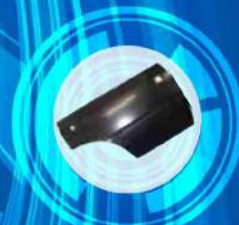




**NEW HOONG FATT HOLDINGS BERHAD**  
(425709 - K)



**2014**  
ANNUAL REPORT

# Mission

WE PROVIDE A WIDE RANGE QUALITY AUTOMOTIVE PARTS TO OUR CUSTOMERS THROUGH AN INTEGRATED SUPPLY CHAIN SYSTEM

## Misi

KAMI MEMBEKAL PELBAGAI JENIS ALAT GANTI AUTOMOTIF YANG BERKUALITI KEPADA PELANGGAN KAMI MELALUI SISTEM RANTAIAN BEKALAN YANG BERSEPADU



## Cover Rationale

Through the years, the automotive parts manufacturing industry has experienced continuous growth due to the increase in vehicles, both locally and globally. The Group has maintained its competitiveness in the marketplace, attributed to the guidance and stewardship of the Management. It is our mission to continuously grow our business by providing a wide range of quality automotive parts locally and around the globe.

## Rasional Muka Hadapan

Dari tahun ke tahun, industri pembuatan alat-alat automotif mencatatkan pertumbuhan yang berterusan didorong oleh peningkatan kenderaan, di dalam negara dan di peringkat global. Kumpulan telah mengekalkan daya saingnya dalam pasaran, disokong oleh bimbingan dan pengawasan Pengurusan. Adalah menjadi matlamat kami untuk terus mengembangkan perniagaan kami dengan menawarkan pelbagai jenis alat automotif yang berkualiti di pasaran tempatan dan di seluruh dunia.



# 18TH ANNUAL GENERAL MEETING

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

Wednesday, 3 June 2015  
at 10.00 a.m

## MESYUARAT AGUNG TAHUNAN KE-18

Bilik Banyan & Casuarina  
Tingkat Bawah  
Pusat Konvensyen Sime Darby  
1A Jalan Bukit Kiara 1  
60000 Kuala Lumpur

Rabu, 3 Jun 2015  
pada jam 10.00 pagi

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## COMPANY'S PROFILE

### PROFIL SYARIKAT

New Hoong Fatt Holdings Berhad ("NHF") is listed on the main market of Bursa Malaysia Securities Berhad. NHF Group first established its trading company in 1977, selling genuine and alternative automotive replacement body parts. Since then, it has grown to become a major distributor in Malaysia. It provides Automotive Parts Solutions to the local replacement market. NHF has its headquarters in Klang, Selangor, as well as trading branches in Segambut, Kuala Lumpur and Kota Kinabalu, Sabah, to cater to its extensive distribution channel of more than 1,000 wholesalers and retailers throughout Malaysia.

Having gained vast experience in trading and distribution of automotive parts, 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 tools and dies has enabled the Group to go beyond Malaysia, exporting to more than 50 countries in Asia, Central and South America, Europe and Africa.

In 2011, NHF Group expanded its business abroad and incorporated wholly-owned subsidiaries in Jakarta, Indonesia and Shanghai, China. These two overseas operations were set up as trading company in attempts to capture the markets in these two countries.

For growth opportunity, the Group will further expand its product range, continuously improve its product quality and increase its regional presence.

*New Hoong Fatt Holdings Berhad ("NHF") disenaraikan di Pasaran Utama, Bursa Malaysia Securities Berhad. Kumpulan NHF telah mula menubuhkan syarikat pemasarannya pada tahun 1977 dengan menjual alat-alat ganti automotif yang tulen dan alternatif. Sejak itu, ia telah berkembang menjadi pembekal utama di Malaysia. Ia membekal Penyelesaian Alat-Alat Ganti Automotif kepada pasaran tempatan. NHF mempunyai ibu pejabatnya di Klang, Selangor serta cawangan-cawangan perniagaan di Segambut, Kuala Lumpur dan Kota Kinabalu, Sabah untuk membekalkan perkhidmatan kepada rangkaian pengedarannya yang melebihi 1,000 pemborong dan peruncit di seluruh Malaysia.*

*Setelah memperolehi pengalaman yang luas dalam bahagian pemasaran dan pengedaran alat-alat ganti automotif, 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 "tools and dies" telah membolehkan Kumpulan ini mengeksport ke lebih 50 buah negara di Asia, Amerika Tengah dan Selatan, Eropah dan Afrika.*

*Pada tahun 2011, Kumpulan NHF telah meluaskan sayap perniagaannya ke luar negara dan menubuhkan subsidiari-subsidiari milik penuh di Jakarta, Indonesia dan Shanghai, China. Operasi luar negara ini ditubuhkan sebagai syarikat perdagangan dalam usaha menawan pasaran di dua negara tersebut.*

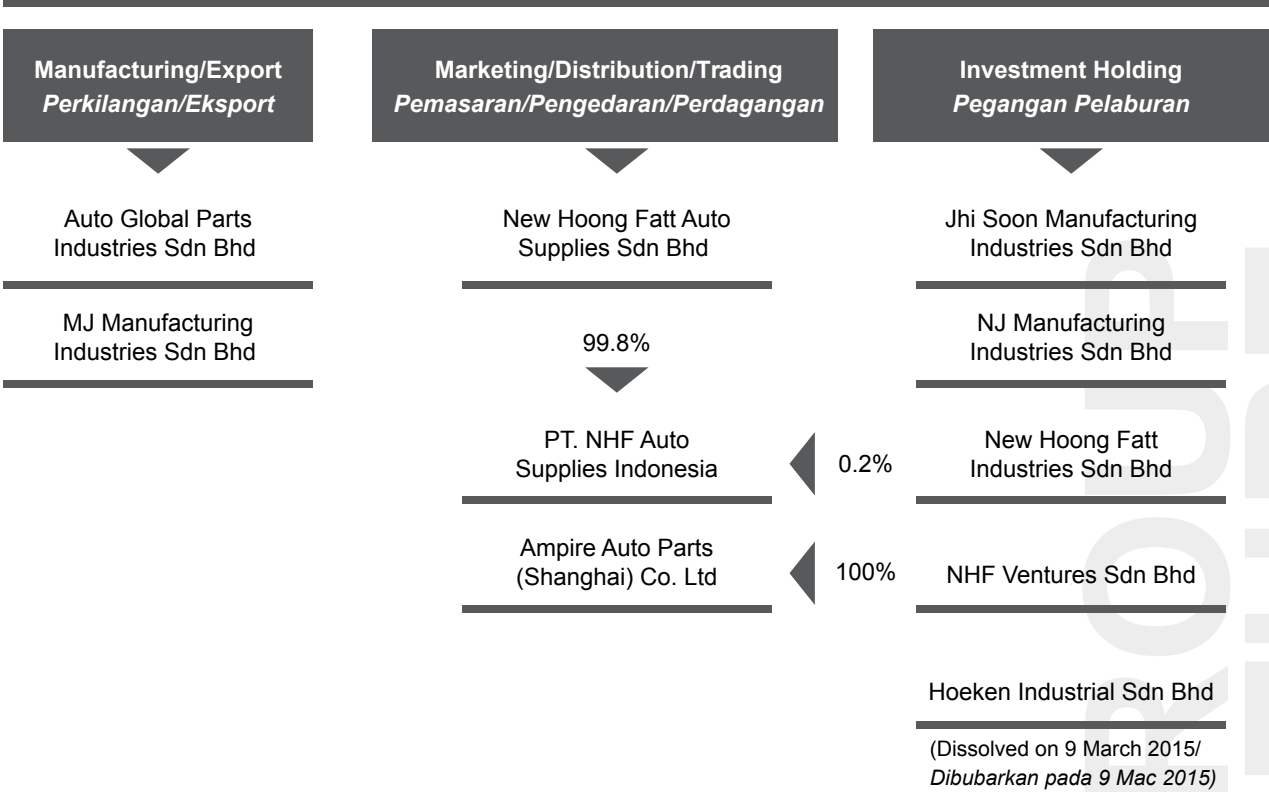
*Untuk peluang pembangunan, Kumpulan akan terus mempelbagaikan produk keluaran, terus meningkatkan kualiti produk dan mempertingkatkan kewujudannya di kawasan serantau.*

GROUP STRUCTURE  
STRUKTUR KUMPULAN



NEW HOONG FATT  
HOLDINGS BERHAD

100% owned subsidiaries  
*Subsidiari 100% milik*



# CORPORATE INFORMATION

## MAKLUMAT KORPORAT

### BOARD OF DIRECTORS

#### Kam Foong Keng

Executive Chairman

#### Chin Jit Sin

Managing Director

#### Kam Foong Sim

Executive Director

#### Wong Yoke Nyen

Independent Non-Executive Director

#### Danny Ng Siew L'Leong

Independent Non-Executive Director

#### Datuk Dr. Anis bin Ahmad

Independent Non-Executive Director

### AUDIT COMMITTEE

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

### NOMINATION COMMITTEE

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

### REMUNERATION COMMITTEE

Datuk Dr. Anis bin Ahmad (Chairman)  
Danny Ng Siew L'Leong  
Wong Yoke Nyen  
Kam Foong Keng

### SECRETARIES

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

### PRINCIPAL BANKERS

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

### BUSINESS ADDRESS

Lot 5043, Jalan Teratai, Meru  
41050 Klang, Selangor  
Tel : (603) 3392 6818  
Fax : (603) 3392 6808

### REGISTERED OFFICE

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

### REGISTRAR

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

### AUDITORS

BDO (AF: 0206)  
Chartered Accountants

### STOCK EXCHANGE LISTING

Main Market, Bursa Malaysia Securities Berhad  
Stock Name: NHFATT  
Stock Code: 7060

# LETTER TO SHAREHOLDERS

Dear Valued Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the Annual Report of New Hoong Fatt Holdings Berhad (“NHF”, “the Group”) for the financial year ended 31 December 2014.

## INDUSTRY OVERVIEW

The automotive industry worldwide experienced a challenging year, facing pockets of difficulty throughout 2014. Many regions cited economic concerns and government regulatory changes as the dominating factors for slowdown in performance. Other notable events in the automotive industry included several passenger car recalls, particularly in the United States.

China retained its title as the world’s largest automotive market in 2014. The China Association of Automobile Manufacturers (CAAM) reported that total vehicle sales in China rose by 6.9% with 23.5 million units sold, compared to 13.9% growth in 2013. Passenger cars, as the primary mode of transport in China, peaked at a record of 19.7 million units sold in 2014. With this, China’s passenger car ownership stands at 117.0 million. Another major player in the automotive market, Indonesia, experienced a marginal decline in domestic car sales by 1.8% to 1.2 million vehicles in 2014. This decline was partly affected by the reduction of fuel subsidies towards end of the financial year.

On the local front, the Malaysian Automotive Association reported a Total Industry Volume (TIV) of 666,465 units in 2014, a 1.6% increase from 2013. Maintaining a three-year high, Malaysia’s TIV was upheld predominantly by sales from home grown automotive marques.

## FINANCIAL REVIEW

2014 was a challenging year for NHF due to lower demand in the local market. For the financial year ended 31 December 2014, the Group’s consolidated revenue recorded a decline of 4.8% compared to 2013. Total revenue achieved was RM200.6 million compared to RM210.6 million in 2013. Revenue in the domestic market declined by 10.8% compared to 2013. The decline in domestic revenue was partially cushioned by the increase in export and overseas operations’ revenue which increased by 4.6% compared to 2013. Despite the market being very competitive in Indonesia and China, the Group managed to achieve revenue of approximately RM8.0 million from these two markets.

Profit before taxation of RM17.9 million in 2014 was 34.7% lower compared to RM27.4 million in 2013. This was the result of lower revenue achieved as well as unfavourable products mix and higher manufacturing and operating costs in 2014, mostly from higher depreciation, utility charges and staff costs.

Net profit declined by 40.6% to RM12.0 million in 2014 compared to RM20.2 million in 2013. Higher effective tax rate was recorded in 2014 due to timing difference in absorbing Reinvestment Allowances and deferred taxation.

Consequently, earnings per share declined to 15.9 sen for the financial year under review compared to 26.8 sen in 2013. At the end of the financial year under review, net assets per ordinary share stood at RM4.19 compared to RM4.17 in 2013.

## DIVIDENDS

The Board of Directors had earlier declared an interim single tier dividend of 3 sen per ordinary share for the financial year ended 31 December 2014. The interim dividend which amounted to RM2,254,698 was paid to shareholders on 24 December 2014.

The Board further recommended a final single tier dividend of 7 sen per share, amounting to RM5,260,962 for approval of the shareholders at the upcoming Annual General Meeting. This brings the total single tier dividend proposed and declared to 10 sen for the financial year under review.

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

## BUSINESS REVIEW

Prevailing global economic conditions and cautious consumer spending domestically affected the business environment adversely in 2014. Falling oil prices and unstable economies dominated the headlines towards end of the year, affecting countries from Europe to Asia in varying degrees. To counter the challenges and deliver a better performance, NHF continued to focus on market development and operational efficiency.

ASEAN countries such as Indonesia posted a Gross Domestic Product (“GDP”) expansion of 5.6% for 2014. In other markets, China reported a GDP growth of 7.4% for 2014, significantly lower compared to previous years. Further across the globe, Europe grew by approximately 1.4%.

## LETTER TO SHAREHOLDERS (continued)

Amidst the softening global economic conditions, NHF has relied on its core values and competencies to overcome challenges in the marketplace. Embracing perseverance and discipline, the Group has remained strong and consistent. NHF has continued to be a customer-focused organisation with sights set on meeting the needs of customers and stakeholders with excellence and confidence.

To reach out to the international arena and gain a better understanding of global markets, NHF participated in internationally acclaimed expos and exhibitions in Dubai, United Arab Emirates and Shanghai, China. At the expos, NHF featured its metal and plastic automotive body parts ranging from hoods to lamps and bumpers.

### CORPORATE SOCIAL RESPONSIBILITY

Taking cognizance of the importance of Corporate Social Responsibility ("CSR") as a fundamental component of our business, the Group is committed to support the CSR initiatives to create positive impact on our community, workplace, environment and marketplace.

#### Community

Being a good corporate citizen, NHF interacts with different groups in the community. As part of the 2014 calendar, several internal and external CSR activities were conducted which involved both employees and external parties.

At our Annual Dinner held in March 2014, the Group recognised 33 long-serving staff who have been with the company for 10 and 20 years. The event was attended by about 900 employees. A firm believer in the power of education to improve opportunities in life, NHF encourages and rewards academic excellence among children of its employees. This year, a total of 12 children received cash incentives for securing A's in the UPSR and PMR examinations. Seven children were rewarded for achieving at least three A's in the UPSR, while five were rewarded for achieving at least four A's in the PMR examinations.

In its effort to save lives and reduce traffic-related injuries, NHF organised its annual blood donation and health awareness day. With "Every Drop Counts, Be a Life Saver" as its theme, the Group also used the event as an opportunity to promote road safety ahead of festive seasons among its employees and nearby community. NHF engaged the Road Safety Department, Ministry of Transport (JKJR) to set up its booth featuring vital information on road safety. In addition, other related agencies such as the Fire and

Rescue Department of Malaysia, Royal Malaysia Police (PDRM), Road Transport Department Malaysia (JPJ), National Anti Drugs Agency (NADA) and Automobile Association of Malaysia (AAM) were also present to help raise awareness for road safety.

Following the re-signing of a Memorandum of Understanding (MoU) in 2013 with JKJR, NHF continued the campaign aimed at educating employees on how to practise positive driving and riding habits. After three years of campaigning, initiatives and active engagement with its employees, NHF marked its one-year milestone of zero-fatality in 2014.

#### Workplace

We believe our employees are our best assets and we strive to provide a safe workplace for our employees. We provide opportunities to our employees to grow with us, through proper training, career development and internal promotions wherever possible. NHF's talent management strategy is guided by a philosophy which encompasses all areas of human resource and puts into practice a closed-loop strategy. Beginning with hiring the right individuals who are aligned with the Group's core values, NHF's closed-looped strategy ensures continuous development to upgrade and renew employee competencies.

NHF values diversity and regards it as a competitive advantage that adds to the collective skills and experience of the Group. For several years, NHF has maintained the practice of having at least one-third of female representation on the Board. At other levels within the Group, employees are provided with fair and equal employment opportunities, career progression and pay equity regardless of gender, ethnicity or age.

NHF also strives to build a workforce with diverse skills, capability and knowledge to serve and understand its customers better. In doing so, the Group reaches out to a varied group of potential employees from local youths to secondary-school leavers and graduates via various programmes. Amongst the most long-standing is the NHF Apprenticeship Programme. A collaboration with several accredited training providers such as Selangor Human Resource Development Corporation (SHRDC), Max Human Capital, Enter Corridor Training Centre and Auto Prima Training Centre, NHF's Apprenticeship Programme provides school leavers aged between 18 to 24 years an opportunity to earn the 'Sijil Kemahiran Malaysia' (SKM) level 2 and level 3 qualification in Industrial Automation, Mechatronics and Plastic Injection Moulding. The programme consists of both theoretical and practical classroom sessions, followed by on-the-job training at NHF. Since its inception in December 2011, NHF has sponsored 55 apprentices.



# LETTER TO SHAREHOLDERS (continued)

## Environment

The Group is conscious of creating a sustainable future. Thus, we conduct our business by adhering strictly to environmentally friendly and responsible practices. The Group's commitment towards creating a sustainable future includes promoting energy conservation and generation of solar power energy, proper waste water treatment, usage of recyclable raw materials and continuously driving wastage reduction.

## Marketplace

The Group is committed to ensure all of our business activities are managed with high standards of integrity and transparency. NHF does not tolerate any unethical practices. NHF endeavours to further improve business practices to demonstrate to its customers, suppliers, investors and regulatory bodies that the Group places strong emphasis on corporate sustainability as one of the core pillars to drive business growth.

## FUTURE PROSPECTS

Standing strong with Malaysia as its home base, NHF aims to continue expanding its reach worldwide. The Group plans to enter new markets while strengthening existing business in China and Indonesia, and within Asia.

The future also holds additional opportunities with the impending formation of the ASEAN Economic Community (AEC) which Malaysia will chair before it comes into full-effect in December 2015. The AEC, consisting of 10 countries which include Malaysia, Brunei, Cambodia, Indonesia, Laos, Myanmar, Philippines, Singapore, Thailand and Vietnam, aims to fulfil economic integration, allowing for freer flow of business activity among its members. The culmination of AEC will open doors for NHF to a market of approximately 600 million people. With the removal of barriers to trade and market liberalisation, companies with exports are expected to reap considerable benefits from the AEC.

The AEC is an extension of the ASEAN Free Trade Agreement (AFTA). With AFTA, the original member countries of Indonesia, Malaysia, Philippines, Singapore and Thailand traded under the Common Effective Preferential Tariff (CEPT) scheme. NHF, being a Malaysian-based company benefited from trading with zero-tariff rates since 2010.

The business environment is expected to remain challenging in 2015 due to prevailing global economic conditions. The effects of falling oil prices, political instability in the Arab nations and softening of economies in the west will be felt globally. In addition, the rising cost of living in Malaysia is expected to affect consumer spending. Nevertheless, there is still room to grow for NHF. With a growing world population, a burgeoning middle class in need of vehicles on top of an existing car population, the Group sees continued demand for its wide range of quality products, and will take more dynamic steps to identify and grow new business opportunities in the coming years.

## ACKNOWLEDGEMENT

In closing, on behalf of the Board of Directors, allow me to express my sincere appreciation to all our stakeholders for their continued valued support to the Group. To our Board of Directors, I would like to express my gratitude for your constant leadership, support and direction for our management team. To our employees, I would like to thank you for your commitment, dedication and contribution towards the Group's sustained growth.

**KAM FOONG KENG**  
Executive Chairman

# SURAT KEPADA PEMEGANG SAHAM

*Para Pemegang Saham sekalian,*

**Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan New Hoong Fatt Holdings Berhad (“NHF”, “Kumpulan”) bagi tahun kewangan berakhir 31 Disember 2014.**

## TINJAUAN INDUSTRI

Industri automotif di seluruh dunia mengalami tahun yang mencabar dan menghadapi kesukaran sepanjang tahun 2014. Kebanyakan rantau menyatakan kebimbangan ekonomi dan perubahan dasar kerajaan sebagai faktor utama yang menyumbang kepada kelembapan prestasi. Peristiwa penting lain dalam industri automotif termasuklah panggilan semula beberapa kenderaan penumpang, terutamanya di Amerika Syarikat.

China mengekalkan gelarannya sebagai pasaran automotif terbesar dunia pada tahun 2014. Persatuan Pengeluar Automobil China (CAAM) melaporkan bahawa jumlah jualan kenderaan di China telah meningkat sebanyak 6.9% dengan 23.5 juta unit kenderaan terjual, berbanding dengan 13.9% peningkatan pada tahun 2013. Kenderaan penumpang, sebagai kaedah pengangkutan utama di China memuncak dengan rekod 19.7 juta unit terjual pada tahun 2014. Dengan ini, pemilikan kenderaan penumpang di China adalah sebanyak 117.0 juta. Satu lagi pemain utama dalam pasaran automotif, Indonesia mengalami sedikit penurunan dalam jualan kenderaan tempatan iaitu sebanyak 1.8% kepada 1.21 juta kenderaan pada tahun 2014. Penurunan ini disebabkan sebahagiannya oleh pengurangan subsidi bahan api menjelang akhir tahun kewangan tersebut.

Di pasaran tempatan, Persatuan Automotif Malaysia melaporkan jumlah jualan industri (“TIV”) sebanyak 666,465 unit dalam tahun 2014, kenaikan sebanyak 1.6% dari tahun 2013. Mengekalkan rekod tinggi selama tiga tahun, TIV Malaysia didukung sebahagian besarnya oleh jualan daripada pengeluar automotif tempatan.

## TINJAUAN KEWANGAN

Tahun 2014 merupakan tahun yang mencabar bagi NHF berikutan penurunan permintaan di pasaran tempatan. Bagi tahun kewangan berakhir 31 Disember 2014, hasil pendapatan konsolidasi Kumpulan mencatatkan penurunan sebanyak 4.8% berbanding dengan tahun 2013. Jumlah hasil pendapatan yang dicapai adalah sebanyak RM200.6 juta berbanding dengan RM210.6 juta pada tahun 2013. Hasil pendapatan dalam pasaran tempatan telah menurun sebanyak 10.8% berbanding dengan tahun 2013. Penurunan dalam hasil domestik tersebut sebahagiannya diimbangi oleh peningkatan dalam pendapatan eksport dan operasi luar negara yang meningkat sebanyak 4.6% berbanding dengan tahun 2013. Walaupun dengan pasaran yang sangat

kompetitif di Indonesia dan China, Kumpulan berjaya mencapai perolehan sebanyak anggaran RM8.0 juta daripada kedua-dua pasaran tersebut.

Keuntungan sebelum cukai berjumlah RM17.9 juta pada tahun 2014 merupakan penurunan sebanyak 34.7% berbanding dengan RM27.4 juta pada tahun 2013. Ini adalah disebabkan oleh hasil pendapatan yang lebih rendah yang dicapai serta campuran produk yang tidak menggalakkan serta kos pengeluaran dan operasi yang lebih tinggi pada tahun 2014, sebahagian besarnya daripada susut nilai yang lebih tinggi, bayaran utiliti dan kos kaki tangan.

Keuntungan bersih merosot sebanyak 40.6% kepada RM12.0 juta pada tahun 2014 berbanding dengan RM20.2 juta pada tahun 2013. Cukai efektif yang lebih tinggi telah dicatatkan pada tahun 2014 disebabkan oleh perbezaan waktu dalam penyerapan Elaun Pelaburan Semula dan cukai tertunda.

Hasilnya, perolehan sesaham menurun kepada 15.9 sen bagi tahun kewangan dalam tinjauan berbanding dengan 26.8 sen pada tahun 2013. Menjelang akhir tahun kewangan dalam tinjauan, aset bersih sesaham biasa adalah sebanyak RM4.19 berbanding dengan RM4.17 pada tahun 2013.

## DIVIDEN-DIVIDEN

Lembaga sebelum ini telah mengisytiharkan dividen interim satu peringkat sebanyak 3 sen bagi setiap saham biasa bagi tahun kewangan berakhir 31 Disember 2014. Dividen interim ini yang berjumlah RM2,254,698 telah dibayar kepada para pemegang saham pada 24 Disember 2014.

Lembaga selanjutnya mencadangkan dividen akhir satu peringkat sebanyak 7 sen sesaham, berjumlah RM5,260,962 untuk kelulusan para pemegang saham pada Mesyuarat Agung Tahunan yang akan datang. Ini menjadikan jumlah dividen satu peringkat yang telah dicadangkan dan diisytiharkan adalah sebanyak 10 sen bagi tahun kewangan dalam tinjauan.

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

## SURAT KEPADA PEMEGANG SAHAM (sambungan)

### TINJAUAN PERNIAGAAN

Keadaan ekonomi global semasa dan perbelanjaan pengguna yang berhati-hati di pasaran tempatan menjelaskan persekitaran perniagaan dalam tahun 2014. Kejatuhan harga minyak dan ekonomi yang tidak stabil mendominasi topik-topik utama menjelang akhir tahun tersebut, yang memberi kesan kepada negara-negara dari Eropah ke Asia dalam darjah yang berbeza-beza. Bagi mengatasi cabaran-cabaran ini dan mencapai prestasi yang lebih baik, NHF terus fokus kepada pembangunan pasaran dan kecekapan operasi.

Negara-negara ASEAN seperti Indonesia mencatatkan pertumbuhan Keluaran Negara Kasar ("KDNK") sebanyak 5.6% bagi tahun 2014. Di pasaran lain, China melaporkan pertumbuhan KDNK sebanyak 7.4% bagi tahun 2014, jauh lebih rendah berbanding dengan tahun-tahun sebelumnya. Seterusnya merentasi global, Eropah berkembang sebanyak kira-kira 1.4%.

Di tengah-tengah kelembapan persekitaran ekonomi global, NHF bergantung kepada nilai-nilai teras dan keupayaannya untuk mengatasi cabaran-cabaran dalam pasaran. Melalui kecekalan dan disiplin, Kumpulan kekal kukuh dan konsisten. NHF terus menjadi sebuah organisasi yang berfokuskan pelanggan dengan matlamat yang ditetapkan untuk memenuhi keperluan pelanggan dan pihak-pihak berkepentingan dengan kecemerlangan dan keyakinan.

Untuk menjangkau arena antarabangsa dan memperoleh pemahaman yang lebih baik mengenai pasaran global, NHF telah menyertai pelbagai ekspo dan pameran antarabangsa yang diiktiraf di Dubai, Emiriah Arab Bersatu serta di Shanghai, China. Di pameran tersebut, NHF mempamerkan alat-alat ganti automotif plastik dan metal, antaranya ialah bumbung, lampu dan bumper.

### TANGGUNGJAWAB KORPORAT SOSIAL

Dengan mengambil kira kepentingan Tanggungjawab Korporat Sosial ("CSR") sebagai komponen asas perniagaan kami, Kumpulan komited untuk menyokong usaha-usaha CSR bagi mewujudkan kesan positif ke atas komuniti, tempat kerja, alam sekitar dan pasaran.

#### Komuniti

Sebagai warga korporat yang baik, NHF berinteraksi dengan kumpulan masyarakat yang berbeza. Sebagai sebahagian daripada kalendar tahun 2014, beberapa aktiviti CSR dalaman dan luaran telah dijalankan yang melibatkan kedua-dua kakitangan dan pihak luar.

Dalam majlis Makan Malam Tahunan kami pada bulan Mac 2014, Kumpulan telah mengiktiraf seramai 33 kakitangan yang telah berkhidmat dengan syarikat selama 10 dan 20 tahun. Majlis tersebut telah dihadiri oleh kira-kira 900 kakitangan. Percaya dengan kuasa pendidikan untuk meningkatkan peluang dalam kehidupan, NHF menggalakkan dan memberi ganjaran kecemerlangan akademik kepada anak-anak kakitangannya. Tahun ini, 12 kanak-kanak telah menerima ganjaran wang tunai kerana memperolehi A di dalam peperiksaan UPSR dan PMR. Tujuh orang kanak-kanak diberi ganjaran kerana memperolehi sekurang-kurangnya tiga A dalam peperiksaan UPSR, manakala lima orang diberi ganjaran kerana mencapai sekurang-kurangnya empat A dalam peperiksaan PMR.

Dalam usaha menyelamatkan nyawa dan mengurangkan kecederaan yang disebabkan oleh kemalangan jalan raya, NHF telah menganjurkan hari derma darah dan kesedaran kesihatan tahunannya. Bertemakan "Setitik Darah Bermakna, Jadilah Penyelamat Nyawa", Kumpulan juga memanfaatkan acara itu sebagai peluang mempromosikan keselamatan jalan raya menjelang musim perayaan dikalangan kakitangan serta masyarakat sekeliling. Jabatan Keselamatan Jalan Raya, Kementerian Pengangkutan (JKJR) telah hadir bagi mendirikan gerai yang memaparkan maklumat penting tentang keselamatan jalan raya. Di samping itu, agensi-agensi berkaitan seperti Jabatan Bomba dan Penyelamat Malaysia, Polis Diraja Malaysia (PDRM), Jabatan Pengangkutan Jalan Malaysia (JPJ), Agensi Antidadah Kebangsaan (AADK) dan Persatuan Automobil Malaysia (AAM) juga turut hadir untuk membantu mempromosikan kesedaran keselamatan jalan raya.

Berikutan pemeteraian semula Memorandum Persefahaman (MoU) pada tahun 2013 dengan JKJR, NHF meneruskan kempen yang bertujuan mendidik kakitangan tentang tabiat pemanduan dan menunggang yang positif. Selepas tiga tahun berkempen, inisiatif dan penglibatan aktif dengan kakitangannya, NHF mencapai rekod kematian sifar untuk tempoh setahun pada tahun 2014.

#### Tempat kerja

Kami percaya bahawa kakitangan adalah aset terbaik dan kami berusaha untuk menyediakan tempat kerja yang selamat kepada semua kakitangan. Kami menyediakan peluang kepada mereka untuk berkembang bersama kami menerusi latihan yang betul, pembangunan kerjaya dan kenaikan pangkat jika berkemungkinan. Strategi pengurusan bakat NHF berpandukan kepada falsafah yang merangkumi semua bidang sumber manusia dan mengamalkan strategi maklum balas yang kerap. Bermula dengan

## SURAT KEPADA PEMEGANG SAHAM (sambungan)

pengambilan individu yang tepat dan sesuai dengan nilai-nilai teras Kumpulan, strategi ini memastikan pembangunan yang berterusan bagi meningkatkan dan memperbaharui kecekapan kakitangan.

NHF menghargai kepelbagaian dan menganggap ia sebagai satu kelebihan daya saing yang menambah kepada kemahiran dan pengalaman kolektif Kumpulan. Untuk beberapa tahun, kami mengekalkan amalan untuk mempunyai sekurang-kurangnya satu pertiga perwakilan wanita dalam Lembaga. Di peringkat lain dalam Kumpulan, kakitangan diberikan peluang pekerjaan yang adil dan sama rata, peningkatan kerjaya dan pembayaran yang adil tanpa mengira bangsa, etnik atau umur.

NHF juga berusaha untuk membina tenaga kerja yang mempunyai pelbagai kemahiran, kebolehan dan pengetahuan supaya dapat memberi khidmat dan memahami pelanggannya dengan lebih baik. Dalam membuat demikian, Kumpulan mendekati kumpulan pekerja berpotensi yang berbeza daripada belia tempatan kepada lepasan sekolah menengah dan siswazah melalui pelbagai program. Antara program yang paling lama ialah Program Perantisan NHF. Sebuah kerjasama dengan beberapa penyedia latihan yang diiktiraf seperti Perbadanan Pembangunan Sumber Manusia Selangor (SHRDC), Max Human Capital, Pusat Latihan Enter Corridor dan Pusat Latihan Auto Prima, Program Perantisan NHF menyediakan peluang kepada lepasan sekolah berumur antara 18 hingga 24 tahun untuk mendapatkan Sijil Kemahiran Malaysia (SKM) tahap 2 dan tahap 3 dalam Industri Automasi, Mekatronik dan Pembentukan Injeksi Plastik. Program ini terdiri daripada kedua-dua kelas teori dan praktikal, diikuti oleh latihan sambil bekerja di NHF. Sejak permulaan program ini pada bulan Disember 2011, NHF telah menaja seramai 55 perantis.

### Alam Sekitar

Kumpulan prihatin untuk mewujudkan masa depan lestari. Justeru itu, kami menjalankan perniagaan dengan mematuhi amalan yang mesra alam dan bertanggungjawab. Komitmen Kumpulan ke arah mewujudkan masa depan lestari termasuk menggalakkan penjimatan tenaga dan penjanaan tenaga kuasa solar, rawatan air sisa yang betul, penggunaan bahan-bahan mentah yang boleh dikitar semula dan meneruskan usaha mengurangkan pembaziran.

### Pasaran

Kumpulan komited untuk memastikan semua aktiviti perniagaan kami diuruskan dengan tahap integriti dan ketelusan yang tinggi. NHF tidak bertolak ansur dengan mana-mana amalan yang tidak beretika. NHF

berusaha untuk meningkatkan lagi amalan perniagaan bagi membuktikan kepada pelanggan, pembekal, pelabur dan badan-badan kawal selia bahawa Kumpulan memberi penekanan terhadap kelestarian korporat sebagai salah satu daripada teras untuk memacu pertumbuhan perniagaan.

### PROSPEK MASA HADAPAN

Berdiri kukuh dengan Malaysia sebagai pangkalannya, NHF mempunyai matlamat untuk mengembangkan capaiannya ke seluruh dunia. Kumpulan mempunyai rancangan untuk memasuki pasaran-pasaran baru disamping mengukuhkan perniagaan sedia ada di China dan Indonesia, serta di Asia.

Masa depan juga menawarkan peluang tambahan dengan pembentukan Komuniti Ekonomi ASEAN (AEC) yang akan dipengerusikan oleh Malaysia sebelum ia berkuat kuasa sepenuhnya pada bulan Disember 2015. AEC terdiri daripada 10 buah negara termasuk Malaysia, Brunei, Kemboja, Indonesia, Laos, Myanmar, Filipina, Singapura, Thailand dan Vietnam, yang bertujuan untuk memenuhi integrasi ekonomi dan membolehkan aliran aktiviti perniagaan yang lebih bebas dikalangan ahli-ahlinya. Kemuncak AEC akan membuka pintu untuk NHF kepada pasaran kira-kira 600 juta orang. Dengan penghapusan halangan kepada perdagangan dan liberalisasi pasaran, syarikat-syarikat dengan eksport dijangka mendapat faedah yang besar daripada AEC.

AEC adalah lanjutan daripada Perjanjian Perdagangan Bebas ASEAN ("AFTA"). Melalui AFTA, negara-negara anggota asal iaitu Indonesia, Malaysia, Filipina, Singapura dan Thailand berurus niaga dibawah skim Tarif Keutamaan Sama Rata (CEPT). NHF sebagai sebuah syarikat yang berpangkalan di Malaysia telah mendapat manfaat dengan berurus niaga pada kadar tarif sifar sejak tahun 2010.

Persekitaran perniagaan dijangka kekal mencabar pada tahun 2015 disebabkan oleh keadaan ekonomi global semasa. Kesan daripada kejatuhan harga minyak, ketidakstabilan politik di negara-negara Arab dan kelembapan ekonomi di barat akan dirasai di seluruh dunia. Di samping itu, kos sara hidup di Malaysia dijangka menjejaskan perbelanjaan pengguna. Namun begitu, masih ada ruang untuk berkembang bagi NHF. Dengan peningkatan jumlah penduduk dunia, kepesatan keperluan kenderaan oleh kelas pertengahan disamping populasi kereta semasa, Kumpulan melihat permintaan yang berterusan bagi rangkaian portfolio produk berkualitinya, dan akan mengambil langkah yang dinamik untuk mengenal pasti dan membangunkan peluang-peluang perniagaan baru pada tahun-tahun akan datang.



## **SURAT KEPADA PEMEGANG SAHAM** (sambungan)

### **PENGHARGAAN**

Akhir kata, bagi pihak Lembaga Pengarah, izinkan saya merakamkan setinggi-tinggi penghargaan kepada semua pemegang berkepentingan atas sokongan mereka yang berterusan kepada Kumpulan. Kepada ahli Lembaga Pengarah, saya ingin mengucapkan terima kasih atas kepimpinan yang berterusan, sokongan dan hala tuju kepada pasukan pengurusan kami. Kepada kakitangan kami, terima kasih atas komitmen, dedikasi dan sumbangan anda ke arah pertumbuhan berterusan Kumpulan.

**KAM FOONG KENG**  
Pengerusi Eksekutif

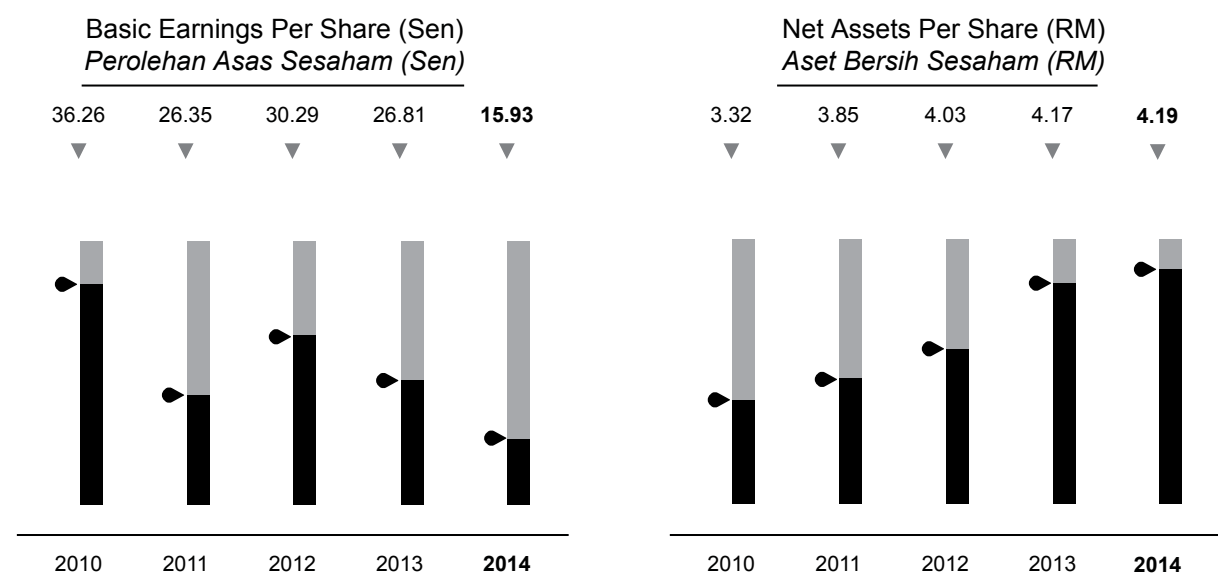
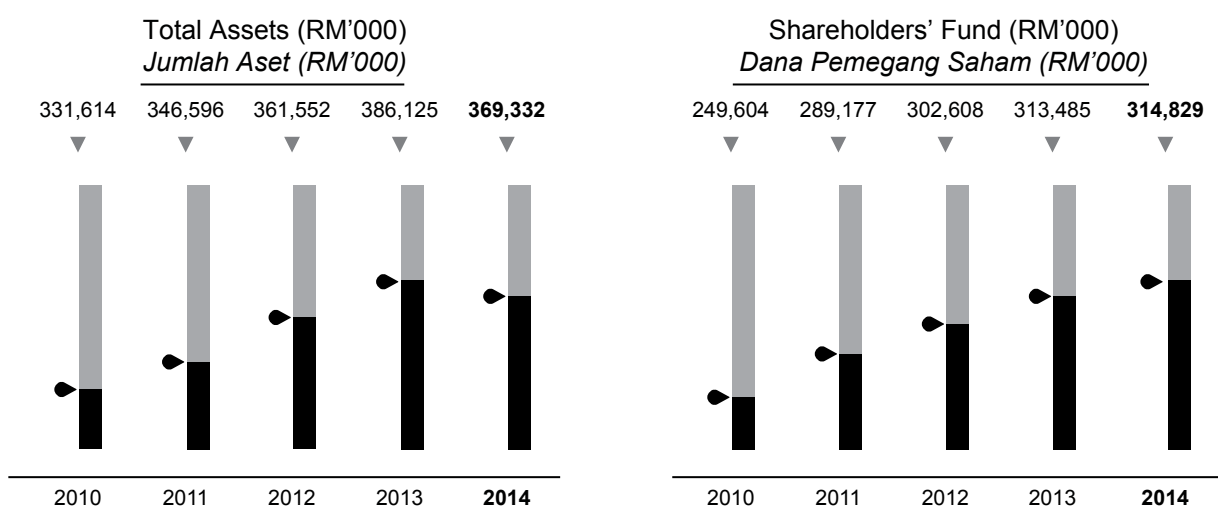
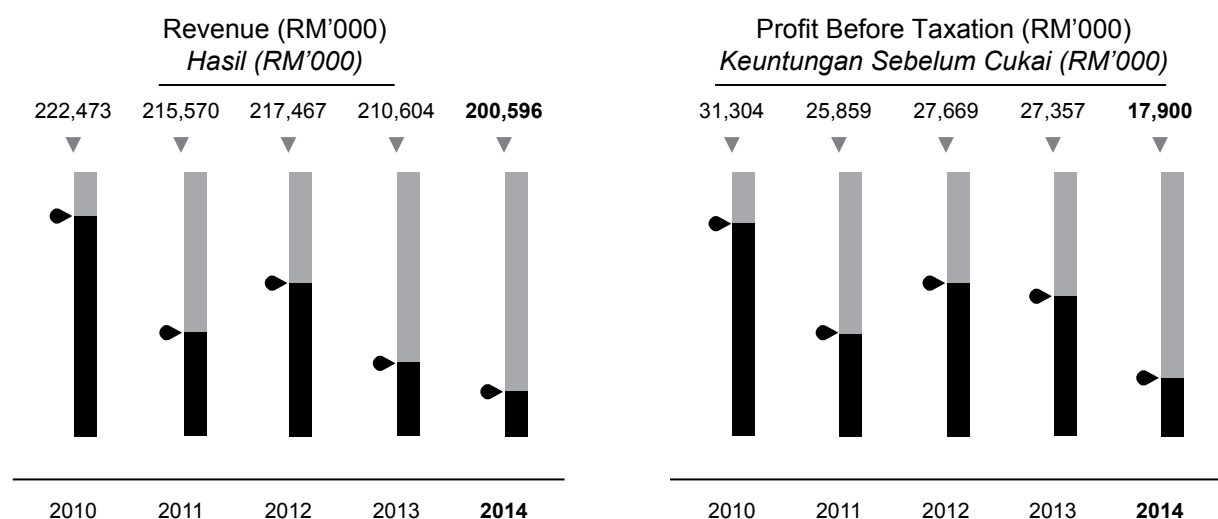
SURAT KEPADA  
PEMEGANG SAHAM

## RINGKASAN KEWANGAN LIMA TAHUN KUMPULAN

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

# FIVE - YEAR GROUP FINANCIAL SUMMARY (continued)

## RINGKASAN KEWANGAN LIMA TAHUN KUMPULAN (sambungan)



# FINANCIAL CALENDAR

## TAKWIM KEWANGAN

For The Financial Year Ended 31 December 2014 / Untuk Tahun Kewangan Berakhir 31 Disember 2014

Activities / Aktiviti-Aktiviti	Date / Tarikh
<b>Announcement of Results / Pengumuman Keputusan</b>	
Unaudited results for first quarter ended 31 March 2014 <i>Keputusan belum diaudit bagi suku pertama berakhir 31 Mac 2014</i>	29 May 2014 29 Mei 2014
Unaudited results for second quarter ended 30 June 2014 <i>Keputusan belum diaudit bagi suku kedua berakhir 30 Jun 2014</i>	29 August 2014 29 Ogos 2014
Unaudited results for third quarter ended 30 September 2014 <i>Keputusan belum diaudit bagi suku ketiga berakhir 30 September 2014</i>	24 November 2014 24 November 2014
Unaudited results for fourth quarter ended 31 December 2014 <i>Keputusan belum diaudit bagi suku ke-empat berakhir 31 Disember 2014</i>	27 February 2015 27 Februari 2015
<b>Interim Dividend Dividen Interim</b>	
- Declaration <i>Pengisytiharan</i>	24 November 2014 24 November 2014
- Entitlement <i>Kelayakan</i>	9 December 2014 9 Disember 2014
- Payment <i>Pembayaran</i>	24 December 2014 24 Disember 2014
<b>Final Dividend Dividen Akhir</b>	
- Recommendation <i>Cadangan</i>	27 February 2015 27 Februari 2015
- Entitlement <i>Kelayakan</i>	15 June 2015 15 Jun 2015
- Payment <i>Pembayaran</i>	9 July 2015 9 Julai 2015
<b>Issuance of Annual Report 2014 Penerbitan Laporan Tahunan 2014</b>	11 May 2015 11 Mei 2015
<b>Eighteenth (18th) Annual General Meeting Mesyuarat Agung Tahunan yang ke-Lapanbelas (18)</b>	3 June 2015 3 Jun 2015



## DIRECTORS' PROFILE

### PROFIL PENGARAH

#### Kam Foong Keng

Aged 51, Executive Chairman

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

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

Madam Kam is the spouse of Mr Chin Jit Sin, sibling of Ms Kam Foong Sim, both are Directors of the Company, and daughter of Madam 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.

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*Berusia 51 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 Encik Chin Jit Sin, kakak kepada Cik Kam Foong Sim, kedua-duanya merupakan Pengarah-pengarah Syarikat, dan anak kepada Puan Wong Ah Moy @ Wong Yoke Len, seorang pemegang saham utama Syarikat.*

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

## DIRECTORS' PROFILE (continued)

### PROFIL PENGARAH (sambungan)

#### Chin Jit Sin

Aged 53, 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 Madam 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 53 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. Beliau memperolehi 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 Puan Kam Foong Keng, iaitu 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.*

## **DIRECTORS' PROFILE** (continued)

### **PROFIL PENGARAH** (sambungan)

#### **Kam Foong Sim**

Aged 50, 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 Madam Kam Foong Keng, a director and major shareholder of the Company, and daughter of Madam 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.

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*Berusia 50 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 tahun 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 Puan Kam Foong Keng, seorang Pengarah dan pemegang saham utama Syarikat, dan anak kepada Puan Wong Ah Moy @ Wong Yoke Len, dimana beliau merupakan seorang pemegang saham utama Syarikat.*

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

## DIRECTORS' PROFILE (continued)

### PROFIL PENGARAH (sambungan)

#### Wong Yoke Nyen

Aged 56, 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, Nomination and Remuneration Committees. With effect from 30 October 2008, he was appointed Chairman of the Audit Committee.

Mr Wong obtained a Bachelor of Arts Degree with Second Class Honours (First Division) after having completed a course in Accountancy from City of London Polytechnic [now known as London Metropolitan University], United Kingdom. He is also a graduate of The Wharton Advance Management Program from Wharton Business School of the University of Pennsylvania, USA.

In 1981, he started his career in Baker Rooke, a firm of chartered accountants in London where he gained wide experience and exposure in the areas of auditing, accountancy and management consultancy work. In 1983, he joined Aseambankers Malaysia Berhad [now known as Maybank Investment Bank Berhad]. His last position in the company was Executive Vice President cum Head of Corporate Finance Division. With more than 20 years of dedicated corporate finance and investment banking experience, in 2004, he started WYNCORP Advisory Sdn Bhd, a private company licensed to provide corporate advisory services.

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.

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*Berusia 56 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.*

*Encik Wong memperolehi Ijazah Sarjana Muda Sastera dengan Kepujian Kelas Kedua (Bahagian Pertama) selepas menamatkan kursus Perakaunan dari City of London Polytechnic [sekarang dikenali sebagai London Metropolitan University], United Kingdom. Beliau juga berkelulusan "Wharton Advance Management Program" dari Wharton Business School, University of Pennsylvania, USA.*

*Pada tahun 1981, beliau memulakan kerjayanya di Baker Rooke, sebuah firma akauntan berkanun di London dimana beliau memperolehi pengalaman dan pendedahan yang luas dalam bidang pengauditan, perakaunan serta perundingan pengurusan. Pada tahun 1983, beliau menyertai Aseambankers Malaysia Berhad [sekarang dikenali sebagai Maybank Investment Bank Berhad]. Jawatan terakhirnya di syarikat tersebut ialah Timbalan Presiden Eksekutif serta Ketua Bahagian Kewangan Korporat. Dengan memiliki lebih daripada 20 tahun pengalaman di dalam bidang kewangan korporat dan perbankan pelaburan, pada tahun 2014, beliau menubuhkan WYNCORP Advisory Sdn Bhd, sebuah syarikat persendirian yang dilesenkan untuk menyediakan perkhidmatan nasihat korporat.*

*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.*



## **DIRECTORS' PROFILE** (continued) **PROFIL PENGARAH** (sambungan)

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

Aged 69, 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 subsequently to 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.

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*Berusia 69 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.") Farmakologi 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 tahun 1968 dan berkhidmat dengan Kerajaan Malaysia dalam pelbagai jawatan, iaitu sebagai Pensyarah dan Ketua Jabatan Farmakologi 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.*

## DIRECTORS' PROFILE (continued)

### PROFIL PENGARAH (sambungan)

#### Danny Ng Siew L'Leong

Aged 56, 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.

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*Berusia 56 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.*

#### 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 2014

### TAKWIM PERISTIWA 2014

Date	Events
17 – 18 February	In-house workshop on Training and Coaching to Deliver Action Learning Design and Facilitation and Integration Design for Effectiveness
8 March	NHF Annual Dinner 2013/2014
18 May	Training on Defect Analysis
3 – 5 June	Participation in Automechanika Dubai Exhibition
15 June	8th Annual Blood Donation and Free Health Check Campaign
24 June	Seventeenth (17th) Annual General Meeting
3 July	In-house GST Awareness Talk for NHF's customers
8 July	In-house workshop on 7 Steps of Structured Problem Solving and 2 Page
9 July	In-house training on Job Expectation, Self Monitoring Performance Feedback, Behavioral Interview, Employee Performance Appraisal and Integration
16 July	In-house workshop on Practical GST Concept and Application
21 August	Hari Raya celebration amongst NHF employees
7 September	Bowling Tournament
21 October	Visit by students from KBU International College
14 – 16 November	Training on HR Leadership Program
30 November	Sports Carnival & 'Zero Fatality' Mark Ceremony
9 – 12 December	Participation in Automechanika Shanghai Exhibition

# STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of New Hoong Fatt Holdings Berhad ("NHF" or "the Company") recognises the importance of adopting high standards of corporate governance in the Company in order to safeguard stakeholders' interests as well as enhancing shareholders value. This corporate governance statement sets out how the Company has applied and complied with the recommendations and best practices set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") except where stated otherwise.

## A. THE BOARD OF DIRECTORS

### 1. Roles and Responsibilities of the Board

The Board is guided by NHF's Board Charter ("Board Charter") which outlines the duties and responsibilities of the Board, to represent and serve the interest of shareholders. The Board retains effective control of the Group and is responsible for overseeing and reviewing the Group's strategic plan, policies and performances. Strategies and policies are developed by the Managing Director together with management, which are then reviewed, constructively challenged and approved by the Board. Each quarter, the Board monitors the Group's financial performance whereby the Managing Director and Chief Financial Officer report to the Board on the financial performance of the Group as well as the development and performance of key business areas.

The Board acknowledges its overall responsibility to maintain effective risk management and compliance framework. 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.

### 2. Board Composition

The Board consists of six (6) members, comprising Executive Chairman, Managing Director and an Executive Director while the remaining three (3) Directors are independent non-executive members. Valuing gender diversity, one-third (1/3) of the Board is represented by women. This practice has been in place for a number of years. The Nomination Committee had carried out its annual review of the composition of the board and 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 aims to maintain an appropriate balance in terms of diversity in experience, skills, competence, calibre and gender in order to strengthen the Board. The Board will strive to refine its strategy to address boardroom diversity. A brief profile of each Director is presented in the Directors' Profile section of the Annual Report.

The division of responsibilities and powers between the Executive Chairman and Managing Director is clearly stated and defined in the Board Charter. The segregation of roles facilitates an open exchange of views and opinions between the Board and Management in their deliberation of the business, strategies and key operations of the Group. The Board charter had been reviewed and updated in the current financial year under review where the board diversity had been expanded to include age and ethnicity.

Currently, the Chairman of the Board is not an independent director but holds an executive position. Nevertheless, the Board is of the view that the Chairman is capable to lead the Board based on her entrepreneurial leadership coupled with her many years of extensive experience in the operations of the Group. 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. This composition of the Board is structured to ensure that no individual or group of individuals dominates the Board's decision-making process. 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.

The Board is confident that the current Board composition fairly reflects the interests of minority shareholders in the Company.

### 3. Reinforce Independence

Three (3) out of six (6) Board members are Independent Non-Executive Directors, who are independent of management and free from any business, relationship or any circumstances that could materially interfere with the exercise of independent judgment or the ability to act in the best interests of the Company. The independence of directors is assessed and reviewed annually by the Board, based on criteria set by the Nomination Committee.

## STATEMENT ON CORPORATE GOVERNANCE (continued)

As recommended by the MCCG 2012, the Board has 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 2014.

In their respective assessment, Mr Ng and Datuk Dr. Anis had 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; and
- (iv) They do not assist the Company in any operational matters of the Group.

Based on the assessment above, the Board is generally satisfied with the level of independence demonstrated by both Mr Ng and Datuk Dr. Anis and considered them as important Directors of the Board, in view of their many years with incumbent knowledge of the Group's activities and corporate history that are fundamental in determining the Group's strategy. During their tenure, they have provided invaluable contributions to the Board in their roles as Independent Non-Executive Directors. Their retention as Independent Directors however 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, Mr Chin Jit Sin and Mr Wong Yoke Nyen who are due to retire by rotation pursuant to Article 78 and being eligible, have offered themselves for re-election. Their re-election as Directors to be considered at the forthcoming AGM had been recommended by the Board based on the satisfactory assessment carried out by the Nomination Committee.

#### 5. Board Meetings and Supply of Information to the Board

The Board meets on a quarterly basis and at other times as 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 was 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 during the financial year under review 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.

The Board papers which provided relevant information such as minutes of previous meetings, management reports and financial reports are furnished to the Directors and respective Committee members in advance prior to the Board meeting so that each Director will have sufficient time to review the papers 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.

In addition, all the Directors have rights of access to management and may obtain independent professional advice at the Company's expense to assist them with performing their duties, subject to prior consultation with the Chairman. If appropriate, any advice received will be made available to all Directors.



## STATEMENT ON CORPORATE GOVERNANCE (continued)

### 6. Company Secretary

The Board is assisted by qualified Company Secretaries who are responsible to advise and regularly update and assist the Board on good governance, board policies and procedures, administrative and corporate compliances. The Company Secretaries also ensure 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.

### 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 is set out separately in this Annual Report.

#### b. Nomination Committee

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

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

The Nomination Committee provides advice and support to the Board in matters relating to appointment of new Directors, board composition, training and performance evaluation. They are responsible for assessing and making recommendations to the Board on the candidature of directors based on recruitment criteria approved by the Board. The Committee has the responsibility to ensure that the Board comprises of members with diverse skills and experience that contribute to the effective oversight and stewardship.

Appointments of new Directors are undertaken by the Board as a whole after considering the recommendations of the Nomination Committee. Thereafter, the newly appointed Director will undergo the Director Induction Programme and continuing education 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. This is to ensure that each Director is able to allocate sufficient time and dedication to effectively discharge their duties on the Board.

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-appointment;
- (d) updated on succession plans;
- (e) reviewed the size of the Board against the size of the Group and the complexity of the business to assess the impact of the number upon its effectiveness; and
- (f) reviewed and enhanced the existing Director's Recruitment Criteria and Process to ensure that the selection process of candidate for board seat shall be based on merits without any discrimination in terms of age, race or ethnicity.

The Nomination Committee had undertaken assessments and evaluations on the performance of the Board, on each Board Committees and individual Directors. The results have been properly compiled, documented and reported to the Board accordingly.

## STATEMENT ON CORPORATE GOVERNANCE (continued)

### c. Remuneration Committee

The Remuneration Committee comprises mainly of Non-Executive Directors. The attendance of the meeting held during the financial under review 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 during the financial under review, to review and recommend to the Board the remuneration packages of the Executive Directors, while the remuneration for the Non-Executive Directors was 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 individual remuneration.

In making its recommendation, the Remuneration Committee relied on the principles set out in the Board Remuneration Policy. Directors' remuneration is structured to link rewards to corporate and individual performances. 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	1,992,520	115,000*	15,000	78,253	2,200,773
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 to undergo continuous training 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 financial year under review, 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:

Type of Training	Title	Duration
Seminar	LHDNM-MEF Seminar 2014: Monthly Tax Deduction As Final Tax – Employers & Employees' Responsibilities	1 day
Seminar	BDO Tax Seminar 2014: Preparing for Change – Staying Ahead for Sustainable Growth	1 day
Seminar	Governance, Risk and Compliance: Expanding Internal Audit Focus	1 day
Workshop	GST Awareness Workshop	½ day
Workshop	Governance in Action – What Every Director Should Know	1 day
Workshop	Merger & Acquisitions: Pricing the Deal, Due Diligence and Alternatives to M&A	1 day
Workshop	Board Chairman Series: The Role of the Chairman	1 day
Workshop	IFRS Masterclass 2014	1 day
Workshop	Behavioral Corporate Finance on Valuation, Capital Budgeting and Corporate Decision	1 day
Workshop	GST in Malaysia: Manufacturing & Retailing Activities	1 day

# STATEMENT ON CORPORATE GOVERNANCE (continued)

## 9. Code of Conduct and Sustainability

Good governance at all levels is essential for sustainable development. Policies like Whistle-blowing and Fraud Policy provide a platform for stakeholders to promote accountability and to enhance personal ethics in their dealings within the Group. The Group has other various policies in place, to provide direction and guidance to all Directors, Senior Management, Employees and external parties in the discharge of their duties and responsibilities that will be in the best interest of the Group.

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social and governance aspects is taken into consideration.

The Group's activities on corporate social responsibilities for the financial year under review are disclosed in the Calendar of Events of this Annual Report.

## 10. Corporate Disclosure

The Company is committed to provide shareholders, stakeholders and investing public with timely, accurate, complete and equal access to material information about the Company, in accordance with the corporate disclosure requirements set out in the Main Market Listing Requirements ("Listing Requirements"). The Company has in place a Corporate Disclosure and Investor Relations Policy which provides guidance to the management and employee on the company's disclosure requirements and handling of material information.

## B. SHAREHOLDERS AND INVESTOR RELATIONS

The Company is committed to continuously disclose and disseminate comprehensive and timely information to its shareholders, stakeholders and to the general investing public.

The Board communicates information of 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 Management 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 practises 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](http://www.newhoongfatt.com.my) which houses Board Charter, annual reports, quarterly report announcements, press releases, slide presentations from analyst briefings, analyst coverage and other corporate information on NHF.

Notice of meeting setting out the agenda for the AGM together with the annual report is sent to the shareholders within the mandated period. Concurrently, the notice of AGM is 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 AGM provides the Company with the opportunity to meet and engage directly with its shareholders, who are provided with ample opportunity to raise questions whether pertaining to issues on the agenda, the Annual Report or developments in the Group. The Articles of Associations of the Company allow a shareholder to appoint one or up to two (2) 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.

Based on the review by the Nomination Committee, Mr. Danny Ng Siew L'Leong remains as 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

The Directors aim to present an accurate and complete assessment of the Group's financial position and prospects through the annual financial statements and quarterly announcement of financial results. 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 quarterly announcements and full year financial reports reflects the Board's accountability to its shareholders.

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

## STATEMENT ON CORPORATE GOVERNANCE (continued)

### 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 formal and transparent relationship with its internal and external Auditors. 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 between both the Audit Committee and the Board with the External Auditors.

During the financial year, the Audit Committee met twice with the External Auditors without the presence of the management and executive directors, for the discussion of any key issues that require the attention of the Audit Committee.

## 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, 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

There were no material sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year under review.

### 3. Non-Audit Fees

The non-audit fees incurred for services rendered to the Company for the financial year ended 31 December 2014 was 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. 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 27 February 2015.



# PENYATA TADBIR URUS KORPORAT

Lembaga Pengarah ("Lembaga") New Hoong Fatt Holdings Berhad ("NHF" atau "Syarikat") mengiktiraf kepentingan mengamalkan amalan-amalan terbaik tadbir urus korporat dalam Syarikat bagi melindungi kepentingan semua pemegang berkepentingan serta meningkatkan nilai pemegang saham. Penyata tadbir urus korporat ini menyatakan cara yang diguna pakai dan dipatuhi oleh Syarikat ke atas saranan-saranan serta amalan-amalan terbaik yang dinyatakan di dalam Kod Tadbir Urus Korporat Malaysia 2012 ("MCCG 2012") kecuali jika dinyatakan sebaliknya.

## A. LEMBAGA PENGARAH

### 1. Peranan dan Tanggungjawab Lembaga

Lembaga berpandukan Piagam Lembaga NHF ("Piagam Lembaga") yang menggariskan tugas-tugas dan tanggungjawab-tanggungjawab Lembaga untuk mewakili dan menjaga kepentingan pemegang saham. Lembaga mengekalkan kawalan yang berkesan dalam Kumpulan dan bertanggungjawab untuk memantau dan menyemak rancangan strategik, polisi dan prestasi Kumpulan. Strategi dan polisi telah dibentuk oleh Pengarah Urusan bersama dengan pihak Pengurusan, dimana ianya telah disemak, dinilai kewajarannya dan seterusnya diluluskan oleh Lembaga. Pada setiap suku tahun, Lembaga memantau prestasi kewangan Kumpulan dimana Pengarah Urusan dan Ketua Pegawai Kewangan akan melaporkan tentang prestasi kewangan Kumpulan serta pembangunan dan prestasi bahagian perniagaan utama.

Lembaga menyedari seluruh tanggungjawabnya untuk mengekalkan pengurusan risiko dan rangka kerja pematuhan yang berkesan. Pematuhan berkenaan dengan pengiktirafan dan pengurusan risiko adalah dibentangkan secara berasingan dalam Penyata Pengurusan Risiko dan Kawalan Dalam Kumpulan di dalam Laporan Tahunan ini.

### 2. Komposisi Lembaga

Lembaga 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. Menghargai kepelbagaian jantina, satu pertiga (1/3) daripada Lembaga adalah diwakili oleh wanita. Amalan ini telah diguna pakai selama beberapa tahun. Jawatankuasa Pencalonan telah menjalankan penilaian tahunannya mengenai komposisi Lembaga dan berpendapat bahawa saiz dan komposisi Lembaga adalah sesuai dan mencukupi bagi skop serta dasar perniagaan dan operasi Syarikat.

Lembaga berhasrat untuk mengekalkan keseimbangan dari segi kepelbagaian pengalaman, kebolehan, kecekapan, kaliber dan jantina bagi memantapkan komposisi Lembaga. Lembaga akan berusaha

untuk menghalusi strateginya dalam meningkatkan kepelbagaian dalam lembaga. Profil ringkas bagi setiap Pengarah adalah dinyatakan di dalam bahagian Profil Pengarah pada Laporan Tahunan ini.

Pembahagian yang jelas tentang tanggungjawab dan kuasa di antara Pengerusi Eksekutif dan Pengarah Urusan adalah dinyatakan dan ditakrifkan dengan jelas di dalam Piagam Lembaga. 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. Piagam Lembaga telah disemak dan dikemas kini pada tahun kewangan dalam tinjauan dimana kepelbagaian lembaga telah diperluas untuk merangkumi umur dan etnik.

Pada masa ini, Pengerusi Lembaga Pengarah bukan seorang pengarah bebas tetapi memegang jawatan eksekutif. Walau bagaimanapun, Lembaga berpendapat bahawa Pengerusi berupaya menerajui Lembaga berdasarkan pimpinan keusahawanan beliau ditambah dengan pengalamannya yang luas dalam operasi Kumpulan. Sebagai salah seorang pengasas dalam Kumpulan, 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 sesebuah lembaga pengarah yang ditadbir baik adalah keseimbangan kuasa dan pengaruh antara individu di dalam Lembaga, Pengarah-pengarah Eksekutif termasuk Pengerusi tidak mempunyai undi majoriti oleh kerana Lembaga terdiri daripada jumlah pengarah eksekutif dan pengarah bebas yang seimbang. Komposisi Lembaga ini distruktur supaya tiada individu atau sekumpulan individu mendominasi proses membuat keputusan Lembaga. Melalui Jawatankuasa Pencalonan, Lembaga akan terus menyemak struktur dan komposisi Lembaga untuk memastikan keseimbangan kuasa dan hak, yang menjadi asas kepada sebuah Lembaga yang berkesan.

Lembaga yakin bahawa komposisi Lembaga kini mewakili kepentingan pemegang saham minoriti dalam Kumpulan.

### 3. Pengukuhan Kelayakan Pengarah

Tiga (3) daripada enam (6) orang ahli Lembaga adalah Pengarah Bebas Bukan Eksekutif, yang bebas daripada pengurusan dan apa-apa perniagaan, hubungan atau hal-hal lain yang boleh menjejaskan pelaksanaan pertimbangan bebas atau keupayaan untuk bertindak berdasarkan kepentingan terbaik



## PENYATA TADBIR URUS KORPORAT (sambungan)

Syarikat. Kebebasan pengarah dinilai dan dikaji setiap tahun oleh Lembaga berdasarkan kriteria yang telah ditetapkan oleh Jawatankuasa Pencalonan.

Seperti yang disarankan oleh MCGG 2012, Lembaga telah 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 2014 yang lalu.

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

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

Berdasarkan penilaian di atas, Lembaga secara umumnya berpuas hati dengan tahap kebebasan yang ditunjukkan oleh kedua-dua Encik Ng dan Datuk Dr. Anis dan menganggap mereka sebagai 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, yang penting dalam menentukan strategi Kumpulan. Sepanjang tempoh penjawatan, mereka telah memberi sumbangan yang tidak ternilai kepada Lembaga dalam fungsi mereka sebagai Pengarah Bebas Bukan Eksekutif. Walau bagaimanapun, pengekalannya 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 pemilihan semula.

Pada Mesyuarat Agung Tahunan yang akan datang, Encik Chin Jit Sin dan Encik Wong Yoke Nyen yang dijadualkan bersara mengikut giliran menurut Artikel 78 dan oleh kerana layak, telah menawarkan diri mereka untuk pemilihan semula. Pemilihan semula mereka sebagai pengarah untuk dipertimbangkan di Mesyuarat Agung Tahunan yang akan datang telah dicadangkan oleh Lembaga berdasarkan penilaian memuaskan yang dijalankan oleh Jawatankuasa Pencalonan.

#### 5. Mesyuarat Lembaga Pengarah dan Penyampaian Maklumat kepadanya

Lembaga bermesyuarat pada setiap suku tahun dan apabila diperlukan. Tarikh bagi mesyuarat Lembaga untuk tahun kewangan seterusnya adalah dirancang setahun lebih awal untuk memaksimumkan kehadiran Pengarah-pengarah. Sebanyak empat (4) mesyuarat Lembaga telah diadakan sepanjang tahun kewangan yang ditinjau, 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 kewangan dalam tinjauan dan dalam menjalankan tugas mereka, setiap orang telah mengambil bahagian secara aktif pada mesyuarat tersebut.

Lembaga 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.

Dokumen mesyuarat Lembaga yang menyediakan maklumat-maklumat berkaitan seperti minit mesyuarat yang lalu, laporan pengurusan dan laporan kewangan adalah diberikan kepada Pengarah dan setiap ahli Jawatankuasa lebih awal sebelum mesyuarat Lembaga, supaya mereka mempunyai masa yang mencukupi untuk mengkaji butiran tersebut dan memudahkan mereka membuat keputusan yang bermaklumat. Dalam mesyuarat-mesyuarat Lembaga, pihak Pengurusan sering dijemput oleh Lembaga untuk mengemukakan serta memberi penjelasan terperinci berkenaan sebarang agenda.

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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.

Selain itu, setiap Pengarah juga mempunyai hak capaian kepada pihak Pengurusan dan boleh mendapatkan nasihat profesional di atas tanggungan Syarikat untuk membantu dalam melaksanakan tugas mereka, tertakluk kepada rundingan terlebih dahulu bersama Pengerusi. Jika sesuai, sebarang nasihat yang diterima akan diberikan kepada semua Pengarah.

6. Setiausaha Syarikat

Lembaga dibantu oleh Setiausaha-setiausaha Syarikat berkelayakan yang bertanggungjawab untuk menasihati, mengemaskini serta membantu Lembaga mengenai tadbir urus yang baik, polisi dan prosedur Lembaga, serta pematuhan pentadbiran dan korporat. Setiausaha-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 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 memberi nasihat dan sokongan kepada Lembaga dalam hal-hal berkaitan pelantikan pengarah, komposisi Lembaga, latihan dan penilaian prestasi. Mereka bertanggungjawab untuk menilai dan mencadangkan kepada Lembaga calon-calon pengarah berdasarkan kepada ciri-ciri pengambilan yang diluluskan oleh Lembaga. Jawatankuasa ini bertanggungjawab untuk memastikan bahawa Lembaga terdiri daripada ahli-ahli yang mempunyai pelbagai kemahiran dan pengalaman yang dapat menyumbang kepada pengawasan dan penyeliaan yang berkesan.

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

Menurut Piagam Lembaga, kesemua Pengarah harus memaklumkan kepada Pengerusi Lembaga sebelum menerima pelantikan sebagai pengarah di luar, sama ada di dalam syarikat yang tersenarai ataupun tidak, sekurang-kurangnya satu (1) minggu sebelum pelantikan tersebut. Ia bagi memastikan setiap Pengarah dapat meluangkan masa yang cukup dan dedikasi untuk melaksanakan tugas mereka dengan berkesan di dalam Lembaga.

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 pelantikan semula;

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- (d) dikemaskini tentang rancangan turutan penggantian;
- (e) menilai saiz Lembaga terhadap saiz Kumpulan dan juga kesulitan perniagaannya untuk menentukan kesan bilangannya terhadap keberkesanan Lembaga; dan
- (f) menilai dan mempertingkatkan Kriteria dan Proses Pengambilan Pengarah sedia ada bagi memastikan bahawa proses pemilihan calon untuk jawatan di dalam lembaga haruslah berdasarkan merit tanpa sebarang diskriminasi dari segi umur, bangsa atau etnik.

Jawatankuasa Pencalonan telah menjalankan penilaian dan pertimbangan berkenaan prestasi Lembaga, setiap Jawatankuasa Lembaga dan individu Pengarah. Keputusannya telah dikumpul serta didokumenkan dengan betul dan seterusnya dilaporkan kepada Lembaga Pengarah.

### c. Jawatankuasa Ganjaran

Majoriti ahli Jawatankuasa Ganjaran adalah pengarah-pengarah bukan eksekutif. Kehadiran ahli-ahlinya di dalam mesyuarat yang diadakan sepanjang tahun kewangan dalam tinjauan 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 kewangan dalam tinjauan untuk mengkaji semula dan mencadangkan kepada Lembaga pakej ganjaran bagi Pengarah-pengarah Eksekutif, manakala bagi ganjaran Pengarah-pengarah Bukan Eksekutif pula ditentukan oleh keseluruhan Lembaga. Yuran yang perlu dibayar kepada para Pengarah adalah tertakluk kepada kelulusan pemegang saham pada Mesyuarat Agung Tahunan Syarikat. Pengarah-pengarah yang terbabit telah 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. Ganjaran pengarah adalah distruktur untuk menyelaraskan ganjaran kepada prestasi korporat dan individu. 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	1,992,520	115,000*	15,000	78,253	2,200,773
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-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 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 untuk mengikuti latihan yang berterusan bagi membolehkan mereka sentiasa mengikuti perkembangan dalam industri yang berkaitan dan peraturan terkini. Melalui Jawatankuasa Pencalonan, Lembaga telah menjalankan satu penilaian tentang keperluan latihan bagi setiap pengarah. Dalam tahun kewangan dalam tinjauan, kesemua Pengarah telah menghadiri beberapa program latihan dimana sebahagiannya merupakan latihan dalaman. Butir-butir mengenai seminar dan kursus yang telah dihadiri adalah seperti berikut:



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Jenis Latihan	Tajuk	Tempoh Masa
Seminar	Seminar LHDNM-MEF 2014: Potongan Cukai Bulanan sebagai Cukai Akhir – Tanggungjawab-tanggungjawab Majikan & Pekerja	1 hari
Seminar	Seminar Cukai BDO 2014: Bersedia untuk Perubahan – Kekal Dihadapan bagi Pertumbuhan Mampan	1 hari
Seminar	Tadbir Urus, Risiko dan Pematuhan: Meluaskan Fokus Audit Dalaman	1 hari
Bengkel	Bengkel Kesedaran GST	½ hari
Bengkel	Tadbir Urus dalam Tindakan – Apa yang Setiap Pengarah Perlu Tahu	1 hari
Bengkel	Penggabungan dan Pengambilalihan: Harga Urus Niaga, Penelitian yang Sewajarnya dan Alternatif kepada Penggabungan & Pengambilalihan	1 hari
Bengkel	Siri Pengerusi Lembaga Pengarah: Peranan Pengerusi	1 hari
Bengkel	IFRS Masterclass 2014	1 hari
Bengkel	Tabiat Kewangan Korporat ke atas Penilaian, Modal Belanjawan dan Keputusan Korporat	1 hari
Bengkel	GST di Malaysia: Aktiviti-aktiviti Perkilangan & Peruncitan	1 hari

### 9. Kod Peraturan dan Pengukuhan

Tadbir urus yang baik pada semua peringkat adalah sangat penting untuk pembangunan mampan. Polisi-polisi seperti Polisi Pendedahan Penyelewengan (“Whistleblowing”) dan Penipuan merupakan platform kepada pemegang-pemegang berkepentingan untuk menggalakkan akauntabiliti serta meningkatkan etika peribadi dalam urusan-urusan mereka dengan Kumpulan. Kumpulan juga mempunyai pelbagai polisi lain yang diwujudkan untuk memberi panduan dan bimbingan kepada semua Pengarah, Pengurusan Kanan, Kakitangan dan juga pihak luar dalam melaksanakan tugas serta tanggungjawab mereka yang akan mengutamakan kepentingan Kumpulan.

Lembaga turut mengambil kira kepentingan kelestarian perniagaan dan impak ke atas alam sekitar, sosial serta aspek tadbir urus dalam mengendalikan perniagaan Kumpulan.

Aktiviti-aktiviti tanggungjawab korporat sosial Kumpulan bagi tahun kewangan yang ditinjau adalah dinyatakan dalam Takwim Peristiwa dalam Laporan Tahunan ini.

### 10. Pendedahan Korporat

Syarikat komited untuk memberikan akses berkenaan dengan semua maklumat penting Syarikat yang tepat pada masanya, betul, lengkap dan sama rata kepada para pemegang saham, pemegang berkepentingan serta pelabur awam, selari dengan keperluan-keperluan pendedahan korporat yang dinyatakan di dalam Syarat-syarat Penyenaraian Pasaran Utama (“Syarat-syarat Penyenaraian”). Syarikat telah mewujudkan Polisi Pendedahan Korporat dan Perhubungan Pelabur sebagai panduan kepada pihak Pengurusan dan kakitangan berkenaan keperluan pendedahan dan pengendalian maklumat penting Syarikat.

### B. PEMEGANG SAHAM DAN PERHUBUNGAN PELABUR

Syarikat komited untuk terus mendedahkan dan menyalurkan maklumat yang tepat pada masanya dan menyeluruh kepada para pemegang saham, pemegang berkepentingan dan pelabur awam.

Lembaga 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](http://www.newhoongfatt.com.my) yang mengandungi Piagam Lembaga, laporan tahunan, pengumuman laporan kewangan suku tahunan, siaran-siaran akhbar, pembentangan taklimat untuk penganalisa, laporan penganalisa, dan maklumat korporat yang lain mengenai NHF.

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Notis mesyuarat yang menyatakan agenda bagi 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.

Mesyuarat Agung Tahunan memberikan peluang kepada Syarikat untuk bertemu dan berkomunikasi secara langsung dengan para pemegang saham, yang diberikan peluang secukupnya untuk mengemukakan soalan-soalan sama ada yang berkaitan dengan isu-isu yang terdapat di dalam agenda, Laporan Tahunan atau perkembangan di dalam Kumpulan. 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.

Berdasarkan semakan yang dibuat 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

Pengarah-pengarah berhasrat untuk membentangkan penilaian kedudukan kewangan serta prospek Kumpulan yang tepat dan lengkap melalui penyata kewangan tahunan dan pengumuman keputusan suku tahunan. Setiap laporan kewangan dan maklumat yang akan dikemukakan adalah disemak oleh Jawatankuasa Audit dan diluluskan oleh Lembaga 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 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 wajar 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 bagi memastikan bahawa rekod-rekod perakaunan yang sewajarnya disimpan, dimana ia dapat menyatakan 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 dan untuk mencegah serta mengesan penyelewengan 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 telah mewujudkan hubungan yang telus dan rasmi dengan juruaudit dalaman dan luarannya. Sebarang perkara terutamanya berkaitan dengan pengurusan risiko, sistem kawalan dalaman dan hal-hal pematuhan akan ditekankan semasa pertemuan antara kedua-dua Jawatankuasa Audit dan Lembaga dengan Juruaudit Luaran.

Sepanjang tahun kewangan ini, Jawatankuasa Audit telah mengadakan dua (2) mesyuarat dengan Juruaudit Luaran tanpa kehadiran pihak Pengurusan dan pengarah-pengarah eksekutif bagi membincangkan sebarang isu-isu penting yang memerlukan perhatian Jawatankuasa Audit.



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### 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, 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**

Tiada sekatan dan/ atau penalti yang dikenakan keatas Syarikat dan subsidiarinya, para Pengarah atau pihak Pengurusan oleh mana-mana badan yang berkenaan semasa tahun kewangan.

#### 3. **Yuran Bukan Audit**

Yuran bukan audit yang dikenakan untuk perkhidmatan kepada Syarikat bagi tahun kewangan berakhir 31 Disember 2014 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. 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 27 Februari 2015.

# AUDIT COMMITTEE REPORT

## 1. MEMBERSHIP AND MEETINGS

The Audit Committee of the Company was established to assist and advise the Board in matters relating to the Group's internal and external audit functions, risk management and compliance, financial reporting and corporate governance. The composition of the Audit Committee and the attendance of each member at the meetings held during the financial year are set out below.

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

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

## 2. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Audit Committee has adopted a set of Terms of Reference that guides the discharge of its roles and responsibilities particularly in the areas of financial reporting and audit, internal control and risk management; sets out the rights of the Audit Committee as well as regulates the conduct of the Audit Committee and its members. The details of the Terms of Reference are available on the Company's website at [www.newhoongfatt.com.my](http://www.newhoongfatt.com.my). The Audit Committee had reviewed its Terms of Reference during the financial year under review and did not recommend any changes to the said Terms of Reference.

## 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) reviewed new Malaysian Financial Reporting Standards 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 others, their independence and proposed audit fees.

### 3.3 Internal Audit

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

### 3.4 Risk Management

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

### 3.5 Corporate Governance

- (a) carried out an annual assessment on the review processes for related party transactions, assessing their nature of transactions, terms as well as pricing;
- (b) carried out an annual assessment on the adequacy and effectiveness of the risk management and internal control system of the Group; and

## AUDIT COMMITTEE REPORT (continued)

- (c) 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 2014, the Internal Auditors have completed the internal audit assignments covering the overseas operation in Indonesia, the branch in Kota Kinabalu, Sabah, trading operations in Klang and various common functions within the Group. Internal audit issues pertaining to sales, inventory and warehouse operations, cash collection and credit controls, human resource and

information technology had been identified and areas for improvement were highlighted for Management's consideration and action. The internal audit reports prepared by the Internal Auditors for reporting to the Audit Committee also covered the follow-up review on the outstanding implementation and action plans as recommended in the earlier reports. The Audit Committee had reviewed all the internal audit reports and follow-up review reports with the Internal Auditors and ensured that appropriate actions were taken on the recommendations arising from the said reports, with action plans being implemented by Management on a timely basis.

AUDIT  
COMMITTEE REPORT

# LAPORAN JAWATANKUASA AUDIT

## 1. KEAHLIAN DAN MESYUARAT

Jawatankuasa Audit Syarikat telah ditubuhkan untuk membantu dan menasihat Lembaga dalam perkara yang berhubung dengan fungsi audit dalaman dan luaran Kumpulan, pengurusan risiko dan pematuhan, laporan kewangan serta tadbir urus korporat. Komposisi Jawatankuasa Audit dan kehadiran setiap ahli pada mesyuarat jawatankuasa yang telah diadakan sepanjang tahun kewangan adalah seperti di bawah.

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

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

## 2. TERMA-TERMA RUJUKAN JAWATANKUASA AUDIT

Jawatankuasa Audit mempunyai satu set terma rujukan yang menjadi panduan dalam pelaksanaan tugas-tugas dan tanggungjawab-tanggungjawabnya terutamanya perkara berkaitan laporan kewangan dan audit, kawalan dalaman dan pengurusan risiko; menjelaskan hak-hak Jawatankuasa Audit dan juga mengawal peraturan di kalangan Jawatankuasa Audit dan ahli-ahlinya. Butiran terma-terma rujukan tersebut boleh didapati di laman web Syarikat di [www.newhoongfatt.com.my](http://www.newhoongfatt.com.my). Jawatankuasa Audit telah menyemak Terma Rujukannya semasa tahun kewangan dalam tinjauan dan tidak mencadangkan sebarang perubahan pada Terma Rujukan tersebut.

## 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) menyemak Piawaian Laporan Kewangan Malaysia yang baru bersama dengan Juruaudit Luaran;
- (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 pelantikan semula, dengan mengambil kira antara lain, faktor kebebasan serta yuran audit yang dicadangkan.

### 3.3 Audit Dalaman

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

### 3.4 Pengurusan Risiko

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

### 3.5 Tadbir Urus Korporat

- (a) menjalankan satu penilaian tahunan mengenai proses-proses semakan urus niaga pihak berkaitan, menilai dasar urus niaga, terma-terma serta penetapan harga;
- (b) menjalankan satu penilaian tahunan mengenai kecukupan dan keberkesanan pengurusan risiko dan sistem kawalan dalaman Kumpulan; dan
- (c) 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 pematuhan 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 2014, Juruaudit Dalaman telah melengkapkan tugas audit dalaman yang merangkumi operasi luar negara di Indonesia, cawangan di Kota Kinabalu, Sabah, operasi-operasi perniagaan di Klang dan pelbagai fungsi umum dalam Kumpulan. Isu-isu audit dalaman berkaitan dengan jualan, inventori dan operasi gudang, kutipan tunai dan kawalan kredit, sumber manusia dan teknologi maklumat telah dikenal pasti dan ruang untuk penambahbaikan telah dikemukakan untuk pertimbangan dan tindakan pihak Pengurusan. Laporan audit dalaman yang disediakan oleh Juruaudit Dalaman bagi laporan kepada Jawatankuasa Audit juga meliputi semakan susulan pelaksanaan dan pelan tindakan yang tertunda seperti yang telah dicadangkan di dalam laporan terdahulu. Jawatankuasa Audit telah mengkaji semua laporan audit dalaman dan laporan semakan susulan dengan Juruaudit Dalaman dan memastikan tindakan yang sewajarnya telah diambil keatas saranan-saranan yang timbul daripada laporan tersebut dan pelan tindakan dilaksanakan oleh pihak Pengurusan tepat pada masanya.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## OBJECTIVE AND BOARD RESPONSIBILITIES

The Board acknowledges its responsibility for maintaining a sound system of risk management and internal control to safeguard shareholders' investments and Group's assets and for reviewing the adequacy and effectiveness of the risk management and internal control system.

Risk management and internal control are regarded as integral part of the Group's overall management processes. The Board is assisted by the Management and the outsourced Internal Auditors to ensure that internal controls and risk management practices are implemented and complied with within the Group.

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.

## BUSINESS PROCESSES AND RISK MANAGEMENT

### Standard Operating Procedures

The Group has set in place well-established Standard Operating Procedures ("SOPs") addressing all critical and significant risks covering various areas of the Group. These SOPs are continuously reviewed and streamlined to enhance its 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 the procedures set.

The Group's entire operations in Malaysia are certified under ISO 9001: Quality Management System in which processes and procedures are periodically reviewed and audited by the external and in-house ISO internal auditors to ensure their relevance and effectiveness.

### Risk Management

The Group recognises the need for systematically identifying, assessing and mitigating risks that are critical to strategic targets and business plans. The Enterprise Risk Management ("ERM") framework adopted by the Group covers financial controls, operational controls, Management Information Systems, as well as compliance with relevant laws, regulations, rules and guidelines.

During the financial year under review, the Management has continued to identify new risks and to assess the impact of each identified key risk facing the business and its operations through the mechanisms under the ERM framework. All management action plans which has been put in place to mitigate the risks were constantly monitored and tested to ensure their effectiveness.

The Group also applied similar risk management framework in its overseas operations. Key risks associated with expansion of market share and strengthening of human capital were identified and management action plans were established to mitigate these risks.

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.

As part of its risk management strategy, the Group had established a Business Continuity Plan ("BCP") milestone during the financial year under review, with the aim of planning in advance, how to deal with various major, unexpected disruptions that could impact the Company's performance and preparing ways to minimise the impact. The BCP outlines the staff's roles and responsibilities, and action plans that are to be implemented in the event of a major disruption.

### Financial Reporting

The Finance team is responsible to manage the risks associated with the financial reporting processes. 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.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

## 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 to cater for different requirements, including Enterprise Resource Planning, accounting and financial reporting systems. These computer systems enable transactions and data to be captured, compiled and analysed. Timely, relevant and reliable reports were generated from these computer systems which allowed the management to make informed business decisions.

## Strategic Business Planning

The strategic business plan of the Group, Leadership Performance Plan (“LPP”) which was introduced in 2012, sets out the Group’s commitment to develop people as its first priority to create the competitive advantage in achieving sustainable business and profitability growth. The LPP had been evaluated during the financial year 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 was performed by an outsourced professional firm of consultants, which is independent of the activities it audits.

During the financial year under review, the Internal Auditors performed 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 Group’s internal control system in order to provide reasonable assurance that adequate controls are in place to preclude the possibilities of fraud and misappropriation of Group’s assets. 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 2014 were RM76,181.

## 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. The Board has received assurances from the Managing Director and Chief Financial Officer 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

Lembaga mengakui tanggungjawabnya untuk mengekalkan satu sistem pengurusan risiko dan kawalan dalaman yang kukuh bagi melindungi pelaburan pemegang-pemegang saham dan aset-aset Kumpulan, serta menilai kecukupan dan keberkesanan sistem pengurusan risiko dan kawalan dalaman tersebut.

Pengurusan risiko dan kawalan dalaman dianggap sebagai sebahagian daripada proses pengurusan keseluruhan Kumpulan. Lembaga dibantu oleh pihak Pengurusan serta khidmat luar Juruaudit Dalaman untuk memastikan bahawa amalan-amalan kawalan dalaman dan pengurusan risiko ini dilaksanakan dan dipatuhi dalam Kumpulan.

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 penyataan atau kerugian ketara.

## PROSES PERNIAGAAN DAN PENGURUSAN RISIKO

### Prosedur Operasi Standard

Kumpulan telah lama mewujudkan prosedur-prosedur operasi standard ("SOP") untuk menangani semua risiko kritikal dan penting yang meliputi pelbagai bahagian dalam Kumpulan. SOP ini dikaji dan diselaraskan dari semasa ke semasa bagi meningkatkan kecekapan dan keberkesanan. SOP ini dikendalikan di dalam satu pangkalan data oleh bahagian Kawalan Kualiti. Kesemua peringkat dalam Kumpulan dikehendaki mematuhi SOP ini bagi memastikan semua proses dilaksanakan menurut prosedur yang telah ditetapkan.

Keseluruhan operasi Kumpulan di Malaysia adalah diperakui di bawah ISO 9001: Sistem Pengurusan Kualiti dimana proses-proses dan prosedur-prosedur disemak serta diaudit secara berkala oleh juruaudit-juruaudit ISO dalaman dan luaran bagi memastikan kaitan dan keberkesanan.

### Pengurusan Risiko

Kumpulan mengiktiraf keperluan untuk mengenal pasti, menilai dan mengurangkan risiko-risiko yang kritikal untuk sasaran strategik serta rancangan perniagaan secara sistematik. Rangka kerja Pengurusan Risiko Perusahaan ("ERM") yang diguna pakai oleh Kumpulan merangkumi kawalan kewangan, kawalan operasi, Sistem Pengurusan Maklumat, serta pematuhan kepada undang-undang, peraturan-peraturan dan garis panduan yang berkaitan.

Semasa tahun kewangan dalam tinjauan, pihak Pengurusan terus mengenal pasti risiko-risiko baru serta menilai kesan daripada setiap risiko utama yang dikenal pasti yang dihadapi perniagaan dan operasinya melalui mekanisme dibawah rangka kerja ERM. Semua pelan tindakan pengurusan yang telah diwujudkan bagi mengurangkan kesan risiko-risiko tersebut telah dipantau dan diuji secara konsisten untuk memastikan keberkesanan.

Kumpulan juga menggunakan rangka kerja pengurusan risiko yang sama di dalam operasi-operasinya di luar negara. Risiko-risiko utama berkaitan dengan peluasan pasaran dan pengukuhan modal insan telah dikenal pasti dan pelan tindakan pengurusan telah diwujudkan bagi menangani risiko-risiko ini.

Laporan ERM telah diserahkan oleh pemilik-pemilik risiko kepada pihak Pengurusan pada setiap suku tahun untuk semakan. Pihak Pengurusan kemudiannya menyemak laporan ERM tersebut bersama dengan Jawatankuasa Audit dan Lembaga.

Sebagai sebahagian daripada strategi pengurusan risiko, Kumpulan telah mewujudkan Pelan Kesenambungan Perniagaan ("BCP") semasa tahun kewangan dalam tinjauan, dengan objektif merancang dengan lebih awal untuk menangani sebarang gangguan besar dan tidak dijangka yang boleh memberi kesan kepada prestasi Syarikat dan menyediakan cara-cara untuk mengurangkan kesannya. BCP ini menggariskan peranan dan tanggungjawab kakitangan serta pelan tindakan yang perlu dilaksanakan sekiranya berlaku gangguan besar.

### 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 mengehadkan hak tetapi pada masa yang sama mengamankan tanggungjawab kepada kakitangan individu dalam bahagian tersebut, serta mematuhi SOP di dalam amalan-amalan dan laporan perakaunan.

Kumpulan ini mempunyai proses belanjawan yang menyeluruh dimana belanjawan tahunan adalah diluluskan oleh Lembaga, untuk memandu dan mengawal modal perbelanjaan bagi tahun yang seterusnya. Jawatankuasa Audit menyemak belanjawan tahunan, laporan kewangan suku tahunan dan tahunan Kumpulan, serta kawalan dalaman bersama dengan pihak Pengurusan, dan seterusnya melaporkan kepada Lembaga.

# PENYATA PENGURUSAN RISIKO DAN KAWALAN DALAMAN (sambungan)

Pengarah-pengarah Eksekutif mempengerusikan kebanyakan mesyuarat pengurusan biasa. Mesyuarat-mesyuarat ini merupakan platform untuk menilai prestasi kewangan, serta isu-isu perniagaan dan operasi termasuk hal-hal kawalan dalaman dan pengurusan risiko.

## Sistem Maklumat dan Komunikasi

Kumpulan mengiktiraf kepentingan penggunaan teknologi maklumat dan komunikasi untuk menggalakkan keberkesanan dan kecekapan dalam perniagaannya. Kumpulan menggunakan sistem komputer yang menyeluruh bagi memenuhi pelbagai keperluan termasuk sistem Perancangan Sumber Perniagaan, sistem perakaunan dan laporan kewangan. Sistem-sistem komputer ini membolehkan kesemua urusan niaga dan maklumat dikumpul, disusun dan dianalisis. Laporan yang tepat pada masanya, relevan serta boleh dipercayai telah dijana daripada sistem-sistem komputer ini yang membolehkan pihak Pengurusan membuat keputusan perniagaan yang bermaklumat.

## Perancangan Strategik Perniagaan

Pelan strategik perniagaan Kumpulan iaitu Rancangan Prestasi Kepimpinan ("LPP") yang telah diperkenalkan pada tahun 2012, menyatakan komitmen Kumpulan untuk membangunkan insan sebagai keutamaannya bagi faedah daya saing dalam mencapai perniagaan mampan dan pertumbuhan keuntungan. LPP tersebut telah dinilai semasa tahun kewangan dalam tinjauan bagi 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 dinilai oleh Lembaga dimana pelaksanaannya dipantau dengan teliti oleh pihak Pengurusan.

## PEMANTAUAN DAN PENILAIAN

Fungsi Audit Dalaman Kumpulan telah dilaksanakan oleh sebuah firma penasihat profesional luar yang bebas daripada aktiviti-aktiviti yang diaudit.

Semasa tahun kewangan dalam tinjauan, Juruaudit Dalaman menjalankan 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 dan bebas mengenai sistem kawalan dalaman Kumpulan untuk memberi jaminan yang munasabah bahawa kawalan yang mencukupi disediakan untuk mencegah kemungkinan penyelewengan serta penyalahgunaan aset Kumpulan. 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 2014 adalah RM76,181.

## 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 dilaksanakan 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".

## KESIMPULAN

Lembaga 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. Lembaga telah menerima jaminan daripada Pengarah Urusan dan Ketua Pegawai 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**

DIRECTORS' REPORT

AND AUDITED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2014

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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 2014.

## 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	Company
	RM'000	RM'000
Net profit for the financial year	11,974	1,782

## DIVIDENDS

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

	RM'000
In respect of the financial year ended 31 December 2013:	
Final single tier dividend of 8 sen per ordinary share and a special final single tier dividend of 1 sen per ordinary share, paid on 21 July 2014	6,764
In respect of the financial year ended 31 December 2014:	
An interim single tier dividend of 3 sen per ordinary share, paid on 24 December 2014	2,255
	9,019

The Directors recommend a final single tier dividend of 7 sen per ordinary share, amounting to RM5,260,962 in respect of the financial year ended 31 December 2014, which are subject to the approval of the members at the forthcoming Annual General Meeting.

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

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

## DIRECTORS' REPORT (continued)

### OPTIONS GRANTED OVER UNISSUED SHARES

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

### DIRECTORS

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

Chin Jit Sin  
Datuk Dr. Anis Bin Ahmad  
Danny Ng Siew L'Leong  
Kam Foong Keng  
Kam Foong Sim  
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 2014 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 1.1.2014	Bought	Sold	Balance at 31.12.2014
<b>Shares in the Company</b>				
<b>Direct interests</b>				
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
<b>Indirect interests</b>				
Wong Yoke Nyen <sup>#</sup>	17,000	-	-	17,000

<sup>#</sup> Deemed interested through spouse's shareholdings pursuant to Section 134(12)(c) of the Companies Act, 1965.

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

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

# DIRECTORS' REPORT (continued)

## DIRECTORS' BENEFITS

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

- (a) certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which siblings of certain Directors have substantial financial interests; and
- (b) certain Directors who received remunerations from the subsidiaries as directors of the subsidiaries.

The details of the above transactions are disclosed in Note 30 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

### (I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the 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.

# DIRECTORS' REPORT (continued)

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

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

- (d) In the opinion of the Directors:
  - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group or 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 EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 34 to the financial statements.

## AUDITORS

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

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

**Kam Foong Keng**  
Director

**Chin Jit Sin**  
Director

Kuala Lumpur  
23 March 2015

# STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 51 to 127 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 2014 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 35 to the financial statements on page 128 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  
23 March 2015

# STATUTORY DECLARATION

I, Chong Choon Yeng, being the officer primarily responsible for the financial management of New Hoong Fatt Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 51 to 128 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly )  
declared by the abovenamed at )  
Kuala Lumpur this )  
23 March 2015 )

**Chong Choon Yeng**

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 2014 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 51 to 127.

### **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 2014 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.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company 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.

# INDEPENDENT AUDITORS' REPORT

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

## Other Reporting Responsibilities

The supplementary information set out in Note 35 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**

2895/08/16 (J)

Chartered Accountant

Kuala Lumpur

23 March 2015

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

		Group		Company	
	Note	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	7	259,533	265,393	-	-
Investments in subsidiaries	8	-	-	36,467	37,513
Investment properties	9	15,600	9,500	-	-
Available-for-sale financial asset	10	130	130	-	-
Intangible assets	11	128	623	-	-
Other receivables	13	-	-	92,652	-
		275,391	275,646	129,119	37,513
<b>Current assets</b>					
Inventories	12	36,325	38,185	-	-
Trade and other receivables	13	42,426	45,745	10,268	110,939
Current tax assets		1,704	863	-	-
Cash and bank balances	14	13,486	25,686	3,996	101
		93,941	110,479	14,264	111,040
<b>TOTAL ASSETS</b>		<b>369,332</b>	<b>386,125</b>	<b>143,383</b>	<b>148,553</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	15	75,157	75,157	75,157	75,157
Reserves	16	239,672	238,328	64,645	71,882
<b>TOTAL EQUITY</b>		<b>314,829</b>	<b>313,485</b>	<b>139,802</b>	<b>147,039</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings (interest bearing)	17	2,918	10,239	-	-
Deferred tax liabilities	19	20,702	18,800	-	-
		23,620	29,039	-	-
<b>Current liabilities</b>					
Trade and other payables	20	13,795	17,292	3,471	1,279
Borrowings (interest bearing)	17	16,552	25,812	-	-
Current tax liabilities		536	497	110	235
		30,883	43,601	3,581	1,514
<b>TOTAL LIABILITIES</b>		<b>54,503</b>	<b>72,640</b>	<b>3,581</b>	<b>1,514</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>369,332</b>	<b>386,125</b>	<b>143,383</b>	<b>148,553</b>

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 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	23	<b>200,596</b>	210,604	-	51,723
Cost of sales		<b>(149,975)</b>	(150,023)	-	-
Gross profit		<b>50,621</b>	60,581	-	51,723
Other operating income		<b>12,359</b>	13,008	<b>3,010</b>	1,999
Selling and distribution expenses		<b>(10,611)</b>	(9,721)	-	-
Administrative expenses		<b>(33,193)</b>	(31,697)	<b>(530)</b>	(504)
Other operating expenses		-	(3,239)	-	-
Finance costs	24	<b>(1,276)</b>	(1,575)	<b>(25)</b>	-
Profit before tax	25	<b>17,900</b>	27,357	<b>2,455</b>	53,218
Tax expense	26	<b>(5,926)</b>	(7,208)	<b>(673)</b>	(553)
Profit for the financial year		<b>11,974</b>	20,149	<b>1,782</b>	52,665
<b>Other comprehensive (loss)/income:</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Foreign currency translations, net of tax		<b>(1,611)</b>	498	-	-
Total other comprehensive (loss)/income, net of tax		<b>(1,611)</b>	498	-	-
Total comprehensive income		<b>10,363</b>	20,647	<b>1,782</b>	52,665
Profit attributable to: Owners of the parent		<b>11,974</b>	20,149	<b>1,782</b>	52,665
Total comprehensive income attributable to: Owners of the parent		<b>10,363</b>	20,647	<b>1,782</b>	52,665
Earnings per ordinary share attributable to owners of the parent (sen) Basic and diluted	27	<b>15.93</b>	26.81		

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Group	Share capital RM'000	Share premium RM'000	Non-distributable				Distributable		Total attributable to owners of the parent RM'000	Total equity 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			
<b>Note</b>										
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, net of tax	-	-	-	-	-	498	-		498	498
Total comprehensive income	-	-	-	-	-	498	20,149		20,647	20,647
<b>Transactions with owners</b>										
Final dividends paid for financial year ended 31 December 2012	-	-	-	-	-	-	(7,516)		(7,516)	(7,516)
Interim dividend paid for financial year ended 31 December 2013	-	-	-	-	-	-	(2,254)		(2,254)	(2,254)
Total transactions with owners	-	-	-	-	-	-	(9,770)		(9,770)	(9,770)
<b>Balance as at 31 December 2013</b>	<b>75,157</b>	<b>4,210</b>	<b>36,550</b>	<b>47</b>	<b>357</b>		<b>197,164</b>		<b>313,485</b>	<b>313,485</b>



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (continued)

Group	Note	[----- Non-distributable -----]					Distributable		Total attributable to owners of the parent RM'000	Total equity RM'000
		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			
Balance as at 1 January 2014		75,157	4,210	36,550	47	357	197,164		313,485	313,485
Profit for the financial year		-	-	-	-	-	11,974		11,974	11,974
Foreign currency translations, net of tax		-	-	-	-	(1,611)	-		(1,611)	(1,611)
Total comprehensive income		-	-	-	-	(1,611)	11,974		10,363	10,363
<b>Transactions with owners</b>										
Final dividends paid for financial year ended 31 December 2013	28	-	-	-	-	-	(6,764)		(6,764)	(6,764)
Interim dividend paid for financial year ended 31 December 2014	28	-	-	-	-	-	(2,255)		(2,255)	(2,255)
Total transactions with owners		-	-	-	-	-	(9,019)		(9,019)	(9,019)
<b>Balance as at 31 December 2014</b>		<b>75,157</b>	<b>4,210</b>	<b>36,550</b>	<b>47</b>	<b>(1,254)</b>	<b>200,119</b>		<b>314,829</b>	<b>314,829</b>

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (continued)

		[-----Non-distributable-----]		Distributable	
	Note	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total equity RM'000
Company					
Balance as at 1 January 2013		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 dividends paid for financial year ended 31 December 2012	28	-	-	(7,516)	(7,516)
Interim dividend paid for financial year ended 31 December 2013	28	-	-	(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
Profit for the financial year		-	-	1,782	1,782
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	1,782	1,782
Transactions with owners					
Final dividends paid for financial year ended 31 December 2013	28	-	-	(6,764)	(6,764)
Interim dividend paid for financial year ended 31 December 2014	28	-	-	(2,255)	(2,255)
Total transactions with owners		-	-	(9,019)	(9,019)
Balance as at 31 December 2014		75,157	4,210	60,435	139,802

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		<b>17,900</b>	27,357	<b>2,455</b>	53,218
Adjustments for:					
Amortisation of intangible assets	11	<b>495</b>	614	-	-
Bad debts written off		<b>6</b>	59	-	-
Depreciation of property, plant and equipment	7	<b>24,552</b>	21,054	-	-
Fair value adjustment on investment properties	9	<b>(256)</b>	-	-	-
Gain on disposal of property, plant and equipment		<b>(760)</b>	(626)	-	-
Impairment losses on:					
- goodwill on consolidation	11	-	3,239	-	-
- trade receivables	13(g)	<b>7</b>	222	-	-
Interest expense	24	<b>1,276</b>	1,575	<b>25</b>	-
Interest income		<b>(249)</b>	(282)	<b>(3,010)</b>	(1,999)
Inventories written (back)/down		<b>(335)</b>	623	-	-
Investment in a subsidiary written off	8(a)	-	-	<b>2</b>	-
Property, plant and equipment written off	7	<b>31</b>	24	-	-
Reversal of impairment losses on trade receivables	13(g)	<b>(2)</b>	(11)	-	-
Unrealised loss/(gain) on foreign exchange		<b>32</b>	(536)	-	-
Operating profit/(loss) before changes in working capital		<b>42,697</b>	53,312	<b>(528)</b>	51,219
Decrease/(Increase) in inventories		<b>2,195</b>	(1,915)	-	-
Decrease/(Increase) in trade and other receivables		<b>3,015</b>	15,533	<b>8</b>	(7)
(Decrease)/Increase in trade and other payables		<b>(1,487)</b>	2,951	<b>22</b>	2
Cash generated from/(used in) operations		<b>46,420</b>	69,881	<b>(498)</b>	51,214
Tax paid		<b>(4,826)</b>	(5,173)	<b>(798)</b>	(216)
Net cash from/(used in) operating activities		<b>41,594</b>	64,708	<b>(1,296)</b>	50,998

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (continued)

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of additional interest in a subsidiary	8(b)(iii)	-	-	-	(30)
Interest received		249	282	-	-
Proceeds from liquidation of a subsidiary	8(a)	-	-	44	-
Proceeds from disposal of property, plant and equipment		894	844	-	-
Purchase of property, plant and equipment	7(c)	(27,672)	(67,725)	-	-
Repayments from/(Advances to) subsidiaries		-	-	14,191	(41,158)
Net cash (used in)/from investing activities		(26,529)	(66,599)	14,235	(41,188)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Interest paid		(1,276)	(1,575)	(25)	-
Dividends paid to:					
- ordinary shareholders of the company	28	(9,019)	(9,770)	(9,019)	(9,770)
Drawdown of:					
- bankers' acceptances		37,686	20,000	-	-
- short term revolving credit		-	9,054	-	-
- term loans		2,500	11,925	-	-
Repayments of:					
- bankers' acceptances		(35,686)	(24,910)	-	-
- hire purchase creditors		(3)	(47)	-	-
- short term revolving credit		(7,572)	(1,482)	-	-
- term loans		(13,385)	(6,446)	-	-
Net cash used in financing activities		(26,755)	(3,251)	(9,044)	(9,770)
Net (decrease)/increase in cash and cash equivalents		(11,690)	(5,142)	3,895	40
Effects of exchange rate changes on cash and cash equivalents		(510)	(146)	-	-
Cash and cash equivalents at beginning of financial year		25,686	30,974	101	61
Cash and cash equivalents at end of financial year	14	13,486	25,686	3,996	101

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014

## 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, Jalan Teratai, Meru, 41050 Klang, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2014 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company. 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 23 March 2015.

## 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 pages 51 to 127 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 35 to the financial statements set out on page 128 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.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.2 Basis of consolidation (continued)

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under 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.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.3 Business combinations (continued)

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 previously held equity interest of the Group 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(a) 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 would flow to the Group and the cost of the asset could 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. Land and buildings are stated at valuation, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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 each reporting period. The surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve, net of deferred tax, if any, and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit will be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

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

Buildings	up to 54 years
Long-term leasehold land	up to 62 years
Plant and machinery	up to 20%
Tools, equipment and air-conditioners	10%
Moulds and dies	10%
Motor vehicles	20%
Furniture, fittings and office equipment	up to 33%

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 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 incremental borrowing rate of the Group is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

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

#### (b) Operating lease

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

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.5 Leases and hire purchase (continued)

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

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 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.

### 4.7 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.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 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 interest of the Group 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 could 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 research and 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 research and development is not met.

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

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over their estimated economic useful lives and are assessed for any indication that the asset could 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 the end of each reporting period. 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 the end of each period 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.8 Intangible assets (continued)

#### (b) Other intangible assets (continued)

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 possible 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.9 Impairment of non-financial assets (continued)

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

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

### 4.11 Financial instruments

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

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

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

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.11 Financial instruments (continued)

#### (a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

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

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

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

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

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

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

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

##### (iii) Loans and receivables

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

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

##### (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 right of the Group to receive payment is established.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.11 Financial instruments (continued)

#### (a) Financial assets (continued)

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

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

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

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

#### (b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) 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.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.11 Financial instruments (continued)

#### (b) Financial liabilities (continued)

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 would be required to settle the obligation and a reliable estimate could be made of the amount of the obligation.

At the end of each reporting period, the Group assesses 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 period 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.11 Financial instruments (continued)

#### (c) Equity (continued)

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.

### 4.12 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.12 Impairment of financial assets (continued)

#### (b) Available-for-sale financial assets (continued)

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 in profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

### 4.13 Borrowing costs

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

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

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

### 4.14 Income taxes

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

Taxes in the profit or loss and other comprehensive income comprise current tax and deferred tax.

#### (a) Current tax

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.14 Income taxes (continued)

#### (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 future taxable profits would 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 profits would 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 would be reduced accordingly. When it becomes probable that sufficient taxable profit would be available, such reductions would be reversed to the extent of the taxable profits.

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 would 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 would 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 would 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.15 Provisions (continued)

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 would 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 would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would 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, paid annual leave, social security contributions, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees 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.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.18 Foreign currencies

#### (a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group 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 functional and presentation currency of the Company.

#### (b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency 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 functional currency at rates of exchange ruling at that date. 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 the end of the reporting period 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 profit or loss and other 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 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 each reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 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 would 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 activities of the Group and Company as follows:

#### Company

(a) Dividend income

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

(b) Interest income

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

#### 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 does not have continuing managerial involvement over the goods, which coincides with the 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 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.

### 4.20 Operating segments

Operating segments are defined as components of the Group that:

- (a) Engages in business activities from which it could 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 chief operating decision maker of the Group (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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 4.20 Operating segments (continued)

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 per cent (10%) 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 per cent (10%) 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 per cent (10%) or more of the combined assets of all operating segments.

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

Total external revenue reported by operating segments shall constitute at least seventy five percent (75%) of the revenue of the Group. 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 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 2014 (continued)

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

### 5.1 New MFRSs adopted during the 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 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

- (a) Amendments to MFRS 10, MFRS 12 and MFRS 127 *Investment Entities* are mandatory for annual periods beginning on or after 1 January 2014.

These Amendments introduce an exception to the consolidation principle in MFRS 10 for investment entities. These Amendments define an investment entity and require a parent that is an investment entity to measure its investments in subsidiaries at fair value through profit or loss in accordance with MFRS 9 (or MFRS 139, if MFRS 9 has not yet been adopted) instead of consolidating those subsidiaries in its consolidated financial statements.

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

- (b) Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities* are mandatory for annual periods beginning on or after 1 January 2014.

These Amendments provide application guidance for criteria to offset financial assets and financial liabilities.

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

- (c) Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets* are mandatory for annual periods beginning on or after 1 January 2014.

The Amendments clarify that recoverable amount (determined based on fair value less costs of disposal) of any cash-generating unit with a significant carrying amount of goodwill or intangible assets with indefinite useful lives is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

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



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

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

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

- (d) IC Interpretation 21 is mandatory for annual periods beginning on or after 1 January 2014.

This Interpretation clarifies that the obligating event giving to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Interpretation also clarifies that the liability to pay a levy is recognised progressively if the obligating event occurs over a period of time. If an obligation to pay a levy is triggered when a minimum threshold is reached, the liability to pay a levy is recognised when that minimum activity threshold is reached.

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

### 5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2015

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 119 <i>Defined Benefit Plans: Employee Contributions</i>	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
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statement</i>	1 January 2016
Amendments to MFRSs <i>Annual Improvements 2012 – 2014 Cycle</i>	1 January 2016
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2017
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018

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 significant changes in estimates at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

### 6.2 Critical judgements made in applying accounting policies

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

(a) Classification between investment properties and property, plant and equipment

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

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(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 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 repayment on demand clauses 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 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.

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

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates that 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 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 33 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 financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable.

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) 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); and
- (iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 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 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 10 to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 7. PROPERTY, PLANT AND EQUIPMENT

2014	Balance as at 1.1.2014 RM'000	Additions RM'000	Disposals RM'000	Depreciation charge for the financial year RM'000	Written off RM'000	Reclassi- fications RM'000	Adjustment RM'000	Exchange adjustments RM'000	Balance as at 31.12.2014 RM'000
<b>Group</b>									
<b>Carrying amount</b>									
Freehold land	42,000	-	-	-	-	-	-	-	42,000
- at valuation	10,391	-	-	-	-	-	-	-	10,391
- at cost									
Buildings	51,669	63	-	(1,776)	(19)	(567)	(940)	-	48,430
- at valuation	13,958	128	-	(398)	-	-	-	(423)	13,265
- at cost									
Long term leasehold land	15,424	-	-	(209)	-	(5,277)	-	-	9,938
- at valuation	19,198	-	-	(1,173)	-	-	-	(1,600)	16,425
- at cost	30,195	6,540	(9)	(4,501)	-	1,672	-	-	33,897
Plant and machinery	1,668	791	-	(416)	(9)	-	-	(26)	2,008
Tools, equipment and air- conditioners	71,820	13,341	-	(14,685)	-	3,826	-	-	74,302
Moulds and dies	2,146	101	(124)	(742)	-	-	-	8	1,389
Motor vehicles									
Furniture, fittings and office equipment	1,426	1,142	(1)	(652)	(3)	-	-	10	1,922
Construction-in-progress	5,498	5,566	-	-	-	(5,498)	-	-	5,566
	265,393	27,672	(134)	(24,552)	(31)	(5,844)	(940)	(2,031)	259,533

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

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

	At 31.12.2014			
	Cost RM'000	Valuation RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
2014				
Freehold land				
- at valuation	-	42,000	-	42,000
- at cost	10,391	-	-	10,391
Buildings				
- at valuation	-	53,091	(4,661)	48,430
- at cost	15,069	-	(1,804)	13,265
Long term leasehold land				
- at valuation	-	10,526	(588)	9,938
- at cost	19,198	-	(2,773)	16,425
Plant and machinery	90,292	-	(56,395)	33,897
Tools, equipment and air-conditioners	5,410	-	(3,402)	2,008
Moulds and dies	213,565	-	(139,263)	74,302
Motor vehicles	4,843	-	(3,454)	1,389
Furniture, fittings and office equipment	7,473	-	(5,551)	1,922
Construction-in-progress	5,566	-	-	5,566
	371,807	105,617	(217,891)	259,533

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

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

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
<b>Group</b>	<b>Carrying amount</b>								
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 2014 (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
2013					
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 2014 (continued)

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

- (a) The land and buildings of the Group are carried at valuation. Had the revalued land and buildings been carried at cost less accumulated depreciation, the carrying amounts would have been:

	Group	
	2014 RM'000	2013 RM'000
Land	28,331	31,119
Buildings	38,594	40,090
	<b>66,925</b>	<b>71,209</b>

- (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
<b>2014</b>				
Freehold land	-	-	42,000	42,000
Leasehold land	-	-	9,938	9,938
Buildings	-	-	48,430	48,430
	-	-	<b>100,368</b>	<b>100,368</b>
<b>2013</b>				
Freehold land	-	-	42,000	42,000
Leasehold land	-	-	15,424	15,424
Buildings	-	-	51,669	51,669
	-	-	<b>109,093</b>	<b>109,093</b>

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2014 and 31 December 2013.
- (ii) Land and buildings at Level 3 fair value measurements were recommended by the Directors as at the end of reporting period based on an update valuation exercise carried out by an independent property valuer.

The valuations were made based on existing use method that makes reference to indicative market value 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. A fluctuation of approximately RM3.60 in the price per square feet, with all other variables held constant, the fair value of the land and buildings would have been 10% higher or lower.

- (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 2014 (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	
	2014 RM'000	2013 RM'000
Purchase of property, plant and equipment	27,672	67,760
Financed by hire purchase arrangements	-	(35)
Cash payments on purchase of property, plant and equipment	27,672	67,725

The carrying amounts of the property, plant and equipment of the Group under finance leases at the end of the reporting period are as follows:

	Group	
	2014 RM'000	2013 RM'000
Motor vehicles	-	42

Details of the terms and conditions of the hire purchase arrangements are disclosed in Note 18 to the financial statements.

- (d) In the previous financial year, leasehold land and buildings of the Group with a carrying amount of RM23,239,822 were charged to a bank for credit facilities granted to the Group as disclosed in Note 17(b) to the financial statements.
- (e) During the financial year, certain land and buildings of the Group with a carrying amount of RM5,843,661 were reclassified to investment properties as they were rented out to a third party for rental income.
- (f) In the previous financial year, prepaid lease payment of the Group with a carrying amount of RM1,349,401 were reclassified to property, plant and equipment.

## 8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost	36,467	93,040
Less: Impairment losses	-	(55,527)
	36,467	37,513



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 8. INVESTMENTS IN SUBSIDIARIES (continued)

The details of the subsidiaries are as follows:

		Interest in equity held by				
		Company		Subsidiaries		
Name of company	Country of incorporation	2014	2013	2014	2013	Principal activities
New Hoong Fatt Auto Supplies Sdn. Bhd. <sup>(1)</sup>	Malaysia	100%	100%	-	-	Marketing, distribution and trading of automotive parts and accessories
NJ Manufacturing Industries Sdn. Bhd. <sup>(1)</sup>	Malaysia	100%	100%	-	-	Investment holding company
Jhi Soon Manufacturing Industries Sdn. Bhd. <sup>(1)</sup>	Malaysia	100%	100%	-	-	Investment holding company
New Hoong Fatt Industries Sdn. Bhd. <sup>(1)</sup>	Malaysia	100%	100%	-	-	Inactive
MJ Manufacturing Industries Sdn. Bhd. <sup>(1)</sup>	Malaysia	100%	100%	-	-	Manufacturing of moulds and dies
Auto Global Parts Industries Sdn. Bhd. <sup>(1)</sup>	Malaysia	100%	100%	-	-	Manufacturing and marketing of automotive parts and provision of injection services
NHF Ventures Sdn. Bhd. <sup>(1)</sup>	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

<sup>(1)</sup> Subsidiaries audited by BDO in Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 8. INVESTMENTS IN SUBSIDIARIES (continued)

(a) During the financial year:

- (i) In 2011, Hoeken Industrial Sdn. Bhd., a wholly-owned subsidiary of the Group and of the Company had commenced a voluntary winding up pursuant to Section 254(1)(b) of the Companies Act, 1965.

The liquidation process was completed on 9 March 2015. During the financial year, proceeds of RM44,250 was received by the Company. Accordingly, cost of investment amounting to RM56,573,000 and impairment loss of RM55,526,960 previously recognised had been written off. In addition, investment in a subsidiary of RM1,790 was written off during the financial year. The remaining balance of RM1,000,000 was offset against the amount owing by the Company.

(b) In the previous 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, its 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, its 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, its 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.

## 9. INVESTMENT PROPERTIES

2014

Group

Carrying amount

Long-term leasehold land  
and buildings

Balance as at 1.1.2014 RM'000	Fair value adjustment RM'000	Reclassification from property, plant and equipment Note (7e) RM'000	Balance as at 31.12.2014 RM'000
9,500	256	5,844	15,600

2013

Group

Carrying amount

Long-term leasehold land and buildings

Balance as at 1.1.2013 RM'000	Fair value adjustment RM'000	Balance as at 31.12.2013 RM'000
9,500	-	9,500

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 9. INVESTMENT PROPERTIES (continued)

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

	Group	
	2014 RM'000	2013 RM'000
Insurance	1	1
Quit rent and assessment	64	32

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2014</b>				
Leasehold land	-	-	14,100	14,100
Buildings	-	-	1,500	1,500
	-	-	15,600	15,600
<b>2013</b>				
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 2014 and 31 December 2013.
- (ii) Investment properties at Level 3 fair value measurements were recommended by the Directors as at the end of reporting period based on an update valuation exercise carried out by an 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. A fluctuation of approximately RM11.80 in the price per square feet, with all other variables held constant, the fair value of investment properties would have been 10% higher or lower.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 9. INVESTMENT PROPERTIES (continued)

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

(iii) The following table shows a reconciliation of balances of investment properties whose fair values have been classified in Level 3 of the fair value hierarchy:

	Group	
	2014 RM'000	2013 RM'000
Balance as at 1 January 2014/2013	9,500	9,500
Transferred from property, plant and equipment (Note 7e)	5,844	-
Gain recognised in profit or loss	256	-
Balance as at 31 December 2014/2013	15,600	9,500

(iv) 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.

## 10. AVAILABLE-FOR-SALE FINANCIAL ASSET

	Group	
	2014 RM'000	2013 RM'000
Available-for-sale financial asset - Club memberships	130	130

Information on the fair value hierarchy is disclosed in Note 32 (d) to the financial statements.

## 11. INTANGIBLE ASSET

2014		Balance as at 1.1.2014 RM'000	Additions RM'000	Impairment loss for the financial year RM'000	Amortisation charge for the financial year RM'000	Balance as at 31.12.2014 RM'000
Group	Note					
Carrying amount						
Computer software	(a)	623	-	-	(495)	128

----- At 31.12.2014 -----				
	Cost RM'000	Accumulated impairment RM'000	Accumulated amortisation RM'000	Carrying amount RM'000
Computer software	2,618	-	(2,490)	128

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 11. INTANGIBLE ASSET (continued)

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

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

### (a) Computer software

	Group	
	2014 RM'000	2013 RM'000
<b>Cost</b>		
Balance as at 1 January/31 December	2,618	2,618
<b>Accumulated amortisation</b>		
Balance as at 1 January	1,995	1,381
Amortisation charge for the financial year	495	614
Balance as at 31 December	2,490	1,995
<b>Carrying amount</b>	128	623

### (b) 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 losses	(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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 11. INTANGIBLE ASSET (continued)

### (b) Goodwill on consolidation (continued)

In the previous 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 was allocated to.

## 12. INVENTORIES

	Group	
	2014 RM'000	2013 RM'000
<b>At cost</b>		
Raw materials	13,790	13,905
Work-in-progress	2,233	2,923
Finished goods	20,240	20,757
Consumables	62	65
	<b>36,325</b>	37,650
<b>At net realisable value</b>		
Finished goods	-	535
	<b>36,325</b>	38,185

- (a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM102,791,711 (2013: RM103,554,290).
- (b) The Group reversed RM334,986 (2013: Nil) in respect of inventories written down in the previous financial years that was subsequently not required as the Group was able to sell those inventories above their carrying amounts.

## 13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Non-Current</b>				
<b>Other receivables</b>				
Amounts owing by subsidiaries	-	-	92,652	-
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	36,862	40,634	-	-
Less: Impairment losses	(221)	(216)	-	-
	<b>36,641</b>	40,418	-	-
<b>Other receivables and deposits</b>				
Amounts owing by subsidiaries	-	-	10,258	110,921
Other receivables	1,049	626	-	-
Refundable deposits	290	299	3	3
	<b>1,339</b>	925	<b>10,261</b>	110,924
<b>Loans and receivables</b>	<b>37,980</b>	41,343	<b>102,913</b>	110,924
Prepayments	4,446	4,402	7	15
<b>Total</b>	<b>42,426</b>	45,745	<b>102,920</b>	110,939



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 13. TRADE AND OTHER RECEIVABLES (continued)

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 days to 120 days (2013: 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 RM26,278 (2013: RM6,805) 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.
- (c) Amounts owing by subsidiaries of the Company represent advances and payments on behalf, which are unsecured, bears interest at a rate of 3.11% (2013: 3.10%) per annum and payable on demand in cash and cash equivalents.
- (d) Included in prepayments of the Group are advance payments of RM4,102,549 (2013: RM3,840,112) to suppliers for the purchase of property, plant and equipment.
- (e) The currency exposure profile of trade and other receivables are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Ringgit Malaysia	28,938	34,747	102,913	110,924
US Dollar	7,495	5,570	-	-
New Taiwan Dollar	98	116	-	-
Chinese Renminbi	416	564	-	-
Indonesian Rupiah	1,033	346	-	-
	<b>37,980</b>	<b>41,343</b>	<b>102,913</b>	<b>110,924</b>

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

	Group	
	2014 RM'000	2013 RM'000
Neither past due nor impaired	32,926	36,540
Past due, not impaired		
1 to 30 days	1,825	2,128
31 to 60 days	1,449	744
61 to 90 days	20	358
More than 90 days	421	648
	<b>3,715</b>	<b>3,878</b>
Past due and impaired	221	216
	<b>36,862</b>	<b>40,634</b>

### 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 2014 (continued)

## 13. TRADE AND OTHER RECEIVABLES (continued)

- (f) 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 RM3,714,503 (2013: RM3,878,312) 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 each reporting period are as follows:

	Individually impaired	
	2014 RM'000	2013 RM'000
<b>Group</b>		
Trade receivables, gross	221	216
Less: Impairment losses	(221)	(216)
	-	-

- (g) The reconciliation of movement in the impairment losses is as follows:

	Group	
	2014 RM'000	2013 RM'000
As at 1 January	216	8
Written off	-	(3)
Reversal of impairment losses (Note 25)	(2)	(11)
Charge for the financial year (Note 25)	7	222
As at 31 December	221	216

Trade receivables that are individually determined to be impaired at the end of each reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

- (h) Information on financial risks of trade and other receivables is disclosed in Note 33 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 14. CASH AND BANK BALANCES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	<b>13,486</b>	25,686	<b>3,996</b>	101

(a) The currency exposure profile of cash and bank balances are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Ringgit Malaysia	<b>10,926</b>	16,380	<b>3,996</b>	101
US Dollar	<b>2,298</b>	8,809	-	-
Chinese Renminbi	<b>97</b>	64	-	-
Indonesian Rupiah	<b>165</b>	433	-	-
	<b>13,486</b>	25,686	<b>3,996</b>	101

(b) Information on financial risks of cash and bank balances is disclosed in Note 33 to the financial statements.

## 15. SHARE CAPITAL

	Group and Company			
	2014		2013	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM1.00 each:				
Authorised	<b>100,000</b>	<b>100,000</b>	100,000	100,000
Issued and fully paid:				
Balance as at 1 January/ 31 December	<b>75,157</b>	<b>75,157</b>	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 residual assets of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 16. RESERVES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Non-distributable</b>				
Share premium	4,210	4,210	4,210	4,210
Revaluation reserve	36,550	36,550	-	-
Available-for-sale reserve	47	47	-	-
Exchange translation reserve	(1,254)	357	-	-
	<b>39,553</b>	41,164	<b>4,210</b>	4,210
<b>Distributable</b>				
Retained earnings	200,119	197,164	60,435	67,672
	<b>239,672</b>	238,328	<b>64,645</b>	71,882

(a) Revaluation reserve

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

(b) Available-for-sale reserve

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

(c) 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 presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 17. BORROWINGS (INTEREST BEARING)

### Current liabilities

#### Secured

Term loans

#### Group

2014  
RM'000

2013  
RM'000

- 1,100

#### Unsecured

Bankers' acceptances

12,000 10,000

Hire purchase creditors (Note 18)

- 3

Revolving credit

- 7,572

Term loans

4,552 7,137

16,552 24,712

16,552 25,812

### Non-current liabilities

#### Secured

Term loans

- 3,393

#### Unsecured

Term loans

2,918 6,846

2,918 10,239

19,470 36,051

#### Group

2014  
RM'000

2013  
RM'000

### Total borrowings

Bankers' acceptances

12,000 10,000

Hire purchase creditors (Note 18)

- 3

Revolving credit

- 7,572

Term loans

7,470 18,476

19,470 36,051

Repayable as follows:

- not later than one (1) year

16,552 25,812

- between one (1) to five (5) years

2,918 10,239

19,470 36,051

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 17. BORROWINGS (INTEREST BEARING) (continued)

- (a) Bankers' acceptances of the Group are guaranteed by a corporate guarantee from the Company.
- (b) In the previous financial year, term loans of the Group were secured by a charge over a subsidiary's property, plant and equipment with a carrying amount of approximately RM23,239,822 as disclosed in Note 7 (d) to the financial statements. The term loans of the Group were guaranteed by the Company.
- (c) The currency exposure profiles of the borrowings are as follows:

	Group	
	2014 RM'000	2013 RM'000
Ringgit Malaysia	18,883	23,561
Indonesian Rupiah	-	4,496
US Dollar	-	7,572
Chinese Renminbi	587	422
	<b>19,470</b>	<b>36,051</b>

- (d) Information on financial risks of the borrowings is disclosed in Note 33 to the financial statements.

## 18. HIRE PURCHASE CREDITORS

	Group	
	2014 RM'000	2013 RM'000
Minimum hire purchase payments:		
- not later than one (1) year	-	3
- later than one (1) year but not later than five (5) years	-	-
Total minimum hire purchase payments	-	3
Less: Future interest charges	-	-
Present value of hire purchase payments	-	3
Repayable as follows:		
Current liabilities:		
- not later than one (1) year (Note 17)	-	3

Information on financial risks of hire purchase creditors is disclosed in Note 33 to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 19. DEFERRED TAX

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

	Group	
	2014 RM'000	2013 RM'000
Balance as at 1 January 2014/2013	18,800	15,859
Recognised in profit or loss: (Note 26)		
- current year	2,039	2,769
- (over)/under provision in prior years	(137)	172
	1,902	2,941
Balance as at 31 December 2014/2013	20,702	18,800

### Presented after appropriate offsetting:

	Group	
	2014 RM'000	2013 RM'000
Deferred tax assets	(81)	-
Deferred tax liabilities	20,783	18,800
	20,702	18,800

- (b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting as follows:

### Deferred tax assets of the Group

	Unused tax losses RM'000	Total RM'000
Balance as at 1 January 2013	-	-
Recognised in profit or loss	-	-
Balance as at 31 December 2013	-	-
Recognised in profit or loss	81	81
Balance as at 31 December 2014	81	81

### Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Total RM'000
Balance as at 1 January 2013	15,859	15,859
Recognised in profit or loss	2,941	2,941
Balance as at 31 December 2013	18,800	18,800
Recognised in profit or loss	1,983	1,983
Balance as at 31 December 2014	20,783	20,783

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 19. DEFERRED TAX (continued)

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

	Group	
	2014 RM'000	2013 RM'000
Unused tax losses	4,471	2,351

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 allowance under Schedule 7A Income Tax Act, 1967. Reinvestment allowance of RM6,509,733 (2013: RM4,817,502) was claimed during the current financial year. As at the end of the reporting period, the balance of reinvestment allowance not claimed amounted to RM19,216,551 (2013: RM5,160,692).
- (e) A subsidiary of the Group is entitled to claim investment tax allowance under Promotion of Investments Act, 1986. Investment tax allowance of RM1,265,753 (2013: Nil) was claimed during the current financial year.

## 20. TRADE AND OTHER PAYABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Trade payables</b>				
Third parties	6,876	6,184	-	-
<b>Other payables</b>				
Amounts owing to subsidiaries	-	-	3,245	1,075
Other payables	1,941	3,491	24	11
Accruals	4,978	7,617	202	193
	6,919	11,108	3,471	1,279
<b>Total</b>	<b>13,795</b>	<b>17,292</b>	<b>3,471</b>	<b>1,279</b>

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 120 days (2013: 30 days to 120 days).
- (b) Included in trade payables of the Group are amounts of RM81,663 (2013: RM80,389) owing to companies in which family members of the Executive Directors of the Company have substantial financial interests.
- (c) Amounts owing to subsidiaries represent advances, which are unsecured, bears interest at a rate of 3.11% (2013: Nil) per annum and payable upon demand in cash and cash equivalents.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 20. TRADE AND OTHER PAYABLES (continued)

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Ringgit Malaysia	12,281	15,306	3,471	1,279
Chinese Renminbi	504	315	-	-
Indonesian Rupiah	219	516	-	-
New Taiwan Dollar	208	455	-	-
Thai Baht	71	-	-	-
US Dollar	512	700	-	-
	<b>13,795</b>	<b>17,292</b>	<b>3,471</b>	<b>1,279</b>

(e) Information of financial risks of trade and other payables is disclosed in Note 33 to the financial statements.

## 21. COMMITMENTS

Capital commitments

Capital expenditure in respect of purchase of property, plant and equipment:

- Contracted but not provided for
- Approved but not contracted for

Group	
2014 RM'000	2013 RM'000
7,794	12,946
<b>17,815</b>	<b>22,172</b>

## 22. CONTINGENT LIABILITIES

Corporate guarantees given to banks for credit facilities granted to subsidiaries - unsecured

Company	
2014 RM'000	2013 RM'000
25,186	36,048

The Directors are of the view that the fair value of such corporate guarantees given by the Company is negligible as it is unlikely that the financial institutions will call upon the corporate guarantees in view of the financial strength of the subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 23. REVENUE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sale of goods	200,596	210,604	-	-
Dividend income from subsidiaries	-	-	-	51,723
	200,596	210,604	-	51,723

## 24. FINANCE COSTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest expense on:				
- amount owing to a subsidiary	-	-	25	-
- bankers' acceptances	579	235	-	-
- revolving credit	87	146	-	-
- term loans	610	1,194	-	-
	1,276	1,575	25	-

## 25. PROFIT BEFORE TAX

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before tax is arrived at after charging:				
Amortisation of:				
- intangible asset	495	614	-	-
Auditors' remuneration:				
- statutory audits				
- auditors of the Company	105	97	25	22
- other auditors	20	75	-	-
- under provision in prior year	-	6	-	6
- other services	6	6	6	6
Bad debts written off	6	59	-	-
Depreciation of property, plant and equipment	24,552	21,054	-	-
Directors' remunerations				
- fees:				
- payable by the Company	174	174	174	174
- payable by subsidiaries	106	358	-	-
- emoluments other than fees:				
- payable by the Company	47	47	47	47
- payable by subsidiaries	2,087	1,890	-	-

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 25. PROFIT BEFORE TAX (continued)

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before tax is arrived at after charging: (continued)					
Impairment losses on:					
- goodwill on consolidation	11	-	3,239	-	-
- trade receivables	13(g)	7	222	-	-
Inventories written down		-	623	-	-
Investment in a subsidiary written off	8(a)	-	-	2	-
Loss on foreign exchange:					
- unrealised		32	-	-	-
Property, plant and equipment written off	7	31	24	-	-
Rental of:					
- factory and premises		788	640	-	-
- forklift		10	4	-	-
And crediting:					
Fair value adjustment on investment properties	9	256	-	-	-
Gain on disposal of:					
property, plant and equipment		760	626	-	-
Sale of scraps		8,402	9,331	-	-
Gain on foreign exchange:					
- realised		276	189	-	-
- unrealised		-	536	-	-
Interest income from:					
- short term placements		249	282	-	-
- subsidiaries		-	-	3,010	1,999
Inventories written back		335	-	-	-
Rental income from investment properties		382	378	-	-
Reversal of impairment losses on trade receivables	13(g)	2	11	-	-

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 26. TAX EXPENSE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current tax expense based on profit for the financial year:				
- current year	<b>4,173</b>	4,241	<b>673</b>	497
- (over)/under provision in prior years	<b>(149)</b>	26	-	56
	<b>4,024</b>	4,267	<b>673</b>	553
Deferred tax (Note 19):				
- relating to origination and reversal of temporary differences	<b>2,039</b>	2,769	-	-
- (over)/under provision in prior years	<b>(137)</b>	172	-	-
	<b>1,902</b>	2,941	-	-
	<b>5,926</b>	7,208	<b>673</b>	553

- (a) The Malaysian income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated taxable profits for the fiscal year.
- (b) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.
- (c) The numerical reconciliation between the applicable tax rate and average effective tax rate is as follows:

	Group		Company	
	2014 %	2013 %	2014 %	2013 %
Applicable tax rate	<b>25.0</b>	25.0	<b>25.0</b>	25.0
Tax effects in respect of:				
Deferred tax assets not recognised during the financial year	<b>2.9</b>	1.5	-	-
Non-allowable expenses	<b>17.8</b>	11.1	<b>2.4</b>	-
Non-taxable income	-	-	-	(24.1)
Utilisation of previously unrecognised tax losses	-	(0.2)	-	-
Utilisation of tax incentives	<b>(11.0)</b>	(11.7)	-	-
	<b>34.7</b>	25.7	<b>27.4</b>	0.9
(Over)/Under provision of tax expense in prior years	<b>(0.8)</b>	0.6	-	0.1
(Over)/Under provision of deferred tax in prior years	<b>(0.8)</b>	0.1	-	-
Average effective tax rate	<b>33.1</b>	26.4	<b>27.4</b>	1.0



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 26. TAX EXPENSE (continued)

(d) Tax savings of the Group are as follows:

	Group	
	2014 RM'000	2013 RM'000
Arising from utilisation of current year tax losses	<b>420</b>	-

(e) Tax on each component of other comprehensive income is as follows:

	Group		
	Before tax RM'000	Tax effect RM'000	After tax RM'000
<b>2014</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation	<b>(1,611)</b>	-	<b>(1,611)</b>
<b>2013</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation	498	-	498

## 27. EARNINGS PER ORDINARY 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.

	Group	
	2014	2013
Profit attributable to equity holders of the parent (RM'000)	<b>11,974</b>	20,149
Weighted average number of ordinary shares applicable to basic earnings per ordinary share ('000)	<b>75,157</b>	75,157
Basic earnings per ordinary share (sen)	<b>15.93</b>	26.81

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share as there were no dilutive potential ordinary shares.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 28. DIVIDENDS

	Group and Company			
	2014		2013	
	Single tier dividend per share sen	Amount of dividend RM'000	Single tier dividend per share sen	Amount of dividend RM'000
Final dividends paid	9	6,764	10	7,516
Interim dividend paid	3	2,255	3	2,254
	12	9,019	13	9,770

A final single tier dividend in respect of the financial year ended 31 December 2014 of 7 sen per ordinary share, amounting to RM5,260,962 has been proposed by the Directors after the reporting period for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. This dividend, if approved by shareholders, would be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2015.

## 29. EMPLOYEES BENEFITS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Salaries, wages, overtime, bonuses, allowances and commissions	35,584	33,288	15	15
Contributions to defined contribution plan	3,246	3,079	-	-
Social security contributions	314	307	-	-
	39,144	36,674	15	15

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM2,102,320 (2013: RM1,905,396) and RM15,000 (2013: RM15,000) respectively.

## 30. 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 could be individuals or other parties.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 30. RELATED PARTY DISCLOSURES (continued)

### (a) Identities of related parties (continued)

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 and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sales to:				
- Pong Codan Marketing Sdn. Bhd.	23	20	-	-
- Pong Codan Rubber (M) Sdn. Bhd.	53	56	-	-
Purchases from:				
- Pong Codan Marketing Sdn. Bhd.	818	1,009	-	-
- Pong Codan Rubber (M) Sdn. Bhd.	300	394	-	-
Rental paid to:				
L F Kim Holdings Sdn. Bhd.	6	36	-	-
Dividend received from subsidiaries	-	-	-	51,723
Interest income receivable from subsidiaries	-	-	3,010	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.

### (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 and the Company.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 30. RELATED PARTY DISCLOSURES (continued)

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

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors' remuneration payable to:				
Executive Directors:				
- fees	121	373	15	15
- other emoluments	2,102	1,905	15	15
	2,223	2,278	30	30
Non-executive Directors:				
- fees	159	159	159	159
- other emoluments	32	32	32	32
	191	191	191	191
	2,414	2,469	221	221

The estimated monetary value of benefits-in-kind received by the Directors other than in cash from the Group amounted to RM95,352 (2013: RM107,772).

## 31. 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.

Other operating segments that do not meet the quantitative thresholds of an individual reporting segment comprised 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 31. OPERATING SEGMENTS (continued)

### (a) Business segments (continued)

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.

2014	Manufacturing RM'000	Trading RM'000	Investment RM'000	Other operating segments RM'000	Total RM'000
Revenue					
Total revenue	167,621	122,128	16,794	-	306,543
Inter-segment revenue	(89,153)	-	(16,794)	-	(105,947)
<b>Revenue from external customers</b>	<b>78,468</b>	<b>122,128</b>	<b>-</b>	<b>-</b>	<b>200,596</b>
Interest income	91	130	28	-	249
Finance costs	(235)	(1,041)	-	-	(1,276)
Net finance expenses	(144)	(911)	28	-	(1,027)
Depreciation of property, plant and equipment	(9,971)	(3,064)	(11,517)	-	(24,552)
Amortisation of intangible assets	(469)	(26)	-	-	(495)
<b>Segment profit/(loss) before income tax</b>	<b>20,955</b>	<b>(5,036)</b>	<b>8,846</b>	<b>(5)</b>	<b>24,760</b>
Tax expense	(4,113)	317	(2,130)	-	(5,926)
Other material non-cash items:					
- Bad debts written off	-	(6)	-	-	(6)
- Fair value adjustment on investment properties	-	256	-	-	256
- Gain on disposal of property, plant and equipment	462	298	-	-	760
- Impairment losses on trade receivables	-	(7)	-	-	(7)
- Inventories written back	314	21	-	-	335
- Property, plant and equipment written off	(10)	(21)	-	-	(31)
- Unrealised (loss)/gain on foreign exchange	(793)	761	-	-	(32)
Additions to non-current assets other than financial instruments	26,011	1,636	25	-	27,672
<b>Segment assets</b>	<b>140,446</b>	<b>106,720</b>	<b>122,125</b>	<b>41</b>	<b>369,332</b>
<b>Segment liabilities</b>	<b>12,030</b>	<b>20,992</b>	<b>777</b>	<b>2</b>	<b>33,801</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 31. 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)
<b>Revenue from external customers</b>	<b>77,174</b>	<b>133,430</b>	<b>-</b>	<b>-</b>	<b>210,604</b>
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)
<b>Segment profit/(loss) before income tax</b>	<b>30,366</b>	<b>(9,290)</b>	<b>56,999</b>	<b>(6)</b>	<b>78,069</b>
Tax expense	(4,170)	(379)	(2,659)	-	(7,208)
Other material non-cash items:					
- Bad debts 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
<b>Segment assets</b>	<b>140,903</b>	<b>117,024</b>	<b>128,108</b>	<b>90</b>	<b>386,125</b>
<b>Segment liabilities</b>	<b>8,701</b>	<b>43,277</b>	<b>1,859</b>	<b>3</b>	<b>53,840</b>



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 31. OPERATING SEGMENTS (continued)

### (a) Business segments (continued)

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

	2014 RM'000	2013 RM'000
<b>Profit for the financial year</b>		
Total profit for reportable segments	24,760	78,069
Elimination of inter-segment profits	(6,860)	(47,473)
Impairment losses on goodwill	-	(3,239)
Profit before tax	17,900	27,357
Tax expense	(5,926)	(7,208)
Profit for the financial year/per consolidated statement of profit or loss and other comprehensive income	11,974	20,149
<b>Liabilities</b>		
Total liabilities for reportable segments	33,801	53,840
Deferred tax liabilities	20,702	18,800
Group's liabilities/per consolidated statement of financial position	54,503	72,640

### (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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Malaysia	114,290	128,630	330,775	350,391	27,558	44,038
Asean	26,859	27,764	29,332	29,663	74	23,698
Non Asean	59,447	54,210	9,225	6,071	40	24
	200,596	210,604	369,332	386,125	27,672	67,760

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 32. 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 return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to 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 2014 and 31 December 2013.

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 equity. The Group and the Company includes within net debt, loans and borrowings, trade and other payables and current tax liabilities, less cash and bank balances. 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Borrowings	<b>19,470</b>	36,051	-	-
Trade and other payables	<b>13,795</b>	17,292	<b>3,471</b>	1,279
Current tax liabilities	<b>536</b>	497	<b>110</b>	235
Total liabilities	<b>33,801</b>	53,840	<b>3,581</b>	1,514
Less: Cash and bank balances	<b>(13,486)</b>	(25,686)	<b>(3,996)</b>	(101)
Net debt/(cash)	<b>20,315</b>	28,154	<b>(415)</b>	1,413
Total equity	<b>314,829</b>	313,485	<b>139,802</b>	147,039
Net debt/(cash) (A)	<b>20,315</b>	28,154	<b>(415)</b>	1,413
Total equity plus, net debt/ (cash) (B)	<b>335,144</b>	341,639	<b>139,387</b>	148,452
Gearing ratio (A)/(B)	<b>6.06%</b>	8.24%	<b>0.00%</b>	0.95%

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 2014.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 32. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments

Group	Loans and receivables RM'000	Available- for-sale RM'000	Total RM'000
<b>31 December 2014</b>			
<b>Financial assets</b>			
Investments	-	130	130
Trade and other receivables	37,980	-	37,980
Cash and bank balances	13,486	-	13,486
	<b>51,466</b>	<b>130</b>	<b>51,596</b>

	Other financial liabilities RM'000	Total RM'000
<b>Financial liabilities</b>		
Borrowings	19,470	19,470
Trade and other payables	13,795	13,795
	<b>33,265</b>	<b>33,265</b>

Company	Loans and receivables RM'000	Total RM'000
<b>31 December 2014</b>		
<b>Financial assets</b>		
Trade and other receivables	102,913	102,913
Cash and bank balances	3,996	3,996
	<b>106,909</b>	<b>106,909</b>

	Other financial liabilities RM'000	Total RM'000
<b>Financial liabilities</b>		
Trade and other payables	3,471	3,471

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 32. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

Group	Loans and receivables RM'000	Available- for-sale RM'000	Total RM'000
<b>31 December 2013</b>			
<b>Financial assets</b>			
Investments	-	130	130
Trade and other receivables	41,343	-	41,343
Cash and bank balances	25,686	-	25,686
	67,029	130	67,159

	Other financial liabilities RM'000	Total RM'000
<b>Financial liabilities</b>		
Borrowings	36,051	36,051
Trade and other payables	17,292	17,292
	53,343	53,343

Company	Loans and receivables RM'000	Total RM'000
<b>31 December 2013</b>		
<b>Financial assets</b>		
Trade and other receivables	110,924	110,924
Cash and bank balances	101	101
	111,025	111,025

	Other financial liabilities RM'000	Total RM'000
<b>Financial liabilities</b>		
Trade and other payables	1,279	1,279

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 32. FINANCIAL INSTRUMENTS (continued)

### (c) Method and assumptions used to estimate fair value

The fair value of financial assets and financial liabilities are determined as follows:

- (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 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 value of these borrowings 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 value of club memberships is estimated by reference to recently transacted prices of similar instruments.

### (d) 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).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 32. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

As at 31 December 2014, the Group and the Company held the following financial instruments carried at fair value and those not carried at fair value are disclosed, together with their fair values and carrying amounts as shown on the statements of financial position:

Group	Note	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>Financial assets</b>											
<b>Available-for-sale financial asset</b>											
- Club membership, unquoted	10	-	130	-	130	-	-	-	-	130	130
<b>Financial liabilities</b>											
<b>Other financial liabilities</b>											
- Bankers' acceptance	17	-	-	-	-	-	12,000	-	12,000	12,000	12,000
- Term loans	17	-	-	-	-	-	7,317	-	7,317	7,317	7,470
		-	-	-	-	-	19,317	-	19,317	19,317	19,470
<b>Company</b>											
<b>Financial assets</b>											
<b>Loans and receivables</b>											
- Other receivables											
- Amounts owing by subsidiaries	13	-	-	-	-	-	-	92,652	92,652	92,652	92,652



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 32. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

As at 31 December 2013, the Group held the following financial instruments carried at fair value and those not carried at fair value are disclosed, together with their fair values and carrying amounts as shown on the statements of financial position:

Group	Note	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>Financial assets</b>											
<b>Available-for-sale financial asset</b>											
- Club membership, unquoted	10	-	130	-	130	-	-	-	-	130	130
<b>Financial liabilities</b>											
<b>Other financial liabilities</b>											
- Bankers' acceptance	17	-	-	-	-	-	10,000	-	10,000	10,000	10,000
- Hire purchase creditors	18	-	-	-	-	-	3	-	3	3	3
- Revolving credit	17	-	-	-	-	-	7,572	-	7,572	7,572	7,572
- Term loans	17	-	-	-	-	-	20,503	-	20,503	20,503	18,476
		-	-	-	-	-	38,078	-	38,078	38,078	36,051

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group 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 instruments. 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, credit risk and interest rate 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 would 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 bank balances 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:

	2014 RM'000	2013 RM'000
US Dollar ("USD")	2,298	8,809
Chinese Renminbi ("RMB")	97	64
Indonesian Rupiah ("IDR")	165	433
	<b>2,560</b>	<b>9,306</b>

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 2014 (continued)

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (i) Foreign currency risk (continued)

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group 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	
		2014 RM'000	2013 RM'000
		Profit after tax	Profit after tax
<b>Profit after tax</b>			
USD/RM	-strengthen by 5% (2013: 5%)	<b>515</b>	818
	-weaken by 5% (2013: 5%)	<b>(515)</b>	(818)

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 bank balances 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 liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations.

		On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>As at 31 December 2014</b>					
<b>Group</b>					
<b>Financial liabilities</b>					
Trade and other payables		<b>13,795</b>	-	-	<b>13,795</b>
Borrowings		<b>16,945</b>	<b>2,997</b>	-	<b>19,942</b>
Total undiscounted financial liabilities		<b>30,740</b>	<b>2,997</b>	-	<b>33,737</b>
<b>Company</b>					
<b>Financial liabilities</b>					
Trade and other payables		<b>3,471</b>	-	-	<b>3,471</b>
Total undiscounted financial liabilities		<b>3,471</b>	-	-	<b>3,471</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (ii) Liquidity and cash flow risks (continued)

As at 31 December 2013	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>Group</b>				
<b>Financial liabilities</b>				
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
<b>Company</b>				
<b>Financial liabilities</b>				
Trade and other payables	1,279	-	-	1,279
Total undiscounted financial liabilities	1,279	-	-	1,279

### (iii) Credit risk

Cash deposits and trade 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 policy of the Group 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 primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group 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.

#### Exposure to credit risk

At the end of each reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (iii) Credit risk (continued)

#### Credit risk concentration profile

The Group has no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

At the end of each reporting period, there were no significant concentrations of credit risk other than amounts owing by subsidiaries representing 99.9% (2013: 99.9%) of the total receivables of the Company. The Group and the Company do not anticipate the carrying amount recorded at the reporting period to be significantly different from the values that would eventually be received.

#### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 13 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 13 to the financial statements.

### (iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company 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 exposure of the Group to interest rates arises 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 2014, if interest rates at the date had been 100 basis points lower with all other variables held constant, profit after tax of the Group for the financial year would have been RM71,005 (2013: RM173,384) 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, profit after tax would have been RM71,005 (2013: RM173,384) 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 2014 (continued)

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk:

Group	Note	Weighted average effective interest rate per annum %	Repayable within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	> 5 years RM'000	Total RM'000
<b>At 31 December 2014</b>								
<b>Fixed rates</b>								
Bankers' acceptances	17	4.00%	12,000	-	-	-	-	12,000
<b>Floating rates</b>								
Term loans	17	4.39%	4,552	2,619	299	-	-	7,470
<b>At 31 December 2013</b>								
<b>Fixed rates</b>								
Bankers' acceptances	17	3.51%	10,000	-	-	-	-	10,000
Short term revolving credit	17	2.00%	7,572	-	-	-	-	7,572
Hire purchase creditors	18	-	3	-	-	-	-	3
<b>Floating rates</b>								
Term loans	17	7.01%	8,238	5,900	3,146	1,100	92	18,476



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates as at the end of the reporting period and the remaining maturities of the financial instruments of the Company that are exposed to interest rate risk:

Company	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
<b>At 31 December 2014</b>								
<b>Fixed rates</b>								
Amounts owing by subsidiaries	13(c)	3.11%	10,258	10,302	8,500	9,000	64,850	102,910
Amount owing to subsidiaries	20(c)	3.11%	3,245	-	-	-	-	3,245
<b>At 31 December 2013</b>								
<b>Fixed rates</b>								
Amounts owing by subsidiaries	13(c)	3.10%	110,921	-	-	-	-	110,921
Amount owing to subsidiaries	20(c)	-	1,075	-	-	-	-	1,075

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 34. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

In 2011, Hoeken Industrial Sdn. Bhd., a wholly-owned subsidiary of the Group and of the Company had commenced a member's voluntary winding up pursuant to Section 254(1)(b) of the Companies Act, 1965.

The liquidation process was completed on 9 March 2015. During the financial year, proceeds of RM44,250 was received by the Company. Accordingly, cost of investment amounting to RM56,573,000 and impairment loss of RM55,526,960 previously recognised had been written off. In addition, investment in a subsidiary of RM1,790 was written off during the financial year. The remaining balance of RM1,000,000 was offset against the amount owing by the Company.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2014 (continued)

## 35. 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:

	2014		2013	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Total retained earnings before consolidation adjustments				
- Realised	273,471	60,435	268,300	67,672
- Unrealised	(12,038)	-	(16,985)	-
	261,433	60,435	251,315	67,672
Less: Consolidation adjustments	(61,314)	-	(54,151)	-
Total Group/Company retained earnings as per consolidated financial statements	200,119	60,435	197,164	67,672

# LIST OF PROPERTIES as at 31 December 2014

## SENARAI HARTANAH pada 31 Disember 2014

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/ 16 - 23 years  <i>Pegangan bebas/ 16 - 23 tahun</i>	03.02.12	27,647
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/ 12 years  <i>Pegangan bebas/ 12 tahun</i>	03.02.12	10,342
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/ 12 years  <i>Pegangan bebas/ 12 tahun</i>	03.02.12	14,023
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/ 14 years  <i>Pegangan bebas/ 14 tahun</i>	03.02.12	8,622

**LIST OF PROPERTIES as at 31 December 2014** (continued)  
**SENARAI HARTANAH pada 31 Disember 2014** (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/ 12 years  <i>Pegangan bebas/ 12 tahun</i>	03.02.12	9,307
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/ 4 years  <i>Pegangan bebas/ 4 tahun</i>	03.02.12	17,901
GM 5108 Lot 5060 Mukim of Kapar District of Klang Selangor	Vacant agricultural land  <i>Tanah pertanian kosong</i>	12,141 sq m/ -	Freehold/ -  <i>Pegangan bebas/ -</i>	14.08.12	3,383
GM 5105 Lot 5061 Mukim of Kapar District of Klang Selangor	Vacant agricultural land  <i>Tanah pertanian kosong</i>	12,141 sq m/ -	Freehold/ -  <i>Pegangan bebas/ -</i>	14.08.12	3,383
GM 5592 Lot 5062 Mukim of Kapar District of Klang Selangor	Vacant agricultural land  <i>Tanah pertanian kosong</i>	12,141 sq m/ -	Freehold/ -  <i>Pegangan bebas/ -</i>	14.08.12	3,625
GM 5582 Lot 5065 Mukim of Kapar District of Klang Selangor	Vacant industrial land  <i>Tanah perindustrian kosong</i>	12,141 sq m/ -	Freehold/ -  <i>Pegangan bebas/ -</i>	03.02.12	4,000

**LIST OF PROPERTIES as at 31 December 2014** (continued)  
**SENARAI HARTANAH pada 31 Disember 2014** (sambungan)

Location	Description / Existing Use	Land Area / Built-up Area	Tenure / Approximate Age of Building	Date of Last Revaluation or Acquisition	Net Book Value (RM'000)
Lokasi	Keterangan / Kegunaan	Keluasan Tanah / Luas Kawasan Terbina	Jenis Hakmilik / Anggaran Usia Bangunan	Tarikh Penilaian Semula atau Pembelian	Nilai Buku Bersih (RM'000)
Pajakan Negeri (WP) 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/ 41 years  <i>Pajakan 99 tahun berakhir 16.06.2067/ 41 tahun</i>	24.12.14	9,500
Pajakan Negeri (WP) 26296 – 26297 Lot 47054 – 47055 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>	2,839 sq m/ 2,726 sq m	Leasehold of 99 years expiring on 16.06.2067/ 41 years  <i>Pajakan 99 tahun berakhir 16.06.2067/ 41 tahun</i>	24.12.14	6,100
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/ 2 years  <i>Pajakan 99 tahun berakhir 16.06.2067/ 2 tahun</i>	09.02.12	14,506
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/ 8 years  <i>Pajakan 60 tahun berakhir 31.12.2072/ 8 tahun</i>	10.02.12	2,667
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/ 26 years  <i>Pajakan 30 tahun berakhir 07.01.2043/ 26 tahun</i>	30.01.13	20,594



# ANALYSIS OF SHAREHOLDINGS as at 31 March 2015

## ANALISA PEGANGAN SAHAM pada 31 Mac 2015

Authorised Share Capital / <i>Modal Saham Dibenarkan</i>	: RM100,000,000.00
Issued and Paid-Up Share Capital / <i>Modal Saham Terbitan dan Berbayar</i>	: RM75,156,600.00
Class of Shares / <i>Kelas Saham</i>	: Ordinary shares of RM1.00 each / <i>Saham biasa RM1.00 sesaham</i>
No. of Shareholders / <i>Bilangan Pemegang Saham</i>	: 1,261
Voting Rights / <i>Hak Mengundi</i>	: One vote per ordinary share / <i>Satu undi bagi setiap saham biasa</i>

### DISTRIBUTION OF SHAREHOLDINGS / PENGAGIHAN PEGANGAN SAHAM

(Based on the Record of Depositors / *Berdasarkan Rekod Depositori*)

Size of Shareholdings / <i>Saiz Pegangan Saham</i>	Shareholders / <i>Pemegang Saham</i>	%	Shareholdings / <i>Pegangan Saham</i>	%
1 – 99	32	2.54	291	0.00
100 – 1,000	225	17.84	179,922	0.24
1,001 – 10,000	734	58.21	3,126,400	4.16
10,001 – 100,000	214	16.97	6,979,125	9.29
100,001 – less than 5% of issued shares / <i>kurang dari 5% terbitan saham</i>	54	4.28	29,212,975	38.87
5% and above of issued shares / <i>5% dan ke atas terbitan saham</i>	2	0.16	35,657,887	47.44
TOTAL / <i>JUMLAH</i>	1,261	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' SHAREHOLDINGS / PEGANGAN SAHAM PEMEGANG-PEMEGANG SAHAM UTAMA

(Based on the Register of Substantial Shareholders / *Berdasarkan Rekod Berdaftar Pemegang-pemegang Saham Utama*)

Name / <i>Nama</i>	No. of Shares Held / <i>Bilangan Saham Dipegang</i>			
	Direct / <i>Langsung</i>	%	Indirect / <i>Tidak Langsung</i>	%
Kam Foong Keng	25,620,942	34.09	-	-
Wong Ah Moy @ Wong Yoke Len	10,036,945	13.35	720,000 <sup>1</sup>	0.96
Yeoman Capital Management Pte Ltd	115,000	0.15	3,800,000 <sup>2</sup>	5.06
Yeo Seng Chong	420,000	0.56	3,915,000 <sup>3</sup>	5.21
Lim Mee Hwa	-	-	4,335,000 <sup>4</sup>	5.77

Note / *Nota*:  
<sup>1</sup> 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 as at 31 March 2015 (continued)

## ANALISA PEGANGAN SAHAM pada 31 Mac 2015 (sambungan)

Note / Nota (continued):

- <sup>2</sup> Deemed interested in the shares held by Yeoman Capital Management Pte Ltd ("YCMPL") on behalf of its clients in its role as investment manager and YCMPL has voting control over all the said shares. *Dianggap mempunyai kepentingan dalam saham yang dipegang oleh Yeoman Capital Management Pte Ltd ("YCMPL") bagi pihak pelanggannya dalam peranannya sebagai pengurus pelaburan dan YCMPL mempunyai hak mengundi ke atas semua saham tersebut.*
- <sup>3</sup> Deemed interested in the direct and indirect interests held by YCMPL pursuant to Section 6A(4) of the Companies Act, 1965 through his 50% shareholding in YCMPL. *Dianggap mempunyai kepentingan dalam saham yang dipegang oleh YCMPL secara langsung dan tidak langsung menurut Seksyen 6A(4) Akta Syarikat, 1965 melalui pegangan saham beliau sebanyak 50% dalam YCMPL.*
- <sup>4</sup> Deemed interested in the direct and indirect interests held by YCMPL pursuant to Section 6A(4) of the Companies Act, 1965 through her 50% shareholding in YCMPL and the direct interest held by Yeo Seng Chong. *Dianggap mempunyai kepentingan dalam saham yang dipegang oleh YCMPL secara langsung dan tidak langsung menurut Seksyen 6A(4) Akta Syarikat, 1965 melalui pegangan saham beliau sebanyak 50% dalam YCMPL dan kepentingan langsung yang dipegang oleh Yeo Seng Chong.*

### DIRECTORS' INTERESTS / KEPENTINGAN PENGARAH-PENGARAH

(Based on the Register of Directors' Shareholdings / Berdasarkan Rekod Berdaftar Pegangan Saham Pengarah-Pengarah)

Name / Nama	No. of Shares Held / Bilangan Saham Dipegang			
	Direct / Langsung	%	Indirect / Tidak Langsung	%
<b>Directors / Pengarah-pengarah</b>				
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	-	-	-	-
<b>Others / Lain-lain</b>				
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 as at 31 March 2015 (continued)

## ANALISA PEGANGAN SAHAM pada 31 Mac 2015 (sambungan)

**THIRTY (30) LARGEST SHAREHOLDERS / TIGA PULUH (30) PEMEGANG SAHAM TERBESAR**  
**(Based on the Record of Depositors / Berdasarkan Rekod Depositori)**

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)	3,750,000	4.99
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 (STA 1)	1,069,400	1.42
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	0.99
15. L F Kim Holdings Sdn Bhd	720,000	0.96
16. Kam Foong Sim	675,000	0.90
17. Lim Pei Tiam @ Liam Ahat Kiat	670,900	0.89
18. Lim Khuan Eng	660,000	0.88
19. Lien, Li-Yu	452,800	0.60
20. Lim Pin Kong	445,500	0.59
21. Lin, Chih-Chun	398,400	0.53
22. Quah Say Beng	398,100	0.53
23. Affin Hwang Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd For / Untuk Yeo Seng Chong	390,000	0.52
24. Lim Pin Kong	390,000	0.52
25. Koay Keng Huat	383,100	0.51
26. Koay Keng Ling	354,000	0.47
27. HK Wong Holdings Sdn Bhd	310,000	0.41
28. Tseng Wan-I	306,000	0.41
29. Goh Beng Choo	280,300	0.37
30. Soong Yoke Peng	258,000	0.34
<b>TOTAL / JUMLAH</b>	<b>60,748,662</b>	<b>80.83</b>

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Eighteenth (18th) 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 Wednesday, 3 June 2015 at 10.00 a.m. for the following purposes:

## AGENDA

### ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon.  
.....
2. To approve a final single tier dividend of seven (7) sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2014. **Resolution 1**  
.....
3. To re-elect the following Directors who are retiring by rotation pursuant to Article 78 of the Company's Articles of Association, and who being eligible, offer themselves for re-election:  

(i) Mr Chin Jit Sin	<b>Resolution 2</b>
(ii) Mr Wong Yoke Nyen	<b>Resolution 3</b>

  
.....
4. To approve the Directors' Fees of RM174,000 for the financial year ended 31 December 2014. **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 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 Eighteenth (18th) Annual General Meeting of the Company, a final single tier dividend of seven (7) sen per ordinary share of RM1.00 each for the financial year ended 31 December 2014 will be paid on 9 July 2015 to Depositors whose names appear in the Record of Depositors on 15 June 2015.

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 15 June 2015 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  
11 May 2015

### 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 27 May 2015 shall be regarded as a member and entitled to attend, speak and vote at this meeting or appoint proxy(ies) to attend and vote on his/her behalf.
5. The Proxy Form must be signed by the appointer or if the appointer is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.
6. The original signed and/or sealed copy of the Proxy Form must be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur at least forty-eight (48) hours before the time fixed for the meeting.

# NOTICE OF ANNUAL GENERAL MEETING (continued)

## EXPLANATORY NOTES ON SPECIAL BUSINESS

### Resolution 6

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

### Resolution 7

Datuk Dr. Anis Bin Ahmad ("Datuk Dr. Anis") was appointed as Independent Non-Executive Director of the Company on 2 December 2002 and had exceeded the nine (9) years term limit prescribed by the MCGG 2012 at this AGM. In observing the recommendation under the MCGG 2012 in relation to tenure of an Independent Director, the Board of Directors of the Company, after having assessed the independence of Datuk Dr. Anis, considers him to be independent and recommends that Datuk Dr. Anis be retained as Independent Non-Executive Director of the Company. The details of his assessment and justifications are contained in the Statement on Corporate Governance 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-Lapanbelas (18) akan diadakan di Bilik Banyan & Casuarina, Tingkat Bawah, Pusat Konvensyen Sime Darby, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, pada hari Rabu, 3 Jun 2015, pada pukul 10.00 pagi bagi tujuan-tujuan berikut:

## AGENDA

### URUSAN BIASA

1. Menerima Penyata-penyata Kewangan yang telah diaudit bagi tahun kewangan berakhir 31 Disember 2014 bersama dengan Laporan-laporan Pengarah dan Juruaudit.  
.....
2. Meluluskan dividen akhir satu peringkat sebanyak tujuh (7) sen sesaham biasa berharga **Resolusi 1**  
RM1.00 bagi tahun kewangan berakhir 31 Disember 2014.  
.....
3. Melantik semula Pengarah-pengarah berikut yang bersara selaras dengan Artikel 78 Tataurus Syarikat, dan oleh kerana layak, menawarkan diri mereka untuk dilantik semula:  

(i) Encik Chin Jit Sin	<b>Resolusi 2</b>
(ii) Encik Wong Yoke Nyen	<b>Resolusi 3</b>

  
.....
4. Meluluskan yuran Pengarah sebanyak RM174,000 bagi tahun kewangan berakhir 31 Disember 2014. **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 pelantikannya 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, selaras dengan MCCG 2012, Datuk Dr. Anis Bin Ahmad dikekalkan sebagai Pengarah Bebas Bukan Eksekutif Syarikat dan pelantikannya 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 MESYUARAT AGUNG TAHUNAN (sambungan)

## NOTIS BERKELAYAKAN DIVIDEN DAN BAYARAN

**DENGAN INI JUGA DIMAKLUMKAN BAHAWA** tertakluk kepada kelulusan dari pemegang-pemegang saham pada Mesyuarat Agung Tahunan Syarikat yang ke-Lapanbelas (18), dividen akhir satu peringkat sebanyak tujuh (7) sen sesaham biasa berharga RM1.00 bagi tahun kewangan berakhir 31 Disember 2014 akan dibayar pada 9 Julai 2015 kepada pendeposit sepertimana yang terdapat di dalam Rekod Pendeposit pada 15 Jun 2015.

Pendeposit hanya layak untuk menerima dividen berhubung dengan:

- (a) Sekuriti yang dipindahkan ke dalam Akaun Sekuriti Pendeposit sebelum 4.00 petang pada 15 Jun 2015 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

11 Mei 2015

### 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 seseorang yang telah diluluskan oleh Pendaftar dalam kes yang tertentu. Bagi ahli yang melantik dua (2) proksi, pelantikan 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 27 Mei 2015 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 pelantikan 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 pelantikan proksi yang asal dan telah disempurnakan mestilah diserahkan ke Pejabat Berdaftar Syarikat di Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur, sekurang-kurangnya empat-puluh lapan (48) jam sebelum waktu yang telah ditetapkan untuk mesyuarat itu berlangsung.

# NOTIS MESYUARAT AGUNG TAHUNAN (sambungan)

## NOTIS 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 adalah dinyatakan di dalam Profil Pengarah di dalam Laporan Tahunan ini.

# PROXY FORM



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 Eighteenth (18th) 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 Wednesday, 3 June 2015 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 7 sen		
Resolution 2	Re-election of Mr Chin Jit Sin as Director		
Resolution 3	Re-election of Mr Wong Yoke Nyen 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 ..... 2015

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 27 May 2015 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.

Fold this flap for sealing

Please fold here

Affix  
Stamp

**THE COMPANY SECRETARY**  
**NEW HOONG FATT HOLDINGS BERHAD** (425709-K)

Registered Office:  
c/o Archer Corporate Services Sdn Bhd  
Suite 11.1A, Level 11, Menara Weld  
76 Jalan Raja Chulan  
50200 Kuala Lumpur

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新鴻發汽車機件有限公司  
**NEW HOONG FATT HOLDINGS BERHAD**  
 (425709-K)

**Lubricant**  
 Engine Wear Protection  
 /Fuel Saving



**Body Parts**

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



**Accessories**

-Safety  
 -Exclusive  
 -Trendy



**Windscreen**

-Safety  
 -Thermo Insulation  
 -Energy Saving  
 (reduce heat, discoloration)  
 -High Strength  
 -Heat Stability



**Radiator**

- Reliable Performance



**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



**Service Item**

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

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





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

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Email: [enquiries@newhoongfatt.com.my](mailto:enquiries@newhoongfatt.com.my)

Website: [www.newhoongfatt.com.my](http://www.newhoongfatt.com.my)