangkan dividen akhir satu peringkat sebanyak 8 sen serta dividen khas akhir satu peringkat sebanyak 1 sen sesaham, berjumlah RM6,764,094 untuk kelulusan para pemegang saham pada Mesyuarat Agung Tahunan yang akan datang. Dengan ini, jumlah dividen satu peringkat yang dicadangkan dan diisytiharkan untuk tahun kewangan dalam tinjauan adalah 12 sen.

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

TINJAUAN PERNIAGAAN

NHF kekal optimistik namun berhati-hati sepanjang tahun 2013 memandangkan cabaran yang ditimbulkan oleh ekonomi Barat, iaitu di Eropah dan Amerika Syarikat. Ekonomi di negara-negara zon Euro dan Amerika Syarikat masing-masing menunjukkan pertumbuhan kecil iaitu 1.8% dan 0.4%. Walaupun Jepun tidak mengalami penurunan, ia mengekalkan kadar pertumbuhan yang rendah iaitu kira-kira 1.8% pada tahun 2013. Walau bagaimanapun, China mempunyai kadar pertumbuhan sebanyak 7.8%.

Kumpulan kekal berdaya tahan dengan menerapkan nilai-nilai terasnya yang memberi inspirasi terhadap kecekalan dan kecemerlangan. Dengan pendirian yang sedia berubah dan berfokuskan pelanggan, NHF bukan sahaja mampu membekalkan alat-alat ganti automotif yang berkualiti kepada pelanggan melalui sistem rantai bekalan yang bersepadu, tetapi juga memenuhi jangkaan pihak berkepentingan dengan memuaskan.

Untuk menampung pertumbuhan, NHF telah meningkatkan keupayaan teknologinya. Selepas membelanjakan kira-kira RM11.0 juta pada tahun 2012, mesin pengecat "Cathodic Electro-Deposition", mesin-mesin tekanan hidraulik dan mesin-mesin injeksi plastik yang baru telah dipasang sepenuhnya dan

sedia beroperasi dalam tahun 2013. Dengan penaikan taraf di bahagian pencetak logam dan bahagian plastik ini, NHF mampu mengembangkan lagi kapasiti pengeluaran sebanyak 30%. Peningkatan kapasiti ini membolehkan Kumpulan mengukuhkan lagi bahagian perdagangan luar negara di Indonesia dan China. Setelah bertapak di dua pasaran automotif utama yang semakin meningkat iaitu China dan Indonesia, memandangkan kemajuan dan pertumbuhan masa depan, NHF meneruskan fokusnya untuk membangunkan saluran dalam pasaran-pasaran ini.

Di dalam negara, dalam tahun 2013, Kumpulan telah siap membina semula sebuah gudang di Segambut, Kuala Lumpur. Pada bulan Februari 2014, cawangan perdagangan di Sungai Besi telah disatukan dengan cawangan di Segambut. Pihak pengurusan berharap agar sinergi dan penyatuan ini boleh meningkatkan tahap perkhidmatan kepada pelanggan-pelanggan.

PROSPEK MASA HADAPAN

Sementara NHF terus memasarkan dan mengedarkan produk-produknya di seluruh dunia, Kumpulan akan menumpukan usahanya untuk berkembang di Asia serta mengukuhkan pasaran yang sedia ada.

Kewujudan NHF di China dan Indonesia meletakkan Kumpulan dalam posisi yang sentiasa bersedia untuk merebut peluang-peluang yang muncul daripada pertumbuhan ekonomi di negara-negara tersebut. Kestabilan ekonomi dan peningkatan populasi yang kukuh di seluruh dunia mendorong permintaan yang teguh untuk kenderaan. Walaupun pandangan bagi industri automotif global ini positif, ekonomi global terus menghadapi pelbagai cabaran dalam tahun 2014.

NHF terus yakin dengan permintaan untuk alat-alat ganti automotif dan Kumpulan kekal memberi tumpuan untuk mengukuhkan lagi kedudukannya sebagai penyumbang utama alat-alat ganti automotif bukan sahaja di Malaysia, tetapi di serata dunia.

TANGGUNGJAWAB KORPORAT SOSIAL

Sebagai sebuah syarikat yang percaya dalam membina perniagaan yang mampan, NHF tidak hanya menganggap kakitangannya tetapi juga masyarakat disekelilingnya sebagai satu aspek yang penting untuk pertumbuhan. Dengan demikian, NHF mengukuhkan kedudukannya sebagai sebuah organisasi yang bertanggungjawab secara sosial, keutamaan inilah yang menjadi asas kepada perniagaannya. Dalam tahun 2013, Kumpulan telah melibatkan kakitangannya dan orang ramai dalam pelbagai inisiatif.

Sebagai sumbangan Kumpulan ke arah kelestarian alam sekitar, NHF telah menyertai sistem Galakan Tarif Solar Photovoltan oleh Tenaga Nasional Berhad (“TNB”). New Hoong Fatt Auto Supplies Sdn Bhd (“NHFAS”), subsidiari milik penuh NHF, telah memeterai Perjanjian Pembelian Tenaga Boleh Diperbaharui dengan TNB bagi penjualan dan penghantaran tenaga boleh diperbaharui oleh NHFAS kepada TNB untuk tempoh konsesi 21 tahun. NHFAS harus menjana tenaga elektrik tidak kurang daripada 35% daripada ketersediaan tahunan yang diisytiharkan sepanjang tempoh tersebut melalui panel solar yang dipasang di atas bumbung gudang barunya di Segambut, Kuala Lumpur.

NHF memelihara bakat-bakat yang berpotensi dalam Kumpulannya. Pada masa yang sama, ia juga mengiktiraf kepentingan para kakitangan yang telah berkhidmat untuk tempoh yang panjang. Satu majlis penyampaian anugerah telah diadakan untuk memberi ganjaran dan penghargaan kepada 22 kakitangan yang telah berkhidmat lebih daripada 10 tahun, termasuk kakitangan yang berkhidmat paling lama iaitu selama 30 tahun.

Memandangkan kepentingan kesedaran tentang kesihatan di kalangan kakitangan dan masyarakat, NHF telah menganjurkan kempen derma darah tahunan yang diadakan di premisnya di Meru, Klang. Acara sehari tersebut yang bertemakan “Saya Telah Selamatkan Nyawa, Sudahkan Anda?” telah mencatat rekod persendirian seramai 201 penderma, iaitu peningkatan sebanyak 28% daripada tahun yang lalu. Keseluruhannya, kempen ini telah menarik kira-kira 500 orang pengunjung yang mengambil kesempatan ini untuk menjalani ujian-ujian kesihatan secara percuma. Di samping itu, NHF telah mengundang Jabatan Keselamatan Jalan Raya (“JKJR”) Selangor bagi menyampaikan ceramah mengenai amalan positif keselamatan jalan raya.

Bagi menunjukkan dedikasi yang berterusan terhadap keselamatan jalan raya, NHF telah memperbaharui ikrarnya untuk menyokong usaha ini dengan bekerjasama sekali lagi dengan JKJR. Tahun ini, pada majlis memeterai semula Memorandum Persefahaman (MoU) di antara NHF dan JKJR, Kumpulan menjadi peneraju dalam melibatkan enam (6) buah syarikat di sepanjang Jalan Teratai, Meru, Klang untuk mendapatkan sokongan dan komitmen mereka ke arah kesedaran keselamatan jalan raya. MoU pertama telah ditandatangani pada tahun 2011. Setelah menandatangani semula MoU, NHF, dengan kerjasama JKJR, telah menganjurkan kempen selama seminggu dengan melibatkan syarikat-syarikat yang mengambil bahagian serta kakitangan mereka. Kempen ini termasuk ceramah dan pameran mengenai keselamatan jalan raya.

Sebagai sebahagian daripada aktiviti yang diadakan didalam Kumpulan, NHF menganjurkan acara hari keluarga tahunan yang diadakan di premis Kumpulan di Meru, Klang. Bertemakan “Relaks dan Nikmati”, hari keluarga NHF telah dihadiri oleh kakitangan serta ahli keluarga mereka. NHF juga mengambil kesempatan tersebut bagi menyampaikan anugerah kepada tujuh anak-anak kakitangan, sebagai ganjaran untuk pencapaian akademik mereka yang cemerlang.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan tulus ikhlas kepada para pemegang saham, para pembekal, rakan kongsi, para pelanggan, pembiaya kewangan dan pihak-pihak berkuasa yang berkenaan atas sokongan mereka terhadap Kumpulan. Kepada ahli Lembaga Pengarah yang dihargai, saya juga ingin mengucapkan setinggi-tinggi penghargaan atas kepimpinan yang berterusan, sokongan dan hala tuju terhadap pihak pengurusan.

Kepada pihak pengurusan dan semua kakitangan, saya ingin menyampaikan penghargaan atas kecekalan serta komitmen anda sepanjang tahun 2013. Terima kasih atas segala usaha yang telah anda berikan yang menyumbang ke arah pertumbuhan yang berterusan bagi Kumpulan.

KAM FOONG KENG

Pengerusi Eksekutif

FIVE-YEAR GROUP FINANCIAL SUMMARY

RINGKASAN KEWANGAN LIMA TAHUN KUMPULAN

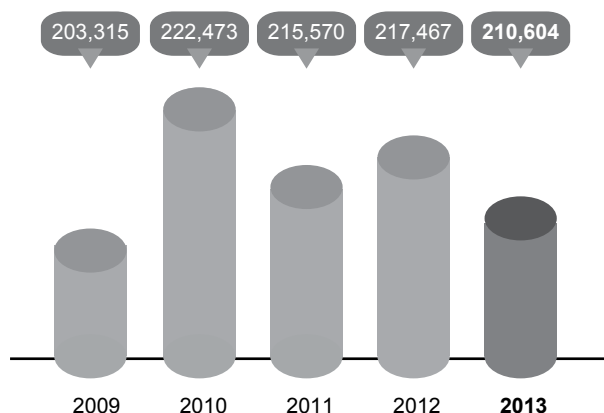
	2013	2012	2011	2010	2009
Revenue (RM'000) <i>Hasil (RM'000)</i>	210,604	217,467	215,570	222,473	203,315
Profit Before Taxation (RM'000) <i>Keuntungan Sebelum Cukai (RM'000)</i>	27,357	27,669	25,859	31,304	25,730
Profit After Taxation (RM'000) <i>Keuntungan Selepas Cukai (RM'000)</i>	20,149	22,763	19,805*	27,254*	21,973*
Total Assets (RM'000) <i>Jumlah Aset (RM'000)</i>	386,125	361,552	346,596	331,614	305,547
Total Borrowings (RM'000) <i>Jumlah Pinjaman (RM'000)</i>	36,051	27,922	26,984	46,953	38,011
Shareholders' Fund (RM'000) <i>Dana Pemegang Saham (RM'000)</i>	313,485	302,608	289,177	249,604	231,368
Basic Earnings Per Share <i>Perolehan Asas Sesaham</i>	26.81 sen	30.29 sen	26.35 sen	36.26 sen	29.24 sen
Net Assets Per Share <i>Aset Bersih Sesaham</i>	RM4.17	RM4.03	RM3.85	RM3.32	RM3.08
Dividend Per Share (Single Tier) <i>Dividen Sesaham (Satu Peringkat)</i>	12 sen	13 sen	12 sen	13 sen	12 sen

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

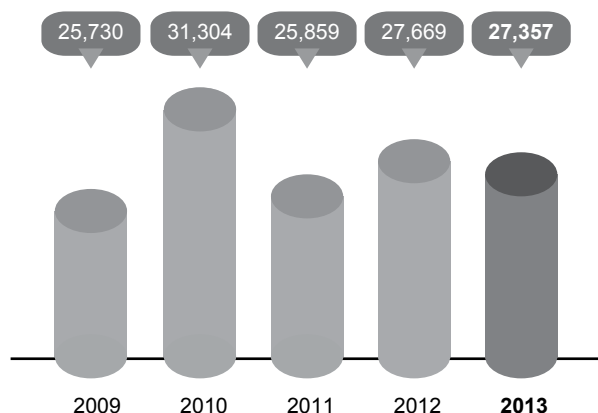
FIVE-YEAR GROUP FINANCIAL SUMMARY (continued)

RINGKASAN KEWANGAN LIMA TAHUN KUMPULAN (sambungan)

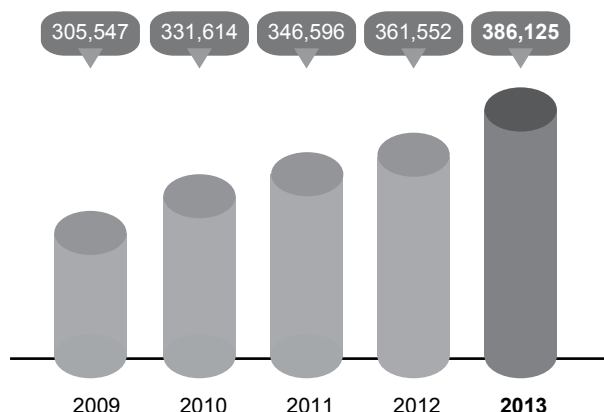
Revenue (RM'000)
Hasil (RM'000)



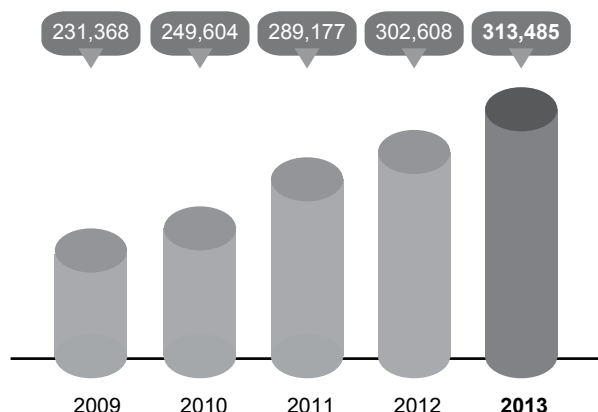
Profit Before Taxation (RM'000)
Keuntungan Sebelum Cukai (RM'000)



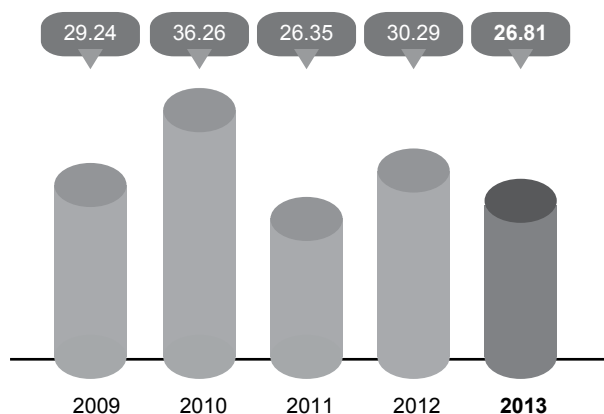
Total Assets (RM'000)
Jumlah Aset (RM'000)



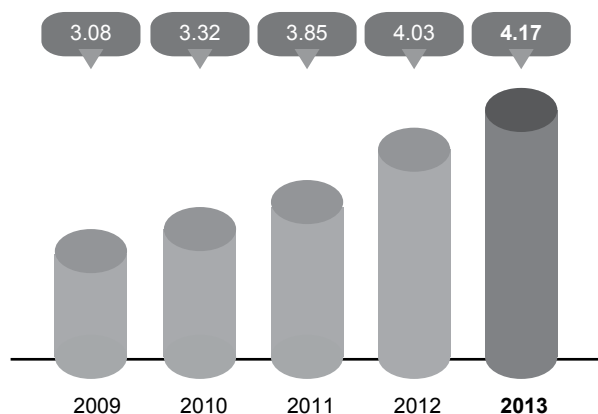
Shareholders' Fund (RM'000)
Dana Pemegang Saham (RM'000)



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 2013 / Untuk Tahun Kewangan Berakhir 31 Disember 2013

Activities / Aktiviti-Aktiviti

Date / Tarikh

Announcement of Results Pengumuman Keputusan

Unaudited results for first quarter ended 31 March 2013 <i>Keputusan belum diaudit bagi suku pertama berakhir 31 Mac 2013</i>	2 May 2013 2 Mei 2013
Unaudited results for second quarter ended 30 June 2013 <i>Keputusan belum diaudit bagi suku kedua berakhir 30 Jun 2013</i>	28 August 2013 28 Ogos 2013
Unaudited results for third quarter ended 30 September 2013 <i>Keputusan belum diaudit bagi suku ketiga berakhir 30 September 2013</i>	25 November 2013 25 November 2013
Unaudited results for fourth quarter ended 31 December 2013 <i>Keputusan belum diaudit bagi suku ke-empat berakhir 31 Disember 2013</i>	25 February 2014 25 Februari 2014

Interim Dividend Dividen Interim

- Declaration <i>Pengisytiharan</i>	25 November 2013 25 November 2013
- Entitlement <i>Kelayakan</i>	10 December 2013 10 Disember 2013
- Payment <i>Pembayaran</i>	27 December 2013 27 Disember 2013

Final Dividend Dividen Akhir

- Recommendation <i>Cadangan</i>	25 February 2014 25 Februari 2014
- Entitlement <i>Kelayakan</i>	30 June 2014 30 Jun 2014
- Payment <i>Pembayaran</i>	21 July 2014 21 Julai 2014

Issuance of Annual Report 2013 <i>Penerbitan Laporan Tahunan 2013</i>	30 May 2014 30 Mei 2014
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Seventeenth (17th) Annual General Meeting <i>Mesuarat Agung Tahunan yang ke-Tujuhbelas (17)</i>	24 June 2014 24 Jun 2014
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Kam Foong Keng

Aged 50, 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, for 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 50 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.

Chin Jit Sin

Aged 52, 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 (Hons) 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 52 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 memperoleh ijazah Sarjana Muda Ekonomi (Kepujian) dalam bidang Pentadbiran Perniagaan dari Universiti Malaya.

Encik Chin pernah menyertai institusi 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.

Kam Foong Sim

Aged 49, 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 49 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.

Wong Yoke Nyen

Aged 55, 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 55 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 telah 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.

Datuk Dr. Anis bin Ahmad

Aged 68, 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 68 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.") Farmakalogi dari University of Bath, United Kingdom, Ijazah Sarjana dalam Teknologi Sains Farmaseutikal dari University of London dan Sarjana Muda Farmasi 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 Farmakalogi di Universiti Kebangsaan Malaysia, Pengarah kepada National Pharmaceutical Control Bureau ("NPCB") di MoH, Setiausaha di Penguasaan Kawalan Ubat ("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 tahun 2001.

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

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

Danny Ng Siew L'Leong

Aged 55, 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 (Hons) 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 55 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:

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

CALENDAR OF EVENTS 2013

TAKWIM PERISTIWA 2013

Date	Events
24 – 25 January	In-house training on Job Expectations, Self Monitoring & Visual Scorecard
28 February	NHF Employees' Appreciation Day
10 March	NHF Family Day 2012/2013
21 April	Volleyball Tournament
19 May	NHF Fun Run
24 May	In-house training on Minimum Retirement Age Act 2012
16 June	7th Annual Blood Donation and Free Health Check Campaign
25 June	Sixteenth (16th) Annual General Meeting
25 – 26 June	In-house training for Senior Leaders on Rhythm of Accountability and Talent Management System
25 – 26 July	Participation in Malaysia Enterprises Recruitment Fair in Taipei
1 – 2 August	In-house training on Strategic Planning Work Session
23 August	'Masih Ada Yang Sayang' Charity & 3R Program & Visit to Rumah Kebajikan Anak-Anak Yatim Al-Khairiah, Sungai Pinang, Klang
28 August	Hari Raya celebration amongst NHF employees
30 August	In-house training on Enterprise Risk Management (ERM): Second Wave
7 October	In-house training on Intellectual Property and Why It Matters
7 – 11 October	Signing of Memorandum of Understanding with the Road Safety Department and NHF Road Safety Week 2013
27 October	Badminton Tournament
25 – 29 November	Training on Chemical Reduction Pleating (CRP) Process
1 December	Futsal Tournament
10 - 13 December	Participation in Automechanika Shanghai Exhibition

The Board of Directors ("Board") of New Hoong Fatt Holdings Berhad ("NHF" or "the Company"), in recognising the value of corporate governance, has continuously improved its efforts to observe the recommendations and best practices laid down in the Malaysian Code on Corporate Governance 2013 ("MCCG 2012"). The Board is fully committed to promote and maintain a good corporate governance culture in order to achieve sustainable growth as well as to safeguard the interest of all stakeholders.

A. THE BOARD OF DIRECTORS

1. Board Balance and Composition

In determining Board composition, the Board aims to maintain a 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 an appropriate mix of skills and experience to be an effective decision-making body.

The Board currently consists of 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 Board, through its Nomination Committee regularly reviews the composition of the Board. 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 acknowledges 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.

The Company's Board Charter ("Board Charter") has clearly defined the division of responsibilities and powers between the Executive Chairman and Managing Director. 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.

Currently, the Chairman of the Board is not an independent director but holds an executive position. Nevertheless, the Board is satisfied with the Chairman's capabilities to lead the Board in view of her entrepreneurial leadership coupled with her extensive experience in the operations of the NHF Group for more than twenty-seven (27) years. As one of the pioneer

members of the Group, 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, who offer the necessary checks and balances in the decision making process of the Board.

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. 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, which is fundamental to an effective 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 the Managing Director together with 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 heads of departments 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.

Compliance relating to risk recognition and management is presented in the Group's Statement on Risk Management and Internal Control as set out separately in this Annual Report.

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

3. Independence of Independent Non-Executive Directors

The Group recognises that independent directors are crucial in assuring shareholders that the Board is able to act in the best interests of the Group as a whole and independently of management. The independence of directors is assessed and reviewed annually by the Board, through its Nomination Committee.

STATEMENT ON CORPORATE GOVERNANCE

(continued)

During the fourth quarter of 2013, an assessment of the independent directors had been undertaken where the Board 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"). Both Mr Ng and Datuk Dr. Anis had been retained by the shareholders of the Company as Independent Directors at the last annual general meeting ("AGM") held in 2013.

Mr Ng and Datuk Dr. Anis had, in their respective assessment, confirmed the following to the Board:

- (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 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 the assessment above, 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 during their tenure, having provided invaluable contributions to the Board in their roles as Independent Non-Executive Directors. Their retention as Independent Directors shall be subject to the shareholders' approval at the forthcoming AGM.

4. Re-election and Re-appointment of Directors

The Company's Articles of Association provides that at least one-third (1/3) of the Directors, including the Managing Director are subject to retirement by rotation at every AGM and shall retire from office once every three (3) years, but are eligible for re-election.

At the forthcoming AGM, Madam Kam Foong Keng and Datuk Dr. Anis who are due to retire by rotation pursuant to Article 78 and being eligible, have offered themselves for re-election.

5. Board Meetings and Supply of Information to the Board

The Board meets on a quarterly basis and as and when required. Dates of Board meetings for the ensuing financial year are scheduled a year ahead in order to maximize attendance by Directors.

There were four (4) Board meetings conducted during the financial year under review, 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	4/4
Datuk Dr. Anis bin Ahmad	4/4

All Directors had committed their time to the board meetings held in 2013 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 are furnished with information such as minutes of previous meetings and financial reports in advance so that each Director will have sufficient time to review the information provided to enable informed decision making. At the Board meetings, the Management is often invited by the Board to present and provide detailed explanation on any agenda.

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.

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. The Company Secretary also ensures that the Board is kept well informed on any regulatory requirements that affect the duties and responsibilities of Directors as well as the Company being a public listed company.

STATEMENT ON CORPORATE GOVERNANCE

(continued)

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 members:

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

The Audit Committee Report for 2013 is set out separately in this Annual Report.

b. Nomination Committee

The Nomination Committee comprises exclusively 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 is responsible for 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. The Committee has the responsibility to ensure that the Board comprises of members with diverse skills that contribute to the successful oversight and stewardship.

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) used the Directors' Performance Evaluation 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-election;
- (d) updated on succession plans and established a Succession Planning Policy; and
- (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.

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 2013 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 2013, to review and recommend to the Board the remuneration packages of the Executive Directors and the remuneration for the Non-Executive Directors is determined by the Board as a whole. Fees payable to the Directors are subject to approval by the shareholders at the Company's AGM. The affected Directors had abstained from participation in deliberations and decisions regarding their respective remuneration packages.

In making its recommendation, the Remuneration Committee relied on the principles set out in the Board Remuneration Policy which was adopted during the

STATEMENT ON CORPORATE GOVERNANCE

(continued)

fourth quarter of 2013 in compliance with the MCGG 2012. Besides considering the Group's overall performance for the year, the Remuneration Committee also sought comparative information on remuneration paid to directors of other similar companies in the same industry.

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	1,736,836	367,000*	15,000	78,173	2,197,009
Non-Executive Directors	-	159,000	32,000	-	191,000

* This amount includes fees paid by the subsidiaries.

Range of Remuneration per annum	Executive Directors	Non-Executive Directors
RM50,000 to RM100,000	-	3
RM300,000 to RM350,000	1	-
RM900,000 to RM950,000	1	-
RM950,000 to RM1,000,000	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

The Board recognises the importance of continuous training and education to keep themselves abreast on the latest developments in related industry and regulatory updates. Through the Nomination Committee, the Board had undertaken an assessment of the training needs of each director. During the year 2013, all the Directors had participated in various training programmes, some of which were conducted in-house.

Particulars of the seminars and courses attended are as follows:

No.	Type of Training	Title	Duration
1	Workshop	Equity Valuation for Private Equity	1 day
2	Workshop	Strategic Plan Session 2014	2 days
3	Workshop	Intellectual Property and Why It Matters	½ day
4	Workshop	IFRS Masterclass 2013	1 day
5	Workshop	Risk Management and Internal Control Workshops for CFOs, Internal Auditors, Risk Officer and Audit Committee Members	1 day
6	Seminar	Understanding & Interpreting Financial Statements	1 day
7	Seminar	Audit Committee Seminar 2013	1 day
8	Seminar	Budget 2014 Tax Seminar – Moving Ahead Regionally	1 day

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 Whistle-blowing 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.

The strategic business plan of the Group, known internally as the Leadership Performance Plan ("LPP"), was introduced in 2012, to help achieve business growth and profitability growth in a sustainable manner. Management has been closely monitoring the results of the LPP to ensure its effectiveness and relevance to the Group's business as a whole.

10. Corporate Disclosure Policy and Procedures

NHF is committed to provide 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 the Company to communicate regularly and effectively with its shareholders, stakeholders and the public so that they can better understand its operations, strategies and directions.

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. Concurrent 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. Notices of meeting are also accompanied by explanatory notes on the items of business to accurately explain the nature of business of the meeting. 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. The Articles of Associations of the Company allow a shareholder to appoint one or up to two proxies to attend and vote in his stead. The outcome of the meeting is announced to Bursa Securities on the same day, which is also accessible on the Company's website.

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 an accurate and complete 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.

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. Through candid dialogues held between both the Audit Committee and the Board with the External Auditor, any matters particularly pertaining to the areas of risk management, the Group's system of internal controls and compliance matters will be highlighted during the meeting. During the financial year, the Audit Committee held two meetings with the External Auditors without the presence of the management. The Audit Committee has also received a written confirmation from the External Auditor which confirmed their professional independence in respect of statutory audit of the Company and its subsidiaries for the financial year ended 2012.

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 2013, 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. Imposition of Sanctions and/or Penalties

Other than the compound paid by a subsidiary of the Company to the Immigration Department Malaysia in relation to the renewal of worker's permits amounting to RM1,630, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

3. Non-Audit Fees

The non-audit fees incurred for services rendered to the Company for the financial year ended 31 December 2013 amounted to RM5,500.

The Audit Committee had considered non-audit service(s) 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 satisfied that the Group has substantially complied with the Best Practices of the MCCG 2012 throughout the financial year ended 2013. The Board is committed and will continue to strengthen its compliance with the best practices in corporate governance to safeguard the best interests of its shareholders and other stakeholders.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 25 February 2014.

Lembaga Pengarah ("Lembaga") New Hoong Fatt Holdings Berhad ("NHF" atau "Syarikat ini"), dalam mengiktiraf nilai tadbir urus korporat, terus menambah baik usahanya untuk mematuhi cadangan dan amalan-amalan terbaik seperti yang ditetapkan dalam Kod Tadbir Urus Korporat Malaysia 2012 ("MCCG 2012"). Lembaga adalah komited sepenuhnya untuk menggalakkan serta mengekalkan budaya tadbir urus korporat yang baik bagi mencapai pertumbuhan mampan serta untuk melindungi kepentingan semua pemegang berkepentingan.

A. LEMBAGA PENGARAH

1. Keseimbangan Lembaga dan Komposisi

Dalam menentukan komposisi ahli Lembaga Pengarah, Lembaga berhasrat untuk mengekalkan keseimbangan dari segi kepelbagaian pengalaman, kebolehan, kecekapan, kaliber dan jantina pengarah yang agak 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 menjadi sebuah badan pembuat keputusan yang berkesan.

Lembaga kini 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. Melalui Jawatankuasa Pencalonannya, Lembaga kerap mengkaji komposisi ahli Lembaga Pengarah. Jawatankuasa Pencalonan berpendapat bahawa saiz dan komposisi Lembaga ini adalah sesuai dan mencukupi bagi skop dan dasar perniagaan dan operasi Syarikat.

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

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

Pada masa ini, Pengerusi Lembaga Pengarah bukan seorang pengarah bebas tetapi memegang jawatan eksekutif. Walau bagaimanapun, Lembaga berpuas hati dengan keupayaan beliau untuk menerajui Lembaga berdasarkan pimpinan keusahawan beliau ditambah dengan pengalamannya yang luas dalam operasi Kumpulan NHF selama lebih daripada dua puluh tujuh (27) tahun. Sebagai salah seorang pengasas dalam Kumpulan ini, beliau mampu memimpin dan mengawal visi, arah strategik serta pembangunan perniagaan Kumpulan, dan pada masa yang sama dibimbing oleh nasihat dan pandangan bebas daripada Pengarah-pengarah Bebas yang menawarkan semakan dan keseimbangan yang diperlukan di dalam proses membuat keputusan Lembaga.

Menyedari bahawa isu utama dalam sesuatu lembaga pengarah yang ditadbir baik adalah 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. Lembaga melalui Jawatankuasa Pencalonannya akan terus menyemak struktur dan komposisi Lembaga untuk memastikan keseimbangan kuasa dan hak, yang menjadi asas kepada Lembaga yang berkesan.

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, 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.

Pematuhan berkenaan pengiktirafan dan pengurusan risiko dibentangkan secara berasingan dalam Penyata Pengurusan Risiko dan Kawalan Dalaman Kumpulan di dalam Laporan Tahunan ini.

Kumpulan mengamalkan satu Program Pengurusan Bakat Kakitangan dimana pengganti dikenalpasti untuk posisi pengurusan utama. Disamping itu, program internship dan program feeder juga menyediakan sejumlah calon yang berpotensi untuk tujuan pengambilan akan datang.

3. Kelayakan Pengarah Bebas Bukan Eksekutif

Kumpulan mengiktiraf bahawa pengarah bebas adalah penting sebagai jaminan kepada para pemegang saham bahawa Lembaga dapat bertindak dengan mengutamakan kepentingan keseluruhan Kumpulan dan bebas daripada pengurusan. Kebebasan pengarah dinilai dan dikaji setiap tahun oleh Lembaga melalui Jawatankuasa Pencalonan.

Pada suku ke-empat 2013, penilaian terhadap pengarah-pengarah bebas telah dijalankan dimana Lembaga juga mempertimbangkan tempoh dua (2) orang Pengarah Bebas 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"). Kedua-dua Encik Ng dan Datuk Dr. Anis telah dikekalkan oleh pemegang saham sebagai Pengarah Bebas pada mesyuarat agung tahunan yang diadakan pada tahun 2013 yang lalu.

Dalam penilaian masing-masing, Encik Ng dan Datuk Dr. Anis telah mengesahkan yang berikut kepada Lembaga:

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

Berdasarkan penilaian di atas, Lembaga Pengarah berpendapat bahawa kedua-dua Encik Ng dan Datuk Dr. Anis merupakan Pengarah-pengarah yang penting di dalam Lembaga, memandangkan keahlian mereka selama bertahun-tahun dalam Lembaga dan mempunyai pengetahuan yang wajib mengenai aktiviti dan sejarah korporat Kumpulan, mereka memberi sumbangan yang tidak ternilai kepada Lembaga dalam fungsi mereka sebagai Pengarah Bebas Bukan Eksekutif sepanjang tempoh penjawatan mereka. Pengekalan mereka sebagai Pengarah Bebas adalah tertakluk kepada kelulusan pemegang saham di Mesyuarat Agung Tahunan yang akan datang.

4. Pemilihan dan Perlantikan Semula Pengarah

Tataurus Syarikat menyatakan bahawa sekurang-kurangnya satu pertiga (1/3) daripada Pengarah, termasuk Pengarah Urusan adalah tertakluk kepada persaraan mengikut giliran pada setiap Mesyuarat Agung Tahunan dan hendaklah bersara daripada jawatan sekali bagi setiap tiga (3) tahun tetapi layak untuk perlantikan semula.

Pada Mesyuarat Agung Tahunan yang akan datang, Puan Kam Foong Keng dan Datuk Dr. Anis yang dijadualkan bersara mengikut giliran menurut Artikel 78 dan oleh kerana layak, telah menawarkan diri mereka untuk pemilihan semula.

5. Mesyuarat Lembaga Pengarah dan Penyampaian Maklumat kepadanya

Lembaga bermesyuarat pada setiap suku tahun dan apabila diperlukan. Tarikh bagi mesyuarat Lembaga Pengarah untuk tahun kewangan seterusnya adalah dirancang setahun lebih awal untuk memaksimumkan kehadiran Pengarah-pengarah. Sebanyak empat (4) mesyuarat Lembaga telah diadakan sepanjang tahun kewangan dalam tinjauan, 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	4/4
Datuk Dr. Anis bin Ahmad	4/4

Kesemua Pengarah telah meluangkan masa mereka untuk menghadiri mesyuarat-mesyuarat Lembaga yang diadakan dalam tahun 2013 dan dalam menjalankan tugas mereka, setiap orang telah mengambil bahagian secara aktif pada mesyuarat tersebut.

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, belanjawan tahunan serta prestasi kewangan suku tahunan.

Kesemua Pengarah dan ahli jawatankuasanya diberikan maklumat dengan lebih awal seperti minit mesyuarat yang lalu dan laporan kewangan supaya setiap Pengarah mempunyai masa yang mencukupi untuk mengkaji butiran tersebut bagi memudahkan mereka membuat keputusan yang bermaklumat. Dalam mesyuarat Lembaga, pihak Pengurusan sering dijemput oleh Lembaga untuk mengemukakan serta memberi penjelasan terperinci berkenaan sebarang agenda.

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. Setiausaha Syarikat juga memastikan bahawa Lembaga dimaklumkan dengan baik tentang syarat-syarat peraturan yang mempengaruhi tugas dan tanggungjawab Pengarah serta Syarikat sebagai sebuah syarikat awam yang tersenarai.

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 2013 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

Jawatankuasa Pencalonan bertanggungjawab untuk menilai dan mencadangkan kepada Lembaga calon-calon pengarah berdasarkan kepada ciri-ciri pengambilan yang diluluskan Lembaga, di antaranya termasuklah kriteria kebebasan dan kepelbagaian jantina. Jawatankuasa ini mempunyai tanggungjawab untuk memastikan bahawa Lembaga terdiri daripada ahli-ahli yang mempunyai pelbagai kemahiran yang dapat menyumbang kepada pengawasan dan penyeliaan yang berkesan.

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) menggunakan Kertas Penilaian Prestasi Pengarah untuk menilai prestasi Lembaga, 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 pemilihan semula;
- (d) dikemaskini tentang rancangan turutan penggantian dan menubuhkan Polisi Perancangan Penggantian; dan
- (e) menilai saiz Lembaga terhadap saiz Kumpulan dan juga kesulitan perniagaannya untuk menentukan kesan bilangannya terhadap keberkesanan Lembaga.

Semua penilaian dan pertimbangan berkenaan prestasi keseluruhan Lembaga, setiap individu Pengarah dan Jawatankuasa Lembaga telah dijalankan oleh Jawatankuasa Pencalonan dan keputusannya telah diminutkan 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 2013 adalah seperti berikut:

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

Jawatankuasa Ganjaran bermesyuarat sekali dalam tahun 2013 untuk mengkaji semula dan mencadangkan kepada Lembaga pakej ganjaran bagi Pengarah-pengarah Eksekutif dan bagi ganjaran Pengarah-pengarah Bukan Eksekutif pula adalah ditentukan oleh keseluruhan Lembaga. Yuran yang dibayar kepada para 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 berpandukan prinsip-prinsip yang dinyatakan dalam Polisi Ganjaran Lembaga yang telah diterima pada suku ke-empat 2013, selari dengan pematuhan kepada MCGG 2012. Selain mempertimbangkan prestasi keseluruhan Kumpulan untuk tahun tersebut, Jawatankuasa Ganjaran juga mendapatkan maklumat perbandingan mengenai ganjaran yang dibayar kepada pengarah syarikat-syarikat dalam industri yang sama.

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	1,736,836	367,000*	15,000	78,173	2,197,009
Pengarah Bukan Eksekutif	-	159,000	32,000	-	191,000

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

Lingkungan bagi Ganjaran Setahun	Pengarah Eksekutif	Pengarah Bukan Eksekutif
RM50,000 hingga RM100,000	-	3
RM300,000 hingga RM350,000	1	-
RM900,000 hingga RM950,000	1	-
RM950,000 hingga RM1,000,000	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

Lembaga mengakui tentang kepentingan latihan dan pendidikan yang berterusan bagi membolehkan mereka sentiasa mengikuti perkembangan dalam industri yang berkaitan dan peraturan terkini. Melalui Jawatankuasa Pencalonan, Lembaga Pengarah telah menjalankan satu penilaian tentang keperluan latihan bagi setiap pengarah. Dalam tahun 2013, kesemua Pengarah telah menghadiri beberapa program latihan dimana sebahagiannya merupakan latihan dalaman. Butir-butir mengenai seminar dan kursus yang telah dihadiri adalah seperti berikut:

Jenis		Tempoh Masa
No. Latihan	Tajuk	
1	Bengkel Penilaian Ekuiti bagi Ekuiti Persendirian	1 hari
2	Bengkel Sesi Pelan Strategik 2014	2 hari
3	Bengkel Harta Intelek dan Mengapa Ia Penting	½ hari
4	Bengkel IFRS Masterclass 2013	1 hari
5	Bengkel Pengurusan Risiko dan Kawalan Dalaman untuk CFO, Juruaudit Dalaman, Pegawai Risiko dan Ahli-ahli Jawatankuasa Audit	1 hari
6	Seminar Memahami dan Mentafsir Penyata Kewangan	1 hari
7	Seminar Jawatankuasa Audit 2013	1 hari
8	Seminar Cukai bagi Bajet 2014 Bergerak Maju ke Peringkat Serantau	1 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 mampan dalam Kumpulan. Polisi-polisi seperti Polisi Pendedahan Penyelewengan ("Whistle-blowing") 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 memberi 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 pada tahun 2012, untuk membantu mencapai pertumbuhan perniagaan dan keberuntungan dengan cara yang mampan. Pengurusan telah memantau dengan teliti keputusan LPP bagi memastikan keberkesanan dan kaitannya dengan perniagaan Kumpulan secara keseluruhan.

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 Kumpulan tidak dibenarkan untuk mendedahkan, memberi ulasan atau memaklumkan kepada mana-mana individu atau entiti luar daripada NHF 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 Perjanjian Kerahsiaan.

B. PEMEGANG SAHAM DAN PERHUBUNGAN PELABUR

Lembaga Pengarah mengekalkan satu polisi perhubungan yang membolehkan Syarikat berkomunikasi secara kerap dan berkesan dengan para pemegang saham, pemegang berkepentingan dan orang awam supaya mereka dapat memahami operasi, strategi dan arah Kumpulan dengan lebih baik.

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 Dalaman;
- 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 kepada surat khabar utama dan media awam;
- dialog yang kerap bersama penganalisa dan pengurus dana yang mewakili pemegang saham individu atau institusi;
- melayani pertanyaan daripada para pemegang saham dan pelabur melalui e-mel dan telefon; dan
- 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. Notis mesyuarat juga disertakan dengan nota-nota penjelasan tentang perkara-perkara yang bakal dibincangkan untuk menerangkan dengan tepat jenis perbincangan dalam mesyuarat.

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. Tataurus Syarikat membenarkan seorang pemegang saham melantik seorang atau sehingga dua orang proksi untuk menghadiri dan mengundi bagi pihaknya. Hasil mesyuarat ini diumumkan kepada Bursa Sekuriti pada hari yang sama, yang juga boleh diakses di laman web Syarikat.

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 dalam tinjauan.

C. AKAUNTABILITI DAN AUDIT

1. Jawatankuasa Audit dan Laporan Kewangan

Apabila mengemukakan penyata kewangan tahunan dan pengumuman keputusan suku tahunan, Pengarah-pengarah berhasrat untuk membentangkan penilaian kedudukan kewangan serta prospek Kumpulan yang tepat dan lengkap. 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 mendedahkan dengan ketepatan yang 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. Melalui dialog tulus yang diadakan diantara kedua-dua Jawatankuasa Audit dan Lembaga dengan Juruaudit Luaran, sebarang perkara terutamanya berkaitan dengan pengurusan risiko, sistem kawalan dalaman dan hal pematuhan akan ditekankan semasa pertemuan tersebut. Sepanjang tahun kewangan ini, Jawatankuasa Audit telah mengadakan dua (2) mesyuarat dengan Juruaudit Luaran tanpa kehadiran pihak Pengurusan. Jawatankuasa Audit juga telah menerima pengesahan bertulis daripada Juruaudit Luaran yang mengesahkan kebebasan mereka berkenaan dengan audit berkanun Syarikat dan anak-anak syarikatnya bagi tahun kewangan berakhir 2012.

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 2013, Syarikat dan/atau subsidiari-subsidiarinya tidak memeterai sebarang kontrak mustahak yang melibatkan kepentingan Pengarah-pengarah dan pemegang-pemegang saham utama sepanjang tahun kewangan dalam tinjauan.

2. Pengenaan Sekatan dan/atau Penalti

Selain daripada kompaun yang dibayar oleh sebuah subsidiari Syarikat kepada Jabatan Imigresen Malaysia berhubung dengan pembaharuan permit pekerja berjumlah RM1,630, tiada sekat dan/atau penalti yang dikenakan keatas Syarikat dan subsidiarinya, para Pengarah atau pihak Pengurusan oleh mana-mana badan yang berkenaan.

3. Yuran Bukan Audit

Bagi tahun kewangan berakhir 31 Disember 2013, yuran bukan audit yang dikenakan untuk perkhidmatan kepada Syarikat adalah sebanyak RM5,500.

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

PENYATA PEMATUHAN KOD

Lembaga berpuas hati bahawa Kumpulan, pada dasarnya, telah mematuhi Amalan-amalan Terbaik dalam MCCG 2012 sepanjang tahun kewangan berakhir 2013. Lembaga komited dan akan terus meningkatkan pematuhan kepada amalan-amalan terbaik dalam tadbir urus korporat untuk melindungi kepentingan para pemegang saham dan pemegang berkepentingan yang lain.

Penyata Tadbir Urus Korporat ini telah dibuat selaras dengan resolusi Lembaga Pengarah yang bertarikh 25 Februari 2014.

AUDIT COMMITTEE REPORT

The Board of Directors of New Hoong Fatt Holdings Berhad is pleased to present the report of the Audit Committee for the financial year ended 31 December 2013.

1. MEMBERSHIP AND MEETINGS

The Audit Committee of the Company was established in April 1998. The Committee comprises of three members, all of whom are Independent Non-Executive Directors. A total of four meetings were held during the financial year under review and details of the attendance of each member at the Committee meetings 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	4/4
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 Malaysian 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) reviewed the suitability of the External Auditors for re-appointment, taking into consideration amongst other, their independence and proposed audit fees.

3.3 Internal Audit

- (a) reviewed the revised 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) embarked on risk assessment conducted based on the Committee of Sponsoring Organization of the Treadway Commission ("COSO") framework.

3.4 Risk Management

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

3.5 Corporate Governance

- (a) carried out an annual assessment on the adequacy and effectiveness of the risk management and internal control system of the Group; and
- (b) 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 Group's internal audit function is outsourced, and therefore, is independent of the activities they audit.

During the financial year ended 31 December 2013, the Internal Auditors have completed the internal audit assignments and the COSO reviews covering various operating divisions within the Group. 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.

- (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.

3. Rights

The Audit Committee shall:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Group;

- (d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity;
- (e) have the right to obtain independent professional or other advice at the Company's expense;
- (f) have the right to convene meetings with the Internal and External Auditors, without the attendance of the other Directors or employees of the Group, whenever deemed necessary; and
- (g) promptly report to the Bursa Malaysia Securities Berhad matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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.

Lembaga Pengarah New Hoong Fatt Holdings Berhad dengan sukacitanya membentangkan Laporan Jawatankuasa Audit untuk tahun kewangan berakhir 31 Disember 2013.

1. KEAHLIAN DAN MESYUARAT

Jawatankuasa Audit Syarikat telah ditubuhkan pada bulan April 1998. Jawatankuasa ini dianggotai oleh tiga orang ahli, dimana kesemuanya adalah Pengarah-pengarah Bebas Bukan Eksekutif. Sebanyak empat (4) mesyuarat telah diadakan sepanjang tahun kewangan dalam tinjauan dan butir-butir kehadiran setiap ahli pada mesyuarat jawatankuasa tersebut 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	4/4
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 perlaksanaan 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 perubahan baru atau yang dicadangkan dalam Piawaian Laporan Kewangan Malaysia terhadap Kumpulan;
- (e) bertemu sebanyak dua kali dengan Juruaudit Luaran tanpa kehadiran mana-mana eksekutif dan pengurusan kanan kecuali Setiausaha Syarikat; dan
- (f) menyemak kesesuaian Juruaudit Luaran untuk perlantikan semula, dengan mengambil kira antara lain, faktor kebebasan serta yuran audit yang dicadangkan.

3.3 Audit Dalam

- (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) melaksanakan penilaian risiko yang dijalankan berdasarkan kepada rangka kerja Jawatankuasa Organisasi Penajaan Suruhanjaya Treadway ("COSO").

3.4 Pengurusan Risiko

- (a) menyemak laporan pengurusan risiko perusahaan ("ERM") Kumpulan pada setiap suku tahun;
- (b) mewujudkan rangka kerja ERM bagi operasi-operasi di luar negara;

- (c) menyemak urus niaga pihak berkaitan dan percanggahan kepentingan yang mungkin timbul dalam Kumpulan pada setiap suku tahun; dan
- (d) bertemu dengan pengurusan kanan untuk dimaklumkan tentang perkara-perkara operasi yang mempengaruhi Kumpulan.

3.5 Tadbir Urus Korporat

- (a) menjalankan satu penilaian tahunan mengenai kecukupan dan keberkesanan pengurusan risiko dan sistem kawalan dalaman Kumpulan; dan
- (b) menyemak Laporan Jawatankuasa Audit serta Penyata Pengurusan Risiko dan Kawalan Dalaman 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, dan oleh itu, ia bebas daripada aktiviti-aktiviti audit mereka.

Sepanjang tahun kewangan berakhir 31 Disember 2013, Juruaudit Dalaman telah melengkapkan tugas-tugas audit dalaman dan semakan COSO yang merangkumi pelbagai bahagian operasi dalam Kumpulan. 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 sama ada 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 Luaran:
 - (i) perancangan audit, skop dan dasarnya;
 - (ii) laporan audit;
 - (iii) keputusan daripada penilaian Juruaudit Luaran terhadap polisi perakaunan dan sistem kawalan dalaman perakaunan dalam Kumpulan;
 - (iv) masalah-masalah dan perkara-perkara yang tidak selesai yang timbul daripada audit interim dan audit akhir, dan sebarang perkara yang ingin dibincangkan oleh Juruaudit Luaran (tanpa kehadiran pihak Pengurusan, sekiranya perlu);
 - (v) laporan audit dan surat pihak pengurusan yang dikeluarkan oleh Juruaudit Luaran dan pelaksanaan saranan-saranan audit;
 - (vi) maklumat kewangan interim;
 - (vii) bantuan yang diberikan oleh pegawai Syarikat kepada Juruaudit Luaran; dan
 - (viii) kelayakan dan kesesuaian Juruaudit Luaran serta perkhidmatan yang diberikan termasuk khidmat bukan audit.

- (b) Untuk mempertimbangkan dan meluluskan khidmat bukan audit oleh Juruaudit Luaran yang tertakluk kepada pengesahan daripada mereka dimana khidmat yang diberikan tersebut tidak akan menjejaskan kelayakannya sebagai Juruaudit Luaran.
- (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 Luaran, 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 bahawa 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 dan tiada sekatan kepada semua maklumat mengenai Kumpulan;
- (d) mempunyai saluran komunikasi terus dengan Juruaudit Luaran 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 Luaran, 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 Luaran, Pengerusi Jawatankuasa Audit akan mengadakan mesyuarat Jawatankuasa Audit untuk mempertimbangkan sebarang perkara yang Juruaudit fikir perlu dimaklumkan kepada para Pengarah atau pemegang saham.
- (d) Juruaudit Luaran, ketua bahagian kewangan dan ketua bahagian Audit Dalam 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 the main features of the Group’s risk management and internal control system for the financial year ended 31 December 2013.

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 (“SOP”) 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 are 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 and the SOPs are periodically reviewed and audited by the external and in-house ISO Internal Auditors to ensure their relevance and effectiveness.

Risk Management

The Group continues to apply the Enterprise Risk Management (ERM) framework to provide 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, had continued to assess the impact of each identified key risk facing the business and its operations and management action plans, which had been put in place, were also consistently monitored and tested to ensure their effectiveness. New risks were also identified during the year arising from the implementation of new regulations such as the minimum wage requirement as well as the enhancement in the corporate governance best practices. The ERM framework had been expanded to cover the overseas operations where key risks were also identified and management action plans being put in place addressing particularly the need to expand market share and strengthening of the human capital.

The ERM reports were submitted on a quarterly basis by risk owners to the Management for review. The Management then reviewed the ERM reports 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 which limits the rights but at the same time, entrusts responsibilities to individual staff within the team, and 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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

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.

Strategic Business Planning

The strategic business plan of the Group, which was introduced in 2012, known internally as the Leadership Performance Plan (“LPP”), was designed to develop people as the first priority for competitive advantage in achieving business growth and profitability growth in a sustainable manner. The LPP had been evaluated during the financial year by the outsourced Internal Auditors to ensure that it contained sufficient clarity in terms of its objectives and that the LPP had been communicated and cascaded down to all levels within the Group. The effectiveness of the LPP had also been assessed by the Board with its implementation being monitored closely by the Management.

MONITORING AND REVIEW

The Group’s Internal Audit function continues to be outsourced to a professional firm of consultants, which is independent of the activities it audits. The Internal Auditors had embarked on a 2-year plan to assess and review the Group’s internal controls by using the Committee of Sponsoring Organisation of the Treadway Commission (“COSO”) framework. This framework provides a tool for the Management and Internal Auditors to evaluate the adequacy of controls implemented in the respective business processes.

During the financial year under review, the Internal Auditors performed COSO review as well as compliance based audit review on the audit areas as set out in the audit plan approved by the Board at 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 2013 were RM63,050.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of Bursa Malaysia Securities Berhad’s Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide (RPG) 5 (Revised) issued by the Malaysian Institute of Accountants, which does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. Based on the procedures performed, nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control has not been prepared, in all material respects, in accordance with the disclosures as required pursuant to the “Statement on Risk Management and Internal Control - Guidelines for Directors of Public Listed Issuers”.

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. Assurances had been received from the Managing Director and Executive Director (in-charge of finance) that the Group’s risk management and internal control system is 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 2013.

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 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, yang khidmatnya disalurkan keluar, 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 pematuhan, keseluruhan operasi Kumpulan di Malaysia adalah diperakui sebagai mematuhi ISO 9001 dan semua SOP telah disemak serta diaudit secara berkala oleh juruaudit-juruaudit ISO dalaman dan luaran bagi memastikan kaitan dan keberkesanannya.

Pengurusan Risiko

Kumpulan ini terus menggunakan rangka kerja pengurusan risiko perusahaan (“ERM”) untuk 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 pematuhan kepada undang-undang, peraturan-peraturan dan garis panduan yang berkenaan.

Sepanjang tahun kewangan dalam tinjauan, melalui mekanisme dibawah rangka kerja ERM, pihak Pengurusan terus menilai kesan daripada setiap risiko yang dikenal pasti yang dihadapi perniagaan dan operasinya serta pelan tindakan pengurusan yang telah dilaksanakan, juga telah dipantau dan diuji secara konsisten untuk memastikan keberkesanannya. Risiko-risiko baru juga telah dikenal pasti sepanjang tahun tersebut yang timbul daripada pelaksanaan peraturan-peraturan baru seperti keperluan gaji minimum dan juga peningkatan dalam amalan terbaik dalam tadbir urus korporat. Rangka kerja ERM telah diperluaskan untuk menampung operasi-operasi di luar negara dimana risiko utama juga dikenal pasti dan pelan tindakan pengurusan telah dilaksanakan bagi menangani keperluan untuk mengembangkan bahagian pasaran dan pengukuhan modal insan.

Pada setiap suku tahun, laporan ERM telah 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.

PENYATA PENGURUSAN RISIKO DAN KAWALAN DALAMAN (sambungan)

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 menguruskan 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.

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 memperluaskan pihak Pengurusan dengan data yang boleh dipercayai, analisis, variasi dan pengecualian yang berkaitan untuk membuat keputusan.

Perancangan Strategik Perniagaan

Pelan strategik perniagaan Kumpulan yang diperkenalkan pada tahun 2012, juga dikenali sebagai Rancangan Prestasi Kepimpinan ("LPP") telah direka untuk membangunkan insan sebagai keutamaannya bagi faedah kompetitif dalam mencapai pertumbuhan perniagaan dan keuntungan secara mampan. LPP tersebut telah dinilai oleh Juruaudit Dalaman, yang khidmatnya disalurkan keluar, dalam tahun kewangan ini untuk memastikan ia mengandungi penjelasan yang cukup dari segi objektifnya dan bahawa LPP ini telah disampaikan dan disebarkan ke semua peringkat di dalam Kumpulan. Keberkesanan LPP ini juga telah dikaji oleh Lembaga dimana perlaksanaannya dipantau dengan teliti oleh pihak Pengurusan.

PEMANTAUAN DAN PENILAIAN

Fungsi Audit Dalaman Kumpulan terus disalurkan kepada sebuah firma penasihat profesional yang bebas daripada aktiviti-aktiviti yang diaudit. Juruaudit Dalaman telah memulakan rancangan audit untuk tempoh 2 tahun bagi menilai dan mengkaji kawalan dalaman Kumpulan melalui rangka kerja Jawatankuasa Organisasi Penajaan Suruhanjaya Treadway ("COSO"). Rangka kerja ini membekalkan alat bagi pihak Pengurusan serta Juruaudit Dalaman untuk menilai kecukupan kawalan yang telah dilaksanakan dalam proses perniagaan masing-masing.

Pada tahun kewangan dalam tinjauan, Juruaudit Dalaman menjalankan semakan COSO serta semakan audit berasaskan pematuhan ke atas bidang audit seperti yang dinyatakan dalam pelan audit yang telah diluluskan oleh Lembaga melalui saranan 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 Dalaman 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 dalaman bagi tahun kewangan berakhir 31 Disember 2013 adalah RM63,050.

SEMAKAN PENYATA OLEH JURUAUDIT LUARAN

Seperti yang dikehendaki oleh Perenggan 15.23 Syarat-syarat Penyenaraian Pasaran Utama Bursa Malaysia Securities Berhad, juruaudit luaran telah menyemak Penyata Pengurusan Risiko dan Kawalan Dalaman ini. Semakan jaminan terhadap mereka telah dijalankan menurut Panduan Amalan yang Disyorkan (RPG) 5 (Pindaan) yang diterbitkan oleh Institut Akauntan Malaysia, dimana ia tidak memerlukan juruaudit luaran menyatakan pendapat mengenai kecukupan dan keberkesanan sistem pengurusan risiko dan kawalan dalaman Kumpulan. Berdasarkan prosedur yang dijalankan, tiada sebarang perkara yang ditemui yang boleh menyebabkan mereka percaya bahawa Penyata Pengurusan Risiko dan Kawalan Dalaman ini tidak disediakan, dalam semua aspek material, mengikut pendedahan yang dikehendaki menurut "Penyata Pengurusan Risiko dan Kawalan Dalaman - Garis Panduan bagi Pengarah-pengarah Syarikat Awam Tersenarai".

PENYATA PENGURUSAN RISIKO DAN KAWALAN DALAMAN *(sambungan)*

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. Jaminan telah diterima daripada Pengarah Urusan dan Pengarah Eksekutif (yang menguruskan kewangan) bahawa pengurusan risiko dan sistem kawalan dalaman Kumpulan adalah beroperasi dengan secukupnya dan berkesan dalam semua aspek penting berdasarkan kepada pengurusan risiko serta sistem kawalan dalaman Kumpulan.

Penyata Pengurusan Risiko dan Kawalan Dalaman ini adalah dibuat menurut Syarat-syarat Penyenaraian Pasaran Utama dan “Penyata Pengurusan Risiko dan Kawalan Dalaman – 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 2013

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is 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 these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	20,149	52,665

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 2012: Final single tier dividend of 8 sen per ordinary share and a special final single tier dividend of 2 sen per ordinary share, paid on 19 July 2013	7,516
In respect of the financial year ended 31 December 2013: An interim single tier dividend of 3 sen per ordinary share, paid on 27 December 2013	2,254
	9,770

The Directors recommend a final single tier dividend of 8 sen and a special final single tier dividend of 1 sen per ordinary share, amounting to RM 6,764,094 in respect of the financial year ended 31 December 2013, which are subject to the approval of the members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The Directors who have 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

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 2013 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 1.1.2013	Bought	Sold	Balance at 31.12.2013
Shares in the Company				
Direct interests				
Kam Foong Keng	25,620,942	-	-	25,620,942
Chin Jit Sin	838,200	-	-	838,200
Kam Foong Sim	1,807,425	-	-	1,807,425
Wong Yoke Nyen	10,000	-	-	10,000
Indirect interests				
Wong Yoke Nyen #	17,000	-	-	17,000

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

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

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

DIRECTORS' BENEFITS

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

- (a) 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 31 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object 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 profit or loss and other 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 amounts 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.

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 would 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 35 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
24 March 2014

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 54 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 2013 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 36 to the financial statements on page 135 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
24 March 2014

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 54 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)
24 March 2014) 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 2013 of the Group and of the Company, and the statements of profit or loss and other 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 54 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 2013 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 accounts 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 accounts 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 36 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

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
24 March 2014

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

		Group		Company	
	Note	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	265,393	216,936	-	-
Investments in subsidiaries	8	-	-	37,513	23,613
Investment properties	9	9,500	9,500	-	-
Prepaid lease payments for land	10	-	1,349	-	-
Available-for-sale financial asset	11	130	130	-	-
Intangible assets	12	623	4,476	-	-
		275,646	232,391	37,513	23,613
Current Assets					
Inventories	13	38,185	36,893	-	-
Trade and other receivables	14	45,745	61,012	110,939	81,645
Current tax assets		863	282	-	102
Cash and cash equivalents	15	25,686	30,974	101	61
		110,479	129,161	111,040	81,808
TOTAL ASSETS		386,125	361,552	148,553	105,421
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	16	75,157	75,157	75,157	75,157
Reserves	17	238,328	227,451	71,882	28,987
		313,485	302,608	147,039	104,144
TOTAL EQUITY		313,485	302,608	147,039	104,144
LIABILITIES					
Non-current liabilities					
Borrowings (interest bearing)	18	10,239	7,425	-	-
Deferred tax liabilities	20	18,800	15,859	-	-
		29,039	23,284	-	-
Current liabilities					
Trade and other payables	21	17,292	14,341	1,279	1,277
Borrowings (interest bearing)	18	25,812	20,497	-	-
Current tax liabilities		497	822	235	-
		43,601	35,660	1,514	1,277
TOTAL LIABILITIES		72,640	58,944	1,514	1,277
TOTAL EQUITY AND LIABILITIES		386,125	361,552	148,553	105,421

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	24	210,604	217,467	51,723	33,238
Cost of sales		(150,023)	(156,879)	-	-
Gross profit		60,581	60,588	51,723	33,238
Other operating income		13,008	12,239	1,999	-
Selling and distribution expenses		(9,721)	(10,858)	-	-
Administrative expenses		(31,697)	(27,818)	(504)	(615)
Other operating expenses		(3,239)	(5,300)	-	-
Finance costs	25	(1,575)	(1,182)	-	-
Profit before tax	26	27,357	27,669	53,218	32,623
Tax expense	27	(7,208)	(4,906)	(553)	(3,502)
Profit for the financial year		20,149	22,763	52,665	29,121
Other comprehensive income/(loss):					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations		498	(313)	-	-
Other comprehensive income/(loss), net of tax		498	(313)	-	-
Total comprehensive income		20,647	22,450	52,665	29,121
Profit attributable to:					
Owners of the parent		20,149	22,763	52,665	29,121
Non-controlling interest		-	-	-	-
		20,149	22,763	52,665	29,121
Total comprehensive income attributable to:					
Owners of the parent		20,647	22,450	52,665	29,121
Non-controlling interest		-	-	-	-
		20,647	22,450	52,665	29,121
Earnings per ordinary share attributable to owners of the parent (sen)					
Basic and diluted	28	26.81	30.29		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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 dividend paid for financial year ended 31 December 2011	29	-	-	-	-	-	(6,764)	(6,764)	-	(6,764)
Interim dividend paid for financial year ended 31 December 2012	29	-	-	-	-	-	(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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (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 2013		75,157	4,210	36,550	47	(141)	186,785	302,608	-	302,608
Profit for the financial year		-	-	-	-	-	20,149	20,149	-	20,149
Foreign currency translations		-	-	-	-	498	-	498	-	498
Total comprehensive income		-	-	-	-	498	20,149	20,647	-	20,647
Transactions with owners										
Final dividend paid for financial year ended 31 December 2012	29	-	-	-	-	-	(7,516)	(7,516)	-	(7,516)
Interim dividend paid for financial year ended 31 December 2013	29	-	-	-	-	-	(2,254)	(2,254)	-	(2,254)
Total transactions with owners		-	-	-	-	-	(9,770)	(9,770)	-	(9,770)
Balance as at 31 December 2013		75,157	4,210	36,550	47	357	197,164	313,485	-	313,485

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (continued)

		Share capital RM'000	Non- distributable Share premium RM'000	Distributable Retained earnings RM'000	Total equity RM'000
	Note				
Company					
Balance as at 1 January 2012		75,157	4,210	4,675	84,042
Profit for the financial year		-	-	29,121	29,121
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	29,121	29,121
Transactions with owners					
Final dividend paid for financial year ended 31 December 2011	29	-	-	(6,764)	(6,764)
Interim dividend paid for financial year ended 31 December 2012	29	-	-	(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
Profit for the financial year		-	-	52,665	52,665
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	52,665	52,665
Transactions with owners					
Final dividend paid for financial year ended 31 December 2012	29	-	-	(7,516)	(7,516)
Interim dividend paid for financial year ended 31 December 2013	29	-	-	(2,254)	(2,254)
Total transactions with owners		-	-	(9,770)	(9,770)
Balance as at 31 December 2013		75,157	4,210	67,672	147,039

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		27,357	27,669	53,218	32,623
Adjustments for:					
Amortisation of:					
- prepaid lease payments for land	10	-	85	-	-
- intangible assets	12	614	544	-	-
Bad debts written off		59	9	-	-
Depreciation of property, plant and equipment	7	21,054	18,697	-	-
Fair value adjustment on derivative instruments		-	(42)	-	-
Gain on disposal of:					
- property, plant and equipment		(626)	(330)	-	-
- non-current asset held for sale		-	(10)	-	-
Impairment losses on:					
- goodwill on consolidation	12	3,239	5,300	-	-
- trade receivables	14(h)	222	5	-	-
Interest expense	25	1,575	1,182	-	-
Interest income		(282)	(856)	(1,999)	-
Intangible assets written off	12	-	1	-	-
Inventories written down		623	-	-	-
Property, plant and equipment written off	7	24	74	-	-
Reversal of impairment losses on trade receivables	14(h)	(11)	(1)	-	-
Unrealised (gain)/loss on foreign exchange		(536)	236	-	-
Operating profit before working capital changes		53,312	52,563	51,219	32,623
Increase in inventories		(1,915)	(17)	-	-
Decrease/(Increase) in trade and other receivables		15,533	(11,418)	(7)	9
Increase in trade and other payables		2,951	1,006	2	22
Cash generated from operations		69,881	42,134	51,214	32,654
Tax paid		(5,173)	(5,149)	(216)	(3,597)
Net cash from operating activities		64,708	36,985	50,998	29,057

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (continued)

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of additional interest in a subsidiary	8	-	-	(30)	-
Advances to subsidiaries		-	-	(41,158)	(20,634)
Interest received		282	856	-	-
Proceeds from disposal of property, plant and equipment		844	196	-	-
Proceeds from disposal of non-current asset held for sale		-	550	-	-
Purchase of property, plant and equipment	7(c)	(67,725)	(33,456)	-	-
Purchase of intangible asset	12	-	(452)	-	-
Proceeds from liquidation of a subsidiary	8	-	-	-	630
Net cash used in investing activities		(66,599)	(32,306)	(41,188)	(20,004)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(1,575)	(1,182)	-	-
Dividends paid to:					
- ordinary shareholders of the company	29	(9,770)	(9,019)	(9,770)	(9,019)
Drawdown of:					
- bankers' acceptances		20,000	47,647	-	-
- short term revolving credit		9,054	-	-	-
- term loans		11,925	5,400	-	-
Repayments of:					
- bankers' acceptances		(24,910)	(46,945)	-	-
- hire purchase creditors		(47)	(59)	-	-
- short term revolving credit		(1,482)	-	-	-
- term loans		(6,446)	(5,141)	-	-
Net cash used in financing activities		(3,251)	(9,299)	(9,770)	(9,019)
Net (decrease)/increase in cash and cash equivalents		(5,142)	(4,620)	40	34
Effects of exchange rate fluctuations on cash and cash equivalents		(146)	92	-	-
Cash and cash equivalents at beginning of financial year		30,974	35,502	61	27
Cash and cash equivalents at end of financial year	15	25,686	30,974	101	61

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is 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 2013 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 24 March 2014.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is 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 these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on page 52 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. However, Note 36 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.

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from its involvement with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) Rights arising from other contractual agreements; and
- (c) The voting rights of the Group and potential voting rights.

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 interest of the Group 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 represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other 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.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. 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. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owners' 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

If 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 joint venture.

4.3 Business combinations

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

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 fair value (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.

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.

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 any accumulated depreciation and any impairment losses.

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

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

Buildings	50 - 54 years
Long-term leasehold land	56 - 62 years
Plant and machinery	4.8% - 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 its 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 the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

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

4.5 Leases and hire purchase

(a) Finance lease and hire purchase

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases and hire purchase (continued)

(b) Operating lease

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

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

(c) Leases of land and buildings

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

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

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

4.6 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

The fair value of investment properties reflect among other things, rental income from current leases and other assumptions that market participants would use when pricing investment properties under current market conditions.

Fair values of the investment properties are based on valuations by registered independent valuers with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. 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 to 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 Intangible assets

(a) Goodwill

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

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. 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.

(b) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Intangible assets (continued)

(b) Other intangible assets (continued)

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.

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 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 CGU or groups of CGU of the Group 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Impairment of non-financial assets (continued)

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.

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 incurred 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments

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

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

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Held-to-maturity investments (continued)

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

(iii) Loans and receivables

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

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

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(b) Financial liabilities (continued)

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

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

(c) Equity

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

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

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 amounts of the assets distributed and the carrying amount of the liability in profit or loss.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Main Market Listing Requirements.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 by the receivable, 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.

(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 in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition 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 profit or loss and other comprehensive income comprise current tax and deferred tax. Income taxes also include other taxes, such as withholding taxes, which are payable by foreign subsidiaries to the Group and Company, and real property gains taxes payable on disposal of properties.

(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.

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 profits.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Income taxes (continued)

(b) Deferred tax (continued)

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 and tax laws by the Government in the annual budgets which have the substantive 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 are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.16 Contingent liabilities and contingent assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Contingent liabilities and contingent assets (continued)

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.

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 accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

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 plans

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

4.18 Foreign currencies

(a) Functional and presentation currency

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.18 Foreign currencies (continued)

(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:

Company

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Revenue recognition (continued)

Group

(a) Sale of goods

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.

(b) Rental income

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.

(c) Interest income

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

(d) Solar income

Solar income is recognised based on service performed at the end of each reporting period and when the service performed can be reliably measured.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Operating segments (continued)

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

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

4.21 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.

4.22 Fair value measurement

The fair value of an asset or a liability, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

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
Amendments to MFRS 101 <i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
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 Measurement</i>	1 January 2013
MFRS 119 <i>Employee Benefits (2011)</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 1 <i>Government Loans</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
IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013

- (a) Amendments to MFRS 101 is mandatory for annual periods beginning on or after 1 July 2012.

These Amendments require that items under other comprehensive income must be grouped into two sections:

- (i) Those that are or may be reclassified into profit or loss; and
- (ii) Those that will not be reclassified into profit or loss.

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

- (b) MFRS 10 is mandatory for annual periods beginning on or after 1 January 2013.

This Standard supersedes MFRS 127 *Consolidated and Separate Financial Statements* and IC Interpretation 112 *Consolidation – Special Purpose Entities*, and introduces a single 'control model' for all entities, including special purpose entities ('SPEs'), whereby all of the following conditions must be present:

- (i) Power over the investee;
- (ii) Exposure, or rights, to variable returns from involvement with the investee; and
- (iii) Ability to use power over investee to affect its returns.

Other changes introduced by MFRS include:

- (i) The introduction the concept of 'de facto' control for entities with less than a fifty percent (50%) ownership interest in an entity, but which have a large shareholding compared to other shareholders;

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

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

- (b) MFRS 10 is mandatory for annual periods beginning on or after 1 January 2013. (continued)
- (ii) Potential voting rights are only considered when determining if there is control when they are substantive (holder has practical ability to exercise) and the rights are currently exercisable; and
 - (iii) Specific guidance for the concept of 'silos', where groups of assets (and liabilities) within one entity are ring-fenced.

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

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

This Standard supersedes MFRS 131 *Interests in Joint Ventures* and IC Interpretations 113 *Jointly-Controlled Entities Non-monetary Contributions by Venturers*, and requires joint arrangements to be classified as either:

- (i) Joint operations, where parties with joint control have rights to assets and obligations for liabilities; or
- (ii) Joint ventures, where parties with joint control have rights to the net assets of the arrangement.

Joint arrangements that are structured through a separate vehicle would generally be treated as joint ventures, unless the terms of the contractual arrangement, or other facts and circumstances indicate that the parties have rights to assets and obligations for liabilities of the arrangement, rather than rights to net assets.

Joint ventures are accounted for using the equity method of accounting in accordance with MFRS 128 *Investments in Associates and Joint Ventures*, where proportionate consolidation is not permitted by MFRS 11.

Parties to a joint operation account for their share of assets, liabilities, revenues and expenses in accordance with their contractual rights and obligations.

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

- (d) MFRS 12 is mandatory for annual periods beginning on or after 1 January 2013.

This Standard prescribes the disclosure requirements relating to interests of an entity in subsidiaries, joint arrangements, associates and structured entities. This Standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the relationship of the reporting entity with other entities.

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

- (e) MFRS 13 is mandatory for annual periods beginning on or after 1 January 2013.

This Standard is now the sole MFRS containing the framework for determining the measurement of fair value and the disclosure of information relating to fair value measurement, when fair value measurements and/or disclosures are required or permitted by other MFRSs.

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

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

- (e) MFRS 13 is mandatory for annual periods beginning on or after 1 January 2013. (continued)

As a result, the guidance and requirements relating to fair value measurement that were previously located in other MFRSs have now been relocated to MFRS 13.

Whilst there have been some rewording of the previous guidance on MFRS 13, there are very few changes to the previous fair value measurement requirements. Instead, MFRS 13 is intended to clarify the measurement objective, harmonise the disclosure requirements, and improve consistency in application of fair value measurement.

MFRS 13 did not materially impact any fair value measurements of the assets or liabilities of the Group. It has only a presentation and disclosure impact and therefore, has no effect on the financial position or performance of the Group.

- (f) MFRS 119 is mandatory for annual periods beginning on or after 1 January 2013.

The main changes as a consequence of the revision of MFRS 119 include:

- (i) Elimination of the 'corridor' approach for deferring gains or losses for defined benefit plans;
- (ii) Actuarial gains/losses on remeasuring the defined benefit plan obligation/asset to be recognised in other comprehensive income rather than in profit or loss, and cannot be reclassified in subsequent periods;
- (iii) Amendments to timing for recognition of liabilities for termination benefits; and
- (iv) Employee benefits expected to be settled (as opposed to 'due to be settled') wholly within twelve (12) months after the end of the reporting period are short-term benefits, and are not discounted.

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

- (g) MFRS 127 is mandatory effective for annual periods beginning on or after 1 January 2013.

This revised Standard contains accounting requirements for investments in subsidiaries, joint ventures and associates in the separate financial statements of the investor. An investor is required to account for those investments either at cost or in accordance with MFRS 139 or MFRS 9 in the separate financial statements.

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

- (h) MFRS 128 is mandatory for annual periods beginning on or after 1 January 2013.

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

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

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

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

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

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

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

- (j) Amendments to MFRSs *Annual Improvements 2009 – 2011 Cycle* are mandatory for annual periods beginning on or after 1 January 2013.

Amendments to MFRS 1 *Repeated Application of MFRS 1* clarify that an entity that had applied MFRSs or IFRSs in the past but did not do so in its most recent previous annual financial statements must either apply MFRS 1 or MFRS 108 in the period that the entity decides to reapply the MFRS Framework. There is no material impact upon the adoption of these Amendments during the financial year.

Amendments to MFRS 1 *Borrowing Costs* clarify that a first-time adopter that capitalised borrowing costs in accordance with its previous GAAP before the date of transition to MFRSs shall carry forward without adjustment the amount previously capitalised at the date of transition. Any borrowing costs incurred after the date of transition that relate to qualifying assets under construction at the date of transition would be accounted for in accordance with MFRS 123.

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

Amendments to MFRS 116 *Classification of Servicing Equipment* clarify that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

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

Amendments to MFRS 132 *Tax Effect of Distribution to Holders of Equity Instruments* clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with MFRS 112.

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

Amendments to MFRS 134 *Interim Financial Reporting and Segment Information for Total Assets and Liabilities* clarify that an entity shall disclose the total assets and liabilities for a particular reportable segment only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment to be consistent with the requirements in MFRS 8.

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

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

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

- (j) Amendments to MFRSs *Annual Improvements 2009 – 2011 Cycle* are mandatory for annual periods beginning on or after 1 January 2013. (continued)

Amendments to IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments* are a consequential amendment resulting from Annual Improvements 2009-2011 Cycle: Amendment to MFRS 132. These amendments clarify that distribution to holders of equity instruments are recognised directly in equity. Interest, dividends and other returns relating to financial instruments classified as financial liabilities are expenses, regardless of whether those amounts paid are legally characterised as dividends, interest or otherwise.

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

- (k) Amendments to MFRS 10, MFRS 11 and MFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance* are mandatory for annual periods beginning on or after 1 January 2013.

These Amendments clarify the transition guidance in MFRS 10 and also provide additional transition relief in MFRS 10, MFRS 11 and MFRS 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period.

A similar relief is also provided in MFRS 11 and MFRS 12. Additionally, entities would no longer be required to provide disclosures for unconsolidated structured entities in periods prior to the first annual period that MFRS 12 is applied.

The Group has adopted these Amendments in conjunction with the application of MFRS 10, MFRS 11 and MFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*.

- (l) IC Interpretation 20 is mandatory for annual periods beginning on or after 1 January 2013.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (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 2014

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

Title	Effective date
Amendments to MFRS 10 <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to MFRS 12 <i>Disclosure of Interest in Other Entities: Investment Entities</i>	1 January 2014
Amendments to MFRS 127 <i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to MFRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to MFRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21 <i>Levies</i>	1 January 2014
<i>Defined Benefit Plans: Employee Contributions</i> (Amendments to MFRS 119)	1 July 2014
Amendments to MFRSs <i>Annual Improvements 2010 – 2012 Cycle</i>	1 July 2014
Amendments to MFRSs <i>Annual Improvements 2011 – 2013 Cycle</i>	1 July 2014
<i>Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>	Deferred
MFRS 9 <i>Financial Instruments (2009)</i>	Deferred
MFRS 9 <i>Financial Instruments (2010)</i>	Deferred
MFRS 9 <i>Financial Instruments (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139).</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates 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.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.2 Critical judgements made in applying accounting policies (continued)

(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.

The properties are 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.

(b) 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 *Leases*.

(c) 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.

(d) 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.

(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. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty

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

(a) Impairment of goodwill on consolidation

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries 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 subsidiaries. These discount rates have consistently been used by management as the benchmark rates in project appraisals of the subsidiaries.

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

(b) Depreciation of property, plant & equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within the period as disclosed in Note 4.4 to the financial statements. These are common life expectancies applied in the industry in which the Group operates. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised.

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the losses and capital allowances could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.

(d) Impairment of receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, 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 would impact the carrying amount of receivables.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(e) 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 could not be recovered. Management specifically analyses sales trend and current economic trends when making this judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

(f) 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. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 34 to the financial statements.

(g) 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.

(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.

(i) Fair value measurement

The fair value measurement of the financial and non-financial assets and liabilities of the Group utilises market observable inputs and data as far as possible, where applicable. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are: The fair value measurement of the financial and non-financial assets and liabilities of the Group utilises market observable inputs and data as far as possible, where applicable. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

- (i) Level 1: Quoted prices in active markets for identical items (unadjusted);
- (ii) Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
- (iii) Level 3: Unobservable inputs (i.e. not derived from market data).

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(i) Fair value measurement (continued)

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group engages a professional valuer to perform valuations on various assets as disclosed separately in the respective notes to the financial statements. These valuation reports would be tabled annually to the Audit Committee for approval, where applicable.

The Group measures these elements in the financial statements at fair value:

- (i) Property, plant and equipment (land and buildings), Note 7 to the financial statements;
- (ii) Investment properties, Note 9 to the financial statements;
- (iii) Available-for-sale financial asset, Note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

7. PROPERTY, PLANT AND EQUIPMENT

2013	Balance as at 1.1.2013 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Written off RM'000	Reclassi- fications RM'000	Exchange adjustments RM'000	Balance as at 31.12.2013 RM'000
Group								
Carrying amount								
Freehold land								
- at valuation	42,000	-	-	-	-	-	-	42,000
- at cost	10,391	-	-	-	-	-	-	10,391
Buildings								
- at valuation	53,149	-	(1)	(1,479)	-	-	-	51,669
- at cost	-	8,813	-	(511)	-	5,656	-	13,958
Long term leasehold land								
- at valuation	14,140	277	-	(342)	-	1,349	-	15,424
- at cost	-	18,554	-	-	-	-	644	19,198
Plant and machinery	13,549	20,320	(13)	(4,780)	(16)	1,135	-	30,195
Tools, equipment and air-conditioners	1,601	384	-	(311)	(6)	-	-	1,668
Moulds and dies	66,472	4,906	-	(12,325)	(2)	12,769	-	71,820
Motor vehicles	2,266	848	(203)	(765)	-	-	-	2,146
Furniture, fittings and office equipment	1,368	600	(1)	(541)	-	-	-	1,426
Construction-in-progress	12,000	13,058	-	-	-	(19,560)	-	5,498
	216,936	67,760	(218)	(21,054)	(24)	1,349	644	265,393

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	At 31.12.2013				
	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	-	54,877	(3,059)	(149)	51,669
- at cost	14,469	-	(511)	-	13,958
Long term leasehold land					
- at valuation	-	16,026	(602)	-	15,424
- at cost	19,198	-	-	-	19,198
Plant and machinery	90,111	-	(59,916)	-	30,195
Tools, equipment and air-conditioners	4,639	-	(2,971)	-	1,668
Moulds and dies	198,019	-	(125,881)	(318)	71,820
Motor vehicles	6,316	-	(4,170)	-	2,146
Furniture, fittings and office equipment	6,744	-	(5,318)	-	1,426
Construction-in-progress	5,498	-	-	-	5,498
	355,385	112,903	(202,428)	(467)	265,393

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

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	51,900	-	(9,900)	-	-	-	42,000
- at valuation	-	10,391	-	-	-	-	10,391
Buildings	54,374	355	-	(1,580)	-	-	53,149
- at valuation	14,400	-	-	(260)	-	-	14,140
Long term leasehold land	14,278	3,349	-	(4,057)	(21)	-	13,549
Plant and machinery	1,125	407	-	(287)	(27)	383	1,601
Tools, equipment and air-conditioners	56,653	9,804	-	(11,254)	-	11,269	66,472
Moulds and dies	1,909	1,077	-	(720)	-	-	2,266
Motor vehicles	1,787	243	-	(539)	(7)	(116)	1,368
Furniture, fittings and office equipment	5,655	17,900	-	-	(19)	(11,536)	12,000
Construction-in-progress							
	202,081	43,526	(9,900)	(18,697)	(74)	-	216,936

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (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					
- 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 2013 (continued)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) The land and buildings of the Group were revalued on 31 December 2013 by the Directors based on a valuation exercise carried out in December 2013 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	
	2013 RM'000	2012 RM'000
Land	31,119	31,410
Buildings	40,090	41,134
	71,209	72,544

- (b) The fair value of land and buildings (at valuation) of the Group are categorised as follows:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2013				
Freehold land	-	-	42,000	42,000
Leasehold land	-	-	15,424	15,424
Buildings	-	-	51,669	51,669
	-	-	109,093	109,093
2012				
Freehold land	-	-	42,000	42,000
Leasehold land	-	-	14,140	14,140
Buildings	-	-	53,149	53,149
	-	-	109,289	109,289

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2013 and 31 December 2012.
- (ii) Land and buildings at Level 3 fair value measurements were recommended by the Directors as at the end of reporting period based on update valuation exercise carried out by independent property valuer.

The valuations were made based on comparison method that makes reference to recent sales of similar properties in the vicinity on a price per square feet basis. The price per square feet of the properties adopted, which were significant inputs, ranged from RM21 to RM59. Any changes in the price per square feet will result in a reasonable change in the fair value of the land and buildings.

- (iii) The fair value measurements of the land and buildings (at valuation) are based on the highest and best use which does not differ from their actual use. The land and buildings (at valuation) of the Group are for own use.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

- (c) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2013 RM'000	2012 RM'000
Purchase of property, plant and equipment	67,760	43,526
Addition of freehold land by land swap	-	(10,391)
Less: Professional fees capitalised	-	357
	-	(10,034)
Financed by hire purchase arrangements	(35)	(36)
Cash payments on purchase of property, plant and equipment	67,725	33,456

During the previous 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 2013, the carrying amounts of the property, plant and equipment of the Group under finance leases are as follows:

	Group	
	2013 RM'000	2012 RM'000
Motor vehicles	42	46

Details of the terms and conditions of the hire purchase arrangements are disclosed in Note 19 to the financial statements.

- (d) As at the end of the reporting period, leasehold land and buildings with a carrying amount of RM23,239,822 (2012: Nil) have been charged to a bank for credit facilities granted to the Group as disclosed in Note 18 to the financial statements.

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013 RM'000	2012 RM'000
Unquoted shares, at cost	93,040	79,140
Less: Impairment losses	(55,527)	(55,527)
	37,513	23,613

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

8. INVESTMENTS IN SUBSIDIARIES (continued)

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Interest in equity held by				Principal activities
		Company	Subsidiaries			
		2013	2012	2013	2012	
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 equipment
Jhi Soon Manufacturing Industries Sdn. Bhd. ⁽¹⁾	Malaysia	100%	100%	-	-	Provision of rental of property, plant and equipment
Hoeken Industrial Sdn. Bhd.	Malaysia	100%	100%	-	-	In voluntary winding up
New Hoong Fatt Industries Sdn. Bhd. ⁽¹⁾	Malaysia	100%	100%	-	-	Inactive
MJ Manufacturing Industries Sdn. Bhd. ⁽¹⁾	Malaysia	100%	100%	-	-	Manufacturing of 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
Subsidiary 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
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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

8. INVESTMENTS IN SUBSIDIARIES (continued)

(a) During the financial year :

- (i) On 30 August, 2013, MJ Manufacturing Industries Sdn. Bhd increased its authorised share capital from RM100,000 to RM1,000,000 by the issue and allotment of 900,000 ordinary shares of RM1.00 each. As at that date, the issued and paid up share capital was increased by the same amount.
- (ii) On 20 September, 2013, Auto Global Parts Industries Sdn. Bhd. increased its authorised share capital from RM2,000,000 to RM10,000,000 by the issue and allotment of 8,000,000 ordinary shares of RM1.00 each. As at that date, the issued and paid up share capital was increased by the same amount.
- (iii) On 30 September, 2013, NHF Ventures Sdn. Bhd. increased its authorised share capital from RM100,000 to RM5,000,000. As at the same date, the issued and paid up share capital was increased from RM2 to RM5,000,000 by the creation of an additional 4,999,998 ordinary shares of RM1.00 each. The consideration was satisfied by way of capitalisation of amount owing to the Company of RM4,969,998 and the remaining RM30,000 was paid by cash.

(b) In the previous financial year:

- (i) NJ Manufacturing Industries Sdn. Bhd. and Jhi Soon Manufacturing Industries Sdn. Bhd., wholly owned subsidiaries of the Company had 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 had 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 was granted to increase the issued and paid up share capital from USD 250,000 to USD 500,000.
- (iii) In 2011, Advancedsoft 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. Subsequently in 2012, the liquidation process was completed and the proceeds of approximately RM630,000 was received by the Company. Accordingly, cost of investment RM3,712,000 and impairment loss of RM3,082,153 previously recognised had been written off. No gain or loss was recorded in the Group and the Company arising from the liquidation.

9. INVESTMENT PROPERTIES

2013	Balance as at 1.1.2013 RM'000	Fair value adjustments recognised in profit or loss RM'000	Balance as at 31.12.2013 RM'000
Group			
Carrying amount			
Long-term leasehold land and buildings	9,500	-	9,500

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

9. INVESTMENT PROPERTIES (continued)

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

- (a) Direct operating expenses arising from investment properties generating rental income during the financial year are as follows:

	Group	
	2013 RM'000	2012 RM'000
Insurance	1	1
Quit rent and assessment	32	32

- (b) The fair value of the investment of the Group are categorised as follows:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2013				
Leasehold land	-	-	8,600	8,600
Buildings	-	-	900	900
	-	-	9,500	9,500
2012				
Leasehold land	-	-	8,600	8,600
Buildings	-	-	900	900
	-	-	9,500	9,500

- (i) There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 31 December 2013 and 31 December 2012.
- (ii) Investment properties at Level 3 fair value measurements were recommended by the Directors as at the end of reporting period based on update valuation exercise carried out by independent property valuer.
- The valuations were made based on comparison method that makes reference to recent sales of similar properties in the vicinity on a price per square feet basis. The price per square feet of the properties adopted, which were significant inputs, ranged from RM120 to RM258. Any changes in the price per square feet will result in a reasonable change in the fair value of the land and buildings.
- (iii) The fair value measurements of the investment properties are based on the highest and best use which does not differ from their actual use. The investment properties of the Group are used to generate rental income.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

10. PREPAID LEASE PAYMENTS FOR LAND

2013	Balance as at 1.1.2013 RM'000	Amortisation charge for the financial year RM'000	Reclassi- fication RM'000	Balance as at 31.12.2013 RM'000
Group				

Carrying amount

Short-term leasehold land	1,349	-	(1,349)	-
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----- At 31.12.2013 -----

	Cost RM'000	Accumulated amortisation RM'000	Reclassi- fication RM'000	Carrying Amount RM'000
Short-term leasehold land	1,823	(474)	(1,349)	-

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
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----- At 31.12.2012 -----

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

During the financial year, the Group has successfully renewed the lease term to 60 years, hence it has been reclassified to long term leasehold land.

11. AVAILABLE-FOR-SALE FINANCIAL ASSET

	Group	
	2013 RM'000	2012 RM'000
Available-for-sale financial asset		
- Club memberships	130	130

Information on the fair value hierarchy is disclosed in Note 33 (e) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

12. INTANGIBLE ASSET

2013		Balance as at 1.1.2013	Additions	Impairment loss for the financial year	Amortisation charge for the financial year	Written off	Balance as at 31.12.2013
Group	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Carrying amount							
Goodwill on consolidation	(a)	3,239	-	(3,239)	-	-	-
Computer software	(b)	1,237	-	-	(614)	-	623
		4,476	-	(3,239)	(614)	-	623

----- At 31.12.2013 -----			
	Cost RM'000	Accumulated impairment RM'000	Accumulated amortisation RM'000
Goodwill on consolidation	31,225	(31,225)	-
Computer software	2,618	-	(1,995)
	33,843	(31,225)	(1,995)
			623

2012		Balance as at 1.1.2012	Additions	Impairment loss for the financial year	Amortisation charge for the financial year	Written off	Balance as at 31.12.2012
Group	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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)
			4,476

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

12. INTANGIBLE ASSET (continued)

(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	3,239	3,239
Less: Impairment loss	(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.

During the financial year, management has fully impaired the goodwill due to insignificant profits expected to be generated from the future sale of CGU of which the goodwill were allocated to.

(b) Computer software

	Group	
Cost	2013 RM'000	2012 RM'000
Balance as at 1 January	2,618	2,167
Additions during the financial year	-	452
Written off	-	(1)
Balance as at 31 December	2,618	2,618
Accumulated amortisation		
Balance as at 1 January	1,381	837
Amortisation charge for the financial year	614	544
Balance as at 31 December	1,995	1,381
Carrying amount	623	1,237

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

13. INVENTORIES

	Group	
	2013 RM'000	2012 RM'000
At cost		
Raw materials	13,905	13,701
Work-in-progress	2,923	2,600
Finished goods	20,757	18,546
Consumables	65	100
	37,650	34,947
At net realisable value		
Finished goods	535	1,946
	38,185	36,893

During the financial year, inventories of the Group recognised as cost of sales amounted to RM103,554,290 (2012: RM116,299,114).

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade receivables				
Third parties	40,634	44,388	-	-
Less: Impairment losses	(216)	(8)	-	-
	40,418	44,380	-	-
Other receivables and deposits				
Amounts owing by subsidiaries	-	-	110,921	46,505
Dividends receivable from a subsidiary	-	-	-	35,129
Other receivables	626	619	-	-
Refundable deposits	299	286	3	3
	925	905	110,924	81,637
Loans and receivables	41,343	45,285	110,924	81,637
Prepayments	4,402	15,727	15	8
Total	45,745	61,012	110,939	81,645

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 days to 120 days (2012: 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 RM6,805 (2012: RM10,570) owing by companies in which family members of the Executive Directors of the Company has substantial financial interests. These amounts are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 90 days.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

14. TRADE AND OTHER RECEIVABLES (continued)

- (c) Amounts owing by subsidiaries of the Company represent advances and payment on behalf, which are unsecured, bears interest at a fixed rate of 3.10% (2012: Nil) per annum and payable on demand in cash and cash equivalents.
- (d) Included in prepayments of the Group are deposits and advance payments of RM3,840,112 (2012: RM15,275,368) 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 34 to the financial statements.
- (f) The currency exposure profile of trade and other receivables are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	34,747	27,954	110,939	81,645
US Dollar	5,570	7,150	-	-
New Taiwan Dollar	116	82	-	-
Chinese Renminbi	564	429	-	-
Indonesian Rupiah	346	9,670	-	-
	41,343	45,285	110,939	81,645

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

	Group	
	2013 RM'000	2012 RM'000
Neither past due nor impaired	36,540	35,496
Past due, not impaired		
1 to 30 days	2,128	7,023
31 to 60 days	744	845
61 to 90 days	358	329
More than 90 days	648	687
	3,878	8,884
Past due and impaired	216	8
	40,634	44,388

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

14. TRADE AND OTHER RECEIVABLES (continued)

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

Receivables that are past due but not impaired

At the end of the reporting period, the Group has trade receivables amounting to RM3,878,312, (2012: RM8,883,622) that are past due but not impaired, which are unsecured in nature. These trade receivables are not impaired because they possess high creditworthiness and good payment records.

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of the reporting period are as follows:

Group	Individually impaired	
	2013 RM'000	2012 RM'000
Trade receivables, gross	216	8
Less: Impairment loss	(216)	(8)
	-	-

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

	Group	
	2013 RM'000	2012 RM'000
As at 1 January	8	89
Written off	(3)	(85)
Reversal of impairment loss	(11)	(1)
Impairment loss	222	5
As at 31 December	216	8

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash and bank balances	25,686	24,637	101	61
Short term placements	-	6,337	-	-
	25,686	30,974	101	61

- (a) Information on financial risks of cash and cash equivalents are disclosed in Note 34 to the financial statements.
- (b) Short-term placements represent investment in highly liquid money market instrument, which are readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.
- (c) The currency exposure profile of cash and cash equivalents are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	16,380	20,689	101	61
US Dollar	8,809	8,808	-	-
Chinese Renminbi	64	466	-	-
Indonesian Rupiah	433	1,011	-	-
	25,686	30,974	101	61

16. SHARE CAPITAL

	Group and Company			
	2013		2012	
	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 2013 (continued)

17. RESERVES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-distributable				
Share premium	4,210	4,210	4,210	4,210
Revaluation reserve	36,550	36,550	-	-
Exchange translation reserve	357	(141)	-	-
Available-for-sale reserve	47	47	-	-
	41,164	40,666	4,210	4,210
Distributable				
Retained earnings	197,164	186,785	67,672	24,777
	238,328	227,451	71,882	28,987

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

18. BORROWINGS (INTEREST BEARING)

	Group	
	2013 RM'000	2012 RM'000
Current liabilities		
Secured		
Term loans	1,100	-
Unsecured		
Bankers' acceptances	10,000	14,910
Hire purchase creditors (Note 19)	3	15
Revolving credit	7,572	-
Term loans	7,137	5,572
	24,712	20,497
	25,812	20,497
Non-current liabilities		
Secured		
Term loans	3,393	-
Unsecured		
Term loans	6,846	7,425
	10,239	7,425
	36,051	27,922
Total borrowings		
Bankers' acceptances	10,000	14,910
Hire purchase creditors (Note 19)	3	15
Revolving credit	7,572	-
Term loans	18,476	12,997
	36,051	27,922
Repayable as follows:		
- not later than one (1) year	25,812	20,497
- between one (1) to five (5) years	10,239	7,425
	36,051	27,922

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

18. BORROWINGS (INTEREST BEARING) (continued)

(a) The currency exposure profiles of the borrowings are as follows :

	Group	
	2013 RM'000	2012 RM'000
Ringgit Malaysia	23,561	27,922
Indonesian Rupiah	4,496	-
US Dollar	7,572	-
Chinese Renminbi	422	-
	36,051	27,922

- (b) Bankers' acceptances of the Group are guaranteed by corporate guarantee from the Company.
- (c) Term loans of the Group are secured by a charge over a subsidiary's property, plant and equipment with a carrying amount of approximately RM23,239,822 (2012: RM Nil) as disclosed in Note 7 (d) to the financial statements. In addition, the term loans of the Group are guaranteed by the Company.
- (d) Information on financial risks of the borrowings is disclosed in Note 34 to the financial statements.

19. HIRE PURCHASE CREDITORS

	Group	
	2013 RM'000	2012 RM'000
Minimum hire purchase payments:		
- not later than one (1) year	3	15
- later than one (1) year but not later than five (5) years	-	-
Total minimum hire purchase payments	3	15
Less: Future interest charges	-	-
Present value of hire purchase payments	3	15
Repayable as follows:		
Current liabilities:		
- not later than one (1) year (Note 18)	3	15

Information on financial risks of hire purchase creditors is disclosed in Note 34 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

20. DEFERRED TAX

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

	Group	
	2013 RM'000	2012 RM'000
Balance as at 1 January	15,859	15,020
Recognised in profit or loss: (Note 27)		
- current year	2,769	1,017
- under/(over) provision in prior years	172	(178)
	2,941	839
Balance as at 31 December	18,800	15,859

- (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 1 January 2012	222	222
Recognised in profit or loss	(222)	(222)
Balance as at 31 December 2012	-	-
Recognised in profit or loss	-	-
Balance as at 31 December 2013	-	-

	Group	
	Property, plant and equipment RM'000	Total RM'000
Deferred tax liabilities		
Balance as at 1 January 2012	15,242	15,242
Recognised in profit or loss	617	617
Balance as at 31 December 2012	15,859	15,859
Recognised in profit or loss	2,941	2,941
Balance as at 31 December 2013	18,800	18,800

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

20. DEFERRED TAX (continued)

- (c) The amount of temporary differences for which no deferred tax assets have been recognised in the statement of financial position are as follows:

	Group	
	2013 RM'000	2012 RM'000
Unutilised tax losses	2,351	894

Deferred tax assets of certain subsidiaries have not been recognised in respect of this item as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The deductible temporary differences do not expire under current tax legislation.

- (d) A subsidiary of the Group is entitled to claim reinvestment allowances under Schedule 7A Income Tax Act, 1967. Reinvestment allowance, of RM4,817,502 (2012: Nil) was claimed during the current financial year. As at the end of the reporting period, balance of reinvestment allowance not claimed amounted to RM5,160,692 (2012: Nil).

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Trade				
Third parties	6,184	6,229	-	-
Non-trade				
Amounts owing to subsidiaries	-	-	1,075	1,075
Other payables	3,491	1,915	11	-
Accruals	7,617	6,197	193	202
	11,108	8,112	1,279	1,277
Total	17,292	14,341	1,279	1,277

- (a) Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 days to 120 days (2012: 30 days to 120 days).
- (b) Included in trade payables of the Group are amounts of RM80,389 (2012: RM133,213) owing to companies in which family members 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 34 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

21. TRADE AND OTHER PAYABLES (continued)

(e) The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Ringgit Malaysia	15,306	12,404	1,279	1,277
Chinese Renminbi	315	124	-	-
Indonesian Rupiah	516	149	-	-
New Taiwan Dollar	455	-	-	-
US Dollar	700	1,664	-	-
	17,292	14,341	1,279	1,277

22. 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	
	2013 RM'000	2012 RM'000
Not later than one (1) year	48	293
Later than one (1) year and not later than five (5) years	74	688
	122	981

(b) Capital commitments

	Group	
	2013 RM'000	2012 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
- Contracted but not provided for	12,946	29,579
- Approved but not contracted for	75,777	66,987

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

23. CONTINGENT LIABILITIES

Unsecured	Company	
	2013 RM'000	2012 RM'000
Corporate guarantees given to banks for credit facilities granted to subsidiaries	36,048	27,907

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.

24. REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sale of goods	210,604	217,467	-	-
Dividend income from subsidiaries	-	-	51,723	33,238
	210,604	217,467	51,723	33,238

25. FINANCE COSTS

	Group	
	2013 RM'000	2012 RM'000
Interest expense on:		
- bankers' acceptances	235	521
- revolving credit	146	-
- term loans	1,194	661
	1,575	1,182

26. PROFIT BEFORE TAX

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit before tax is arrived at after charging:					
Amortisation of:					
- prepaid lease payments for land	10	-	85	-	-
- intangible asset	12	614	544	-	-
Auditors' remuneration:					
- statutory		172	210	22	19
- under provision in prior year		6	-	6	-
- non-statutory		6	18	6	18

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

26. PROFIT BEFORE TAX (continued)

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Bad debts written off		59	9	-	-
Depreciation of property, plant and equipment	7	21,054	18,697	-	-
Directors' remunerations					
- fees:					
- payable by the Company		174	165	174	165
- payable by subsidiaries		358	318	-	-
- emoluments other than fees:					
- payable by the Company		47	45	47	45
- payable by subsidiaries		1,890	1,717	-	-
Impairment loss on:					
- goodwill on consolidation	12	3,239	5,300	-	-
- trade receivables	14(h)	222	5	-	-
Intangible assets written off	12	-	1	-	-
Inventories written down		623	-	-	-
Loss on foreign exchange:					
- realised		-	318	-	-
- unrealised		-	236	-	-
Property, plant and equipment written off	7	24	74	-	-
Rental of factory and premises		640	723	-	-
Rental of forklift		4	-	-	-
And crediting:					
Dividend income from unquoted subsidiaries		-	-	51,723	33,238
Fair value adjustments on derivative instruments		-	42	-	-
Gain on disposal of property, plant and equipment		626	330	-	-
Gain on disposal of scrap		9,331	10,658	-	-
Gain on disposal of non-current asset held for sale		-	10	-	-
Gain on foreign exchange:					
- realised		189	-	-	-
- unrealised		536	-	-	-
Interest income from:					
- short term placements		282	856	-	-
- subsidiaries		-	-	1,999	-
Rental income from investment properties		378	378	-	-
Reversal of impairment loss on trade receivables	14(h)	11	1	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

27. TAX EXPENSE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current tax expense based on profit for the financial year:				
- current year	4,241	4,390	497	3,502
- under/(over) provision in prior years	26	(323)	56	-
	4,267	4,067	553	3,502
Deferred tax liabilities (Note 20):				
- relating to origination and reversal of temporary differences	2,769	1,017	-	-
- under/(over) provision in prior years	172	(178)	-	-
	2,941	839	-	-
	7,208	4,906	553	3,502

The Malaysian income tax is calculated at the statutory tax rate of 25% (2012: 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	
	2013 %	2012 %	2013 %	2012 %
Applicable tax rate	25.0	25.0	25.0	25.0
Tax effects in respect of:				
Deferred tax assets not recognised during the financial year	1.5	0.6	-	-
Double deduction of certain expenses	-	(0.1)	-	-
Non-taxable income	(10.6)	(4.9)	(24.3)	(14.5)
Non-allowable expenses	14.4	14.5	0.2	0.2
Utilisation of previously unrecognised tax losses	(0.2)	-	-	-
Utilisation of reinvestment allowances	(4.4)	(15.6)	-	-
	25.7	19.5	0.9	10.7
Under/(Over) provision of tax expense in prior years	0.6	(1.2)	0.1	-
Under/(Over) provision of deferred tax in prior years	0.1	(0.6)	-	-
Average effective tax rate	26.4	17.7	1.0	10.7

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

28. 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.

	2013	2012
Profit attributable to equity holders of the parent (RM'000)	20,149	22,763
Weighted average number of ordinary shares applicable to basic earnings per share ('000)	75,157	75,157
Basic earnings per ordinary share (sen)	26.81	30.29

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.

29. DIVIDENDS

	Group and Company			
	2013		2012	
	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	10	7,516	9	6,764
Interim dividend paid	3	2,254	3	2,255
	13	9,770	12	9,019

The Directors recommend a final single tier dividend of 8 sen and a special final single tier dividend of 1 sen per ordinary share, amounting to RM6,764,094 in respect of the financial year ended 31 December 2013, which are subject to the approval of the members at the forthcoming Annual General Meeting. These dividends, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2014.

30. EMPLOYEES BENEFITS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Salaries, wages, overtime, bonuses, allowances and commissions	33,288	30,901	15	135
Contributions to defined contribution plan	3,079	2,856	-	-
Social security contributions	307	302	-	-
	36,674	34,059	15	135

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM1,905,396 (2012: RM1,732,312) and RM15,000 (2012: RM15,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

31. 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sales to:				
- Pong Codan Marketing Sdn. Bhd.	20	19	-	-
- Pong Codan Rubber (M) Sdn. Bhd.	56	37	-	-
Purchases from:				
- Pong Codan Marketing Sdn. Bhd.	1,009	1,083	-	-
- Pong Codan Rubber (M) Sdn. Bhd.	394	395	-	-
Rental paid to:				
L F Kim Holdings Sdn. Bhd.	36	72	-	-
Dividend received and receivable from subsidiaries	-	-	51,723	33,238
Interest income receivable from subsidiaries	-	-	1,999	-

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

31. RELATED PARTY DISCLOSURES (continued)

(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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors' remuneration payable to:				
Executive Directors:				
- fees	373	333	15	15
- other emoluments	1,905	1,732	15	15
	2,278	2,065	30	30
Non-executive Directors:				
- fees	159	150	159	150
- other emoluments	32	30	32	30
	191	180	191	180
	2,469	2,245	221	210

The estimated monetary value of benefits-in-kind received by the Directors other than in cash from the Group amounted to RM107,772 (2012: RM96,350).

32. 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 an 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 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

32. OPERATING SEGMENTS (continued)

(a) Business segments (continued)

2013	Manufacturing RM'000	Trading RM'000	Investment RM'000	Other operating segments RM'000	Total RM'000
Revenue					
Total revenue	171,947	133,430	66,616	-	371,993
Inter-segment revenue	(94,773)	-	(66,616)	-	(161,389)
Revenue from external customers	77,174	133,430	-	-	210,604
Interest income	97	179	6	-	282
Finance costs	(158)	(1,297)	(120)	-	(1,575)
Net finance expenses	(61)	(1,118)	(114)	-	(1,293)
Depreciation of property, plant and equipment	(8,431)	(1,831)	(10,792)	-	(21,054)
Amortisation of intangible assets	(569)	(45)	-	-	(614)
Segment profit/(loss) before income tax	30,366	(9,290)	56,999	(6)	78,069
Income tax expense	(4,170)	(379)	(2,659)	-	(7,208)
Other material non-cash items:					
- Bad debt written off	-	(59)	-	-	(59)
- Gain on disposal of property, plant and equipment	416	51	159	-	626
- Impairment losses on:					
- goodwill	(3,239)	-	-	-	(3,239)
- trade receivables	(128)	(94)	-	-	(222)
- Inventories written down	(314)	(309)	-	-	(623)
- Property, plant and equipment written off	(22)	-	(2)	-	(24)
- Unrealised gain/(loss) on foreign exchange	1,186	(650)	-	-	536
Additions to non-current assets other than financial instruments	38,759	28,884	117	-	67,760
Segment assets	140,903	117,024	128,108	90	386,125
Segment liabilities	8,701	43,277	1,859	3	53,840

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

32. 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
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)	37,738	(10)	64,089
Income tax expense	(3,005)	(824)	(1,077)	-	(4,906)
Other material non-cash items:					
- Bad debt written off	-	(9)	-	-	(9)
- Fair value adjustments on derivatives	20	-	22	-	42
- Impairment losses on:					
- goodwill	(5,300)	-	-	-	(5,300)
- trade receivables	-	(5)	-	-	(5)
- Unrealised loss on foreign exchange	(185)	(41)	(10)	-	(236)
- Gain on disposal of property, plant and equipment	20	143	167	-	330
- 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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

32. OPERATING SEGMENTS (continued)

(a) Business segments (continued)

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

	2013 RM'000	2012 RM'000
Profit for the financial year		
Total profit for reportable segments	78,069	64,089
Elimination of inter-segment profits	(47,473)	(31,120)
Impairment loss on goodwill	(3,239)	(5,300)
Profit before tax	27,357	27,669
Income tax expense	(7,208)	(4,906)
Profit for the financial year	20,149	22,763
Liabilities		
Total liabilities for reportable segments	53,840	43,085
Deferred tax liabilities	18,800	15,859
Group's liabilities	72,640	58,944

(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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Malaysia	128,630	133,682	350,391	338,439	44,038	43,642
Asean	27,764	26,618	29,663	14,507	23,698	170
Non Asean	54,210	57,167	6,071	8,606	24	166
	210,604	217,467	386,125	361,552	67,760	43,978

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

33. 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 whilst maximising the return to shareholders through the optimisation of the debt and equity ratio. The overall strategy of the Group remains unchanged from financial year ended 31 December 2012.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order 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 2013 and 31 December 2012.

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 shareholders' 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.

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Borrowings	36,051	27,922	-	-
Trade and other payables	17,292	14,341	1,279	1,277
Current tax liabilities	497	822	235	-
Total liabilities	53,840	43,085	1,514	1,277
Less: Cash and cash equivalents	(25,686)	(30,974)	(101)	(61)
Net debt	28,154	12,111	1,413	1,216
Total equity	313,485	302,608	147,039	104,144
Net debt (A)	28,154	12,111	1,413	1,216
Total equity plus net debt (B)	341,639	314,719	148,452	105,360
Gearing ratio (A)/(B)	8.24%	3.85%	0.95%	1.15%

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, 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 2013.

The Group is not subject to any other externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

33. FINANCIAL INSTRUMENTS (continued)

(b) Categories of financial instruments

Group 2013	Loans and receivables RM'000	Available- for-sale RM'000	Total RM'000
Financial assets			
Investments	-	130	130
Trade and other receivables, net of prepayments	41,343	-	41,343
Cash and cash equivalents	25,686	-	25,686
	67,029	130	67,159
		Other financial liabilities RM'000	Total RM'000
Financial liabilities			
Borrowings		36,051	36,051
Trade and other payables		17,292	17,292
		53,343	53,343
Company 2013	Loans and receivables RM'000	Total RM'000	
Financial assets			
Trade and other receivables, net of prepayments	110,924	110,924	
Cash and cash equivalents	101	101	
	111,025	111,025	
	Other financial liabilities RM'000	Total RM'000	
Financial liabilities			
Trade and other payables		1,279	1,279

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

33. FINANCIAL INSTRUMENTS (continued)

(b) Categories of financial instruments (continued)

Group 2012	Loans and receivables RM'000	Available- for-sale RM'000	Total RM'000
Financial assets			
Investments	-	130	130
Trade and other receivables, net of prepayments	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
		Loans and receivables RM'000	Total RM'000
Company 2012			
Financial assets			
Trade and other receivables, net of prepayments		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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

33. FINANCIAL INSTRUMENTS (continued)

(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:

2013	Note	Group		Company	
		Carrying Amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Unrecognised					
Financial corporate guarantee given to subsidiaries	23	-	-	-	#
<hr/>					
2012					
Recognised					
Financial liabilities					
Fixed rate term loans		410	403	-	-
<hr/>					
Unrecognised					
Financial corporate guarantee given to subsidiaries	23	-	-	-	#

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

(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 their short-term nature 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 recently transacted prices of similar instruments.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

33. FINANCIAL INSTRUMENTS (continued)

(e) Fair value hierarchy

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).

The following tables set out the financial instruments carried at fair values on the statement of financial position.

Fair value of financial instruments carried at fair value				
	31.12.2013 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group				
Financial assets				
Available-for-sale financial asset				
- Club memberships	130	-	130	-
Financial liabilities				
Other financial liabilities				
- Hire purchase creditors	3	-	3	-
	31.12.2012 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group				
Financial assets				
Available-for-sale financial asset				
- Club memberships	130	-	130	-
Financial liabilities				
Other financial liabilities				
- Hire purchase creditors	15	-	15	-

There were no transfers between level 1 and level 2 fair value measurements during the financial year ended 31 December 2013 and 31 December 2012.

34. 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 and does not trade in derivative financial instrument. 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 is 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.

The Group maintains a natural hedge, where possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The Group also holds 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:

	2013 RM'000	2012 RM'000
US Dollar ("USD")	8,809	8,808
Chinese Renminbi ("RMB")	64	466
Indonesian Rupiah ("IDR")	433	1,011
	9,306	10,285

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 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Foreign currency risk (continued)

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	
		2013 RM'000	2012 RM'000
		Profit after tax	Profit after tax
USD/RM	-strengthen by 5%	818	536
	-weaken by 5%	(818)	(536)

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 risks

It is the Group's policy to ensure its ability to service its cash obligation in the future by way of measures and forecasts of its cash commitments, monitoring and maintaining a level of cash and cash equivalents deemed adequate to the Group's operations and development activities. The Group also maintains flexibility in funding by keeping committed credit lines available.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	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 2013				
Financial liabilities				
Trade and other payables	17,292	-	-	17,292
Borrowings	26,883	11,195	-	38,078
Total undiscounted financial liabilities	44,175	11,195	-	55,370
Company				
As at 31 December 2013				
Financial liabilities				
Trade and other payables	1,279	-	-	1,279
Total undiscounted financial liabilities	1,279	-	-	1,279

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Liquidity and cash flow risks (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				
Other payables	1,277	-	-	1,277
Total undiscounted financial liabilities	1,277	-	-	1,277

(iii) Credit risk

Cash deposits and receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis and perform credit evaluation on credibility of new customers to ensure that the Group is exposed to minimal credit risk.

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 extending 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 and cash and bank balances placed with major financial institutions in Malaysia, the Directors believe that the possibility of non-performance by these regulated 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% (2012: 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.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Credit risk (continued)

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 14 to the financial statements. Deposits with banks are placed with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 14 to the financial statements.

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments would 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 and Company's exposure to market risk for changes in interest rates relates primarily to their loans and borrowings. As the Group's income and operating cash flows are 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 2013, if interest rates at the date had been 100 basis points lower with all other variables held constant, post-tax profit of the Group for the year would have been RM173,384 (2012: RM209,000) 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 RM173,384 (2012: RM206,000) 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 2013 (continued)

34. 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 At 31 December 2013	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
Fixed rates								
Bankers' acceptances	18	3.51	10,000	-	-	-	-	10,000
Short term revolving credit	18	2.00	7,572	-	-	-	-	7,572
Hire purchase creditors	19	-	3	-	-	-	-	3
Floating rates								
Term loans	18	7.01	8,238	5,900	3,146	1,100	92	18,476
At 31 December 2012								
Fixed rates								
Bankers' acceptances	18	3.83	14,910	-	-	-	-	14,910
Term loans	18	5.58	410	-	-	-	-	410
Hire purchase creditors	19	-	15	-	-	-	-	15
Floating rates								
Term loans	18	4.79	5,162	4,744	2,509	172	-	12,587

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

34. 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 (continued):

Company At 31 December 2013	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
Fixed rates								
Amount owing by subsidiaries	14(c)	3.10	110,921	-	-	-	-	110,921
At 31 December 2012								
Fixed rates								
Amount owing by subsidiaries	14(c)	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- a. 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).
- b. A litigation action, which was previously taken by New Hoong Fatt Auto Supplies Sdn. Bhd. ("NHFAS"), a wholly-owned subsidiary of the Group, against Eagle Eyes Auto Lamps Centre Sdn. Bhd. ("Eagle Eyes") in respect of Registered Design No. MY 07-00783-0101, has been fully resolved and concluded with Eagle Eyes having paid legal costs due to NHFAS on 13 June 2013.
- c. On 23 July 2013, NHFAS has entered into a Renewable Energy Power Purchase Agreement with Tenaga Nasional Berhad ("TNB") for the sale and delivery of renewable energy for a concession period of twenty one (21) years. Subsequently, on 28 November 2013, NHFAS has commenced the sale and delivery of renewable energy to TNB via the Solar Photovoltaic Feed-in Tariff system at NHFAS's new warehouse situated in Segambut, Kuala Lumpur.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2013 (continued)

36. 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:

	2013		2012	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Total retained earnings before consolidation adjustments				
- Realised	268,300	67,672	256,017	24,777
- Unrealised	(16,985)	-	(10,827)	-
	251,315	67,672	245,190	24,777
Less: Consolidation adjustments	(54,151)	-	(58,405)	-
Total Group/Company retained earnings as per consolidated financial statements	197,164	67,672	186,785	24,777

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 2013 / pada 31 Disember 2013

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)
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/ 28,545 sq m	Freehold/ 15 – 22 years <i>Pegangan bebas/ 15 - 22 tahun</i>	03.02.12	28,143
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/ 11 years <i>Pegangan bebas/ 11 tahun</i>	03.02.12	10,502
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/ 19,037 sq m	Freehold/ 11 years <i>Pegangan bebas/ 11 tahun</i>	03.02.12	14,386
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/ 7,269 sq m	Freehold/ 13 years <i>Pegangan bebas/ 13 tahun</i>	03.02.12	8,753

LIST OF PROPERTIES / SENARAI HARTANAH

as at 31 December 2013 / pada 31 Disember 2013 (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/ 8,527 sq m	Freehold/ 11 years <i>Pegangan bebas/ 11 tahun</i>	03.02.12	9,445
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/ 3 years <i>Pegangan bebas/ 3 tahun</i>	03.02.12	18,218
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

LIST OF PROPERTIES / SENARAI HARTANAH

as at 31 December 2013 / pada 31 Disember 2013 (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)
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
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/ 40 years <i>Pajakan 99 tahun berakhir 16.06.2067/ 40 tahun</i>	09.02.12	9,500
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/ 2,726 sq m	Leasehold of 99 years expiring on 16.06.2067/ 40 years <i>Pajakan 99 tahun berakhir 16.06.2067/ 40 tahun</i>	09.02.12	5,873
PN 24531 & PN 27157 Lot 16474 & 16475 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>	4,590 sq m/ 4,932 sq m	Leasehold of 99 years expiring on 16.06.2067/ 1 year <i>Pajakan 99 tahun berakhir 16.06.2067/ 1 tahun</i>	09.02.12	15,679

LIST OF PROPERTIES / SENARAI HARTANAH

as at 31 December 2013 / pada 31 Disember 2013 (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>
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/ 1,812 sq m	Leasehold of 60 years expiring on 31.12.2072/ 7 years <i>Pajakan 60 tahun berakhir 31.12.2072/ 7 tahun</i>	10.02.12	2,777
Hak Milik No. 5223 – 5230 Jl. Raya Kamal Muara Kelurahan Kamal Muara Kec. Penjaringan Kotamadya Jakarta Utara, DKI Indonesia	Industrial land and building/ Office and warehouse <i>Tanah perindustrian dan bangunan/ Pejabat dan gudang</i>	11,830 sq m/ 7,540 sq m	Leasehold of 30 years expiring on 07.01.2043/ 25 years <i>Pajakan 30 tahun berakhir 07.01.2043/ 25 tahun</i>	30.01.13	23,240

ANALYSIS OF SHAREHOLDINGS

ANALISA PEGANGAN SAHAM

As at 22 April 2014 / Pada 22 April 2014

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	:	1,270
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	14	1.10	391	0.00
100 – 1,000	215	16.93	178,322	0.24
1,001 – 10,000	763	60.08	3,270,400	4.35
10,001 – 100,000	219	17.24	7,035,625	9.36
100,001 – less than 5% of issued shares / kurang dari 5% terbitan saham	57	4.49	29,013,975	38.60
5% and above of issued shares / 5% dan ke atas terbitan saham	2	0.16	35,657,887	47.44
TOTAL / JUMLAH	1,270	100.00	75,156,600	100.00

Note : 5% of issued shares = 3,757,830 shares

Nota : 5% terbitan saham = 3,757,830 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 22 April 2014 / Pada 22 April 2014 (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 22 April 2014 / Pada 22 April 2014 (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 Deutsche Bank AG Singapore For / Untuk British and Malayan Trustees Limited (Yeoman 3-Rights)	3,450,000	4.59
4. Kam Kin Foong	1,877,125	2.50
5. Yogeswaran A/L Subramaniam	1,705,000	2.27
6. Patricia Lim Pek Yew	1,630,200	2.17
7. Lee Kam Tai	1,627,425	2.17
8. Wong Fong Ngoh	1,439,600	1.92
9. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For / Untuk Teo Siew Lai (Margin)	1,285,300	1.71
10. Kam Foong Sim	1,132,425	1.51
11. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For / Untuk Teo Kwee Hock (Margin)	1,023,100	1.36
12. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For / Untuk Chan Chong Soon (E-KPG)	900,000	1.20
13. Chin Jit Sin	838,200	1.12
14. Wong Fong Ngoh	744,000	1.00
15. L F Kim Holdings Sdn Bhd	720,000	0.96
16. Lim Pei Tiam @ Liam Ahat Kiat	720,000	0.96
17. Lim Khuan Eng	700,000	0.93
18. Kam Foong Sim	675,000	0.90
19. Lien, Li-Yu	452,800	0.60
20. Lim Pin Kong	445,500	0.59
21. HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd For / Untuk Yeo Seng Chong	390,000	0.52
22. Lim Pin Kong	390,000	0.52
23. Koay Keng Huat	383,100	0.51
24. Koay Keng Ling	354,000	0.47
25. Lin, Chih-Chun	334,600	0.44
26. Tseng Wan-I	306,000	0.41
27. Goh Beng Choo	280,300	0.37
28. HK Wong Holdings Sdn Bhd	267,000	0.36
29. Diong Swee Gaik	234,000	0.31
30. Diong Swee Hoon	234,000	0.31
TOTAL / JUMLAH	60,196,562	80.09

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth (17th) Annual General Meeting of **NEW HOONG FATT HOLDINGS BERHAD** will be held at Banyan & Casuarina Rooms, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 24 June 2014 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 2013 together with the Reports of the Directors and Auditors thereon.
2. To approve a final single tier dividend of eight (8) sen and a special final single tier dividend of one (1) sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2013. **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) Madam Kam Foong Keng **Resolution 2**
 - (ii) Datuk Dr. Anis bin Ahmad **Resolution 3**
4. To approve the Directors' Fees of RM174,000 for the financial year ended 31 December 2013. **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 Resolutions of the Company:

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

"THAT 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 be designated as such until the conclusion of the next Annual General Meeting, subject to the provisions of the relevant regulatory authorities."

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

"THAT, subject to the passing of the Resolution 3 above, and 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 be designated as such until the conclusion of the next Annual General Meeting, subject to the provisions of the relevant regulatory authorities."

Resolution 7
8. 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 Seventeenth (17th) Annual General Meeting of the Company, a final single tier dividend of eight (8) sen and a special final single tier dividend of one (1) sen per ordinary share of RM1.00 each for the financial year ended 31 December 2013 will be paid on 21 July 2014 to Depositors whose names appear in the Record of Depositors on 30 June 2014.

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 30 June 2014 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

30 May 2014

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 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.
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 17 June 2014 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 MCCG 2012 at this Annual General Meeting ("AGM"). In observing the recommendation under the MCCG 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 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 MCCG 2012 at this AGM. In observing the recommendation under the MCCG 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 of the Annual Report.

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-Tujuhbelas (17) akan diadakan di Bilik Banyan & Casuarina, Tingkat Bawah, Pusat Konvensyen Sime Darby, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, pada hari Selasa, 24 Jun 2014, 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 2013 bersama dengan Laporan-laporan Pengarah dan Juruaudit.
2. Meluluskan dividen akhir satu peringkat sebanyak lapan (8) sen dan dividen khas akhir satu peringkat sebanyak satu (1) sen sesaham biasa berharga RM1.00 bagi tahun kewangan berakhir pada 31 Disember 2013. **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) Puan Kam Foong Keng **Resolusi 2**
 - (ii) Datuk Dr. Anis bin Ahmad **Resolusi 3**
4. Meluluskan yuran Pengarah sebanyak RM174,000 bagi tahun kewangan berakhir 31 Disember 2013. **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 bagi Syarikat:

6. RESOLUSI BIASA

PENGEKALAN ENCIK DANNY NG SIEW L'LEONG SEBAGAI PENGARAH BEBAS

"BAHAWA, 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, tertakluk kepada peruntukan-peruntukan pihak berkuasa yang berkaitan." **Resolusi 6**

7. RESOLUSI BIASA

PENGEKALAN DATUK DR. ANIS BIN AHMAD SEBAGAI PENGARAH BEBAS

"BAHAWA, tertakluk kepada kelulusan Resolusi 3 seperti di atas, dan 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, tertakluk kepada peruntukan-peruntukan pihak berkuasa yang berkaitan." **Resolusi 7**

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

NOTIS BERKELAYAKAN DIVIDEN DAN BAYARAN

DENGAN INI JUGA DIMAKLUMKAN BAHAWA tertakluk kepada kelulusan dari pemegang-pemegang saham pada Mesyuarat Agung Tahunan Syarikat yang ke-Tujuhbelas (17), dividen akhir satu peringkat sebanyak lapan (8) sen dan dividen khas akhir satu peringkat sebanyak satu (1) sen sesaham biasa berharga RM1.00 bagi tahun kewangan berakhir 31 Disember 2013 akan dibayar pada 21 Julai 2014 kepada pendeposit sepertimana yang terdapat di dalam Rekod Pendeposit pada 30 Jun 2014.

Pendeposit hanya layak untuk menerima dividen berhubung dengan:

- (a) Sekuriti yang dipindahkan ke dalam Akaun Sekuriti Pendeposit sebelum 4.00 petang pada 30 Jun 2014 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
30 Mei 2014

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 sehingga dua (2) 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 17 Jun 2014 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, samada 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.

NOTA PENERANGAN BERKENAAN URUSAN KHAS

Resolusi 6

Encik Danny Ng Siew L'Leong ("Encik Ng") 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 Ng, mempertimbangkan beliau sebagai bebas dan mencadangkan Encik Ng dikekalkan sebagai Pengarah Bebas Bukan Eksekutif Syarikat. Butir-butir penilaian dan justifikasi beliau adalah terkandung di dalam Penyata Tadbir Urus Korporat 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 pada Penyata Tahunan ini.

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.

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 Seventeenth (17th) Annual General Meeting of the Company to be held at Banyan & Casuarina Rooms, Ground Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 24 June 2014 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 1 sen		
Resolution 2	Re-election of Madam Kam Foong Keng as Director		
Resolution 3	Re-election of Datuk Dr. Anis bin Ahmad as Director		
Resolution 4	Approval of Directors' Fees of RM174,000		
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		

(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 2014

No. of Ordinary Shares held	
CDS Account No.	

.....
Signature/Common Seal of Member

Notes:

1. Every member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote for him/her. A proxy may but need not be a member of the Company. If the proxy is not a member, he/she needs not be an advocate, an approved company auditor or a person approved by the Registrar in a particular case. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("Authorised Nominee"), 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.
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 17 June 2014 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-Tujuhbelas (17) yang akan diadakan di Bilik Banyan & Casuarina, Tingkat Bawah, Pusat Konvensyen Sime Darby, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur pada hari Selasa, 24 Jun 2014 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 1 sen		
Resolusi 2	Pemilihan semula Puan Kam Foong Keng sebagai Pengarah		
Resolusi 3	Pemilihan semula Datuk Dr. Anis bin Ahmad sebagai Pengarah		
Resolusi 4	Meluluskan yuran Pengarah sebanyak RM174,000		
Resolusi 5	Perlantikan semula Juruaudit dan memberi kuasa kepada Pengarah untuk menetapkan bayaran mereka		
Resolusi 6	Pengekalan En Danny Ng Siew L'Leong sebagai Pengarah Bebas		
Resolusi 7	Pengekalan Datuk Dr. Anis Bin Ahmad sebagai Pengarah Bebas		

(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 2014

Bilangan Saham Biasa yang dipegang	
No. Akaun CDS	

.....
Tandatangan / Meterai Ahli

Nota-nota:

1. Setiap ahli Syarikat yang layak menghadiri dan mengundi dalam mesyuarat ini berhak untuk melantik tidak lebih dari dua (2) proksi untuk menghadiri dan mengundi bagi pihak dirinya. Seseorang proksi boleh, tetapi tidak semestinya seorang ahli Syarikat. Jika proksi bukan seorang ahli Syarikat, beliau tidak semestinya seorang pegawai, 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 sehingga dua (2) 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 17 Jun 2014 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.
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新鸿发集团有限公司

NEW HOONG FATT HOLDINGS BERHAD (425709-K)

Bumper



Head Lamp



Bumper



Tail Lamp



Door Skin



Windscreen



Grille



Body Part

Lamp, Fender, Windscreen,
Grille, Hood, Trunk Lid, Door Skin,
Tail Gate, Bumper, Door Glass

Door Mirror



Radiator



Maintenance / Wear & Tear

Weather Strip, Door Lock Assy, Door Mirror,
Window Regulator, Door Striker, Key Lock,
Door Handle, Roof Mirror, Power
Motor, Bumper Bracket, Bonnet Lock, Air Cleaner,
Door Hinge, Mudflap, Radiator

Door Outer Handle



Power Window Main Switch



Oil Filter



Lubricants



Air Filter



Service Item

Lubricants, Spark Plug, Oil Filter,
Air Filter, Wiper, Sealant

Accessories (In House Design)

Lamp, Grille, Bumper

Local & Imported Car Models

Quality Replacement Automotive Parts Specialist

Head Office

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

Segambut

1 & 3, Jalan Segambut Bawah,
Segambut, 51200 Kuala Lumpur
Tel : 603-6243 6655
Fax : 603-6179 4411

Kota Kinabalu

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

Email :
enquiries@newhoongfatt.com.my

Website :
www.newhoongfatt.com.my

*Above photo is for illustration purpose.





NEW HOONG FATT HOLDINGS BERHAD
(425709 - K)

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