NEW HOONG FATT HOLDINGS BERHAD
(425709-K)

ANNUAL REPORT 2015

Mission

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

Misi

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

Cover Rationale

The path represents the distribution of the Group's wide range of quality products to Asia and its commitment to be the leading automotive parts solution provider in the region. At the same time, the path also branches beyond Asia in the quest of exploring business growth opportunities globally by delivering quality products with customer focus as its foundation.

Rasional Muka Hadapan

Haluan yang menggambarkan pengedaran pelbagai produk berkualiti Kumpulan ke Asia serta komitmennya untuk menjadi pembekal alat-alat ganti automotif terkemuka di rantau ini. Haluan tersebut juga menjangkaui Asia dalam usaha Kumpulan meneroka peluang-peluang pertumbuhan perniagaan di peringkat global melalui penawaran produk berkualiti yang berasaskan nilai fokus pada pelanggan.

19TH ANNUAL GENERAL MEETING

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

Thursday, 2 June 2016
at 10.00 a.m

MESYUARAT AGUNG TAHUNAN KE-19

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

Khamis, 2 Jun 2016
pada jam 10.00 pagi

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KANDUNGAN

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 design and development of tool 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 companies 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 logam 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 reka bentuk dan pembangunan dalam 'tool 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 subsidari-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 milik 100%

Manufacturing/Export
Perkilangan/Eksport

- Auto Global Parts Industries Sdn Bhd
- MJ Manufacturing Industries Sdn Bhd

Marketing/Distribution/Trading
Pemasaran/Pengedaran/Perdagangan

- New Hoong Fatt Auto Supplies Sdn Bhd
  - 99.8%: PT. NHF Auto Supplies Indonesia
- Ampire Auto Parts (Shanghai) Co. Ltd

Investment Holding
Pegangan Pelaburan

- Jhi Soon Manufacturing Industries Sdn Bhd
- NJ Manufacturing Industries Sdn Bhd
- New Hoong Fatt Industries Sdn Bhd (0.2%: PT. NHF Auto Supplies Indonesia)
- NHF Ventures Sdn Bhd (100%: Ampire Auto Parts (Shanghai) Co. Ltd)

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)

AUDITORS

BDO (AF: 0206)
Chartered Accountants

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 & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel: (603) 2783 9299
Fax: (603) 2783 9222

STOCK EXCHANGE LISTING

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

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of New Hoong Fatt Holdings Berhad ("NHF") for the financial year ended 31 December 2015.

INDUSTRY OVERVIEW

During the year under review, the automotive industry around the world continued to face various challenges - sluggish demand of car, car recalls due to safety issues, emissions scandal, tightening of environmental regulations and volatile fuel prices. Simultaneously, the emerging trends of electric and autonomous cars, as well as alternative fuel technology are slowly shaping the future landscape of the automotive industry. Against this backdrop, global automotive sales in 2015 recorded slight growth from the year before.

China, being the world's largest automotive market posted an increase in its automotive sales by 4.7% to 24.6 million units compared to 23.5 million units sold in 2014, albeit a slower growth compared to 6.9% in 2014. From this figure, 21.1 million units were passenger cars. This was the first time sales of passenger cars exceeded 20 million units in China after the central government cut taxes on small-engine cars to stimulate buying sentiment in the local market starting in October 2015. The tax cut will remain in place until December 2016 and is expected to boost automotive sales in the short term. Indonesia, South East Asia's largest car market, saw volume fell by 16.1% to 1.0 million vehicles in 2015. The country's consumer sentiment continued to cool down due to rising prices amid a protracted economic slowdown which has made consumers hold back their plans to buy big-ticket items including cars. Thailand, another major market in South East Asia, sold 0.8 million units in 2015 which was lower by 9.3% compared to 2014 due to the declining domestic demand which stemmed from slower private investment and stricter loan approvals by financial institutions.

On the domestic front, the weaker Ringgit has affected national and foreign car makers as the automotive sector started to feel the impacts from rising operating costs. Consequently, several car manufacturers have increased their car prices starting from January 2016. Despite aggressive promotional campaigns by the automotive marques and rise in consumers' tendencies of buying forward in anticipation of the increase in car prices, the automotive sector recorded only marginally higher vehicle sales in 2015. The Malaysian Automotive Association reported that the Total Industry Volume (TIV) for 2015 was 666,674 units, slightly higher than 666,465 units in 2014. Apart from that, continued weakening of consumer sentiment amid rising cost of living and more stringent lending practices had also dampened the sales of vehicles domestically.

FINANCIAL REVIEW

For the financial year ended 31 December 2015 ("FY2015"), the Group's consolidated revenue recorded an increase of 3.3% from RM200.6 million in the financial year ended 31 December 2014 ("FY2014") to RM207.2 million in FY2015. The increase in revenue was mainly attributed to higher demand in the overseas market and favourable impact from foreign exchange rate. However, the increase in revenue in the overseas market was partially offset by lower demand in the domestic market. The operations in China and Indonesia posted a relatively healthy growth of 27.5% with revenue of RM10.2 million in FY2015 compared to RM8.0 million in FY2014.

Profit before taxation of RM26.6 million in FY2015 was 48.6% higher compared to RM17.9 million in FY2014. This was largely the result of stronger US Dollar from the export proceeds.

Consequently, net profit increased by 60.8% from RM12.0 million in FY2014 to RM19.3 million in FY2015.

As a result, earnings per share increased to 25.6 sen for FY2015 compared to 15.9 sen in FY2014. At the end of the financial year under review, net assets per ordinary share stood at RM4.39 compared to RM4.19 in FY2014.

DIVIDENDS

The Board of Directors is pleased to recommend a final single tier dividend of 8 sen per ordinary share for the financial year ended 31 December 2015, amounting to RM6,012,528 for approval of the shareholders at the forthcoming 19th Annual General Meeting and if approved will be paid on 14 July 2016.

The Board had earlier declared an interim single tier dividend of 3 sen per ordinary share for FY2015. The interim dividend which amounted to RM2,254,698 was paid to shareholders on 23 December 2015. This brings the total single tier dividend recommended and declared for FY2015 to 11 sen per share.

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

BUSINESS REVIEW

In 2015, NHF felt the heat from the slowdown in domestic consumer demand due to the rising cost of living that stemmed from weaker Ringgit against the US Dollar on top of the impacts from the implementation of goods and services tax (GST). The Ringgit has been hovering near the 17-year low after plunging more than 20% since January 2015, amid the collapse in crude oil prices. The country's revenue had slumped drastically as a result of the significant decline in crude oil exports, as it relied substantially on contributions from nationalised oil and gas industry, which in turn caused the Ringgit to slide. Nevertheless, the strong US Dollar had benefited NHF's export revenue and contributed positively to the profitability of the Group.

While growth had slowed down in most of Asian countries, this region continued to record positive growth in 2015 which was largely driven by domestic consumption. Malaysia's gross domestic product (GDP) had grown by 5.0% in 2015 despite sluggish domestic consumption as consumers adjust to higher prices post GST since April 2015.

On the backdrop of a challenging operating environment, revenue of the Group's trading segment was down by 9.3% mainly due to lower demand in the local market. However, the manufacturing segment of the Group reported an improvement in its export revenue by 23.1% primarily attributed to higher demand in the overseas market as well as favourable impact from exchange rate. Meanwhile, the trading arms in Indonesia and China continued to outpace the growth in the other segments, albeit from a lower base.

With the extensive distribution network of more than 1,000 wholesalers and retailers in Malaysia, there is an opportunity to further build competitive advantage through sales and marketing efforts. Besides expanding the customer base locally, we will continue to strengthen our position globally and venture into new markets.

During the financial year under review, we managed to penetrate into countries such as Kazakhstan and Zimbabwe. Looking ahead, we are committed to play a bigger role in the ASEAN region as well as gearing up our focus on the rest of the export markets, particularly South America. South America contributed about 14.0% of our total export for FY2015, an increase of 35.1% from the previous year. Currently, we have established our presence in Mexico, Peru, Brazil, Chile and Ecuador and we aim to exploit further growth opportunities in this market.

Meanwhile, we marked our sixth expo participation in Automechanika Shanghai from 2 to 5 December 2015 in an effort to expand our market reach and network with other key regional and international suppliers, manufacturers, distributors and retailers.

CORPORATE SOCIAL RESPONSIBILITY

At NHF, we acknowledge the importance of balancing economic growth with social contribution and environmental preservation. During the year under review, the Group had embarked on various Corporate Social Responsibility (CSR) initiatives as highlighted in the Sustainability and Corporate Social Responsibility Statement which is separately set out in this Annual Report. The statement outlined the Group's commitment in managing the economic, social and environmental aspects of its operation.

FUTURE PROSPECTS

The global economy will remain challenging in 2016, with the rising interest rates in the USA, China's lacklustre economic growth, low commodity prices, and looming uncertainties in the other markets around the world. While on the local front, continued slowdown in China and decline of crude oil prices will affect the country's revenue which is expected to result in a slower growth rate in 2016. On top of the weaker Ringgit, inflation is also expected to further dampen the consumption-driven growth domestically.

Amid the softening local and global economic conditions, we remain cautiously optimistic on the outlook of the automotive industry, particularly in the after sales market. With the growing number of car population each year, the Group sees continued demand for its wide range of quality automotive replacement products and believes that the market has a lot of room for further growth in the future. We will heighten our focus on market penetration to meet the needs of our customers locally and globally.

Looking ahead, we hope to reap the benefits from the ASEAN Economic Community (AEC) arising from closer regional integration, besides the removal of trade barriers and market liberalisation among the ten (10) Southeast Asian country members. Apart from the AEC, the landmark Trans-Pacific Partnership Agreement (TPPA) may also have potential opportunities for the automotive industry players in Malaysia, particularly the automotive component manufacturers, including NHF. Under the trade pact, Malaysian automotive industry is expected to grow rapidly in terms of market expansion, providing opportunities to tap into a bigger market and grow its businesses without being subjected to taxes or other trade barriers. The TPPA is also expected to enhance Malaysia's TIV due to the ability to reach a bigger market.

The Group is committed to deliver sustainable value to the shareholders. We will continue to focus on our strategies to achieve organic growth and drive various cost and operational efficiency programs to maintain competitiveness as well as strengthening our market development activities to reach a wider market. At the same time, we will continue to strengthen our talent management program to ensure we have adequate qualified workforce to drive our strategic priorities and deliver better results. We truly believe that with the support of our people and with the Group's core values firmly entrenched in our day-to-day operations, we will be able to further enhance the shareholders' value.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to express my sincere appreciation to all our stakeholders for your continued support to the Group throughout the years. To my fellow Board members, I would like to express my gratitude for your unwavering guidance, support and direction to the management. To all the employees, I would like to thank you for your contributions and efforts in driving the Group forward.

KAM FOONG KENG
Executive Chairman

Para Pemegang Saham sekelian,

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan New Hoong Fatt Holdings Berhad ("NHF") bagi tahun kewangan berakhir 31 Disember 2015.

TINJAUAN INDUSTRI

Sepanjang tahun kewangan dalam tinjauan, industri automotif di seluruh dunia terus menghadapi pelbagai cabaran - permintaan kenderaan yang lembap, panggilan semula kereta kerana isu-isu keselamatan, skandal pelepasan toksik, peraturan alam sekitar yang lebih ketat dan harga bahan api yang tidak menentu. Pada masa yang sama, trend baru kereta elektrik dan autonomi, serta teknologi bahan api alternatif muncul secara perlahan-lahan membentuk landskap masa depan industri automotif. Berlatarbelakangkan ini, jualan automotif global mencatatkan pertumbuhan kecil pada tahun 2015 berbanding dengan tahun sebelumnya.

China, yang merupakan pasaran automotif terbesar di dunia mencatatkan peningkatan dalam jualan automotifnya sebanyak 4.7% kepada 24.6 juta unit berbanding dengan 23.5 juta unit yang terjual pada tahun 2014, walaupun peningkatan yang lebih perlahan berbanding dengan 6.9% pada tahun 2014. Daripada jumlah ini, 21.1 juta unit adalah kereta penumpang. Ini merupakan kali pertama jualan kereta penumpang melebihi 20 juta unit di China selepas kerajaan pusat mengurangkan cukai keatas kereta berenjin kecil bermula pada bulan Oktober 2015 untuk merangsang sentimen belian dalam pasaran tempatan. Pemotongan cukai ini akan berterusan sehingga Disember 2016 dan dijangka dapat meningkatkan jualan automotif untuk jangka pendek. Indonesia, pasaran kereta terbesar di Asia Tenggara menyaksikan jumlah jualan merosot sebanyak 16.1% kepada 1.0 juta kenderaan pada tahun 2015. Sentimen pengguna di negara tersebut terus dingin akibat kenaikan harga di tengah-tengah kelembapan ekonomi yang berlarutan dan menyebabkan pengguna menangguhkan rancangan mereka untuk membeli barangan bernilai tinggi termasuk kereta. Thailand, satu lagi pasaran utama di Asia Tenggara menjual 0.8 juta unit kereta pada tahun 2015 iaitu penurunan sebanyak 9.3% berbanding dengan tahun 2014 yang disebabkan oleh permintaan dalam negara yang semakin berkurangan hasil daripada pelaburan swasta yang lebih perlahan dan kelulusan pinjaman yang lebih ketat oleh institusi kewangan.

Di dalam negara, nilai Ringgit yang lebih lemah telah memberi kesan kepada pengeluar kereta tempatan dan luar negara dimana sektor automotif mula merasakan kesan daripada kos operasi yang semakin meningkat. Kesan daripada itu, beberapa pengeluar kereta telah menaikkan harga kereta mereka bermula dari Januari 2016. Meskipun dengan kempen promosi yang agresif oleh pengeluar-pengeluar automotif dan peningkatan dalam kecenderungan pengguna untuk membeli sebelum kenaikan harga kereta, sektor automotif mencatatkan hanya sedikit peningkatan dalam jualan kenderaan pada tahun 2015. Persatuan Automotif Malaysia melaporkan bahawa Jumlah Jualan Industri (TIV) bagi tahun 2015 adalah 666,674 unit, iaitu sedikit kenaikan daripada 666,465 unit pada tahun 2014. Selain daripada itu, sentimen pengguna yang semakin lemah berikutan kenaikan kos sara hidup dan amalan pemberian pinjaman yang lebih ketat turut menjejaskan jualan kenderaan dalam negara.

TINJAUAN KEWANGAN

Bagi tahun kewangan berakhir 31 Disember 2015, hasil pendapatan konsolidasi Kumpulan mencatatkan peningkatan sebanyak 3.3% daripada RM200.6 juta pada tahun kewangan berakhir 31 Disember 2014 kepada RM207.2 juta pada tahun kewangan *berakhir 2015. Peningkatan dalam hasil pendapatan ini disumbangkan oleh permintaan yang lebih tinggi di pasaran luar negara dan kesan menggalakkan daripada kadar pertukaran matawang asing. Walau bagaimanapun, peningkatan hasil pendapatan di pasaran luar negara sebahagiannya telah diimbangi oleh permintaan yang lebih rendah dalam pasaran domestik. Operasi-operasi di China dan Indonesia mencatatkan pertumbuhan yang agak sihat iaitu sebanyak 27.5% dengan pendapatan sebanyak RM10.2 juta pada tahun kewangan berakhir 2015 berbanding dengan RM8.0 juta pada tahun kewangan berakhir 2014.*

Keuntungan sebelum cukai sebanyak RM26.6 juta pada tahun kewangan berakhir 2015 adalah 48.6% lebih tinggi berbanding dengan RM17.9 juta pada tahun kewangan berakhir 2014. Ini merupakan sebahagian besar hasil pengukuhan Dolar Amerika Syarikat daripada hasil eksport.

Kesan daripada itu, keuntungan bersih meningkat sebanyak 60.8% daripada RM12.0 juta pada tahun kewangan berakhir 2014 kepada RM19.3 juta pada tahun kewangan berakhir 2015.

Hasilnya, perolehan sesaham meningkat kepada 25.6 sen bagi tahun kewangan berakhir 2015 berbanding dengan 15.9 sen pada tahun kewangan 2014. Menjelang akhir tahun kewangan yang ditinjau, aset bersih sesaham biasa adalah sebanyak RM4.39 berbanding dengan RM4.19 pada tahun kewangan berakhir 2014.

DIVIDEN-DIVIDEN

Lembaga Pengarah dengan sukacitanya mencadangkan dividen akhir satu peringkat sebanyak 8 sen bagi setiap saham biasa bagi tahun kewangan berakhir 31 Disember 2015 yang berjumlah RM6,012,528 untuk kelulusan pemegang saham di Mesyuarat Agung Tahunan ke-19 yang akan datang dan akan dibayar pada 14 Julai 2016, jika diluluskan.

Lembaga Pengarah sebelum ini telah mengisytiharkan dividen interim satu peringkat sebanyak 3 sen bagi setiap saham biasa bagi tahun kewangan berakhir 2015. Dividen interim yang berjumlah RM2,254,698 ini telah dibayar kepada pemegang saham pada 23 Disember 2015. Ini menjadikan jumlah dividen satu peringkat yang dicadangkan dan diisytiharkan kepada 11 sen bagi tahun kewangan berakhir 2015.

Dividen-dividen ini telah dicadangkan dan dibayar selari dengan polisi NHF untuk memastikan pemegang-pemegang saham diberi ganjaran sewajarnya melalui pembayaran dividen yang konsisten.

TINJAUAN PERNIAGAAN

Dalam tahun 2015, NHF merasakan kesan daripada kelembapan permintaan pengguna domestik yang disebabkan oleh peningkatan kos sara hidup akibat daripada kelemahan matawang Ringgit berbanding dengan Dolar Amerika Syarikat, selain daripada kesan pelaksanaan cukai barangan dan perkhidmatan (GST). Ringgit berlegar rendah dalam tempoh 17 tahun selepas menjunam lebih daripada 20% sejak Januari 2015, di tengah-tengah kejatuhan harga minyak mentah. Pendapatan negara telah merosot secara mendadak akibat daripada penurunan ketara dalam hasil eksport minyak mentah, kerana ia banyak bergantung kepada sumbangan industri minyak dan gas negara, yang seterusnya menyebabkan Ringgit merudum. Walau bagaimanapun, Dolar Amerika yang kukuh telah memberi manfaat kepada hasil eksport NHF dan menyumbang secara positif kepada keuntungan Kumpulan.

Walaupun pertumbuhan semakin perlahan bagi kebanyakan negara-negara Asia, rantau ini terus mencatatkan pertumbuhan positif pada tahun 2015 dimana sebahagian besarnya didorong oleh penggunaan domestik. Keluaran Dalam Negara Kasar (KDNK) Malaysia berkembang sebanyak 5.0% pada tahun 2015 meskipun penggunaan domestik yang lembap kerana pengguna mula menyesuaikan diri dengan harga yang lebih tinggi berikutan pelaksanaan GST sejak April 2015.

Berlatarbelakangkan persekitaran operasi yang mencabar, hasil daripada segmen perdagangan Kumpulan menurun sebanyak 9.3% yang berpunca daripada permintaan yang lebih rendah di pasaran tempatan. Walau bagaimanapun, segmen pembuatan Kumpulan melaporkan peningkatan dalam pendapatan eksport sebanyak 23.1% terutamanya disebabkan oleh permintaan yang lebih tinggi di pasaran luar negara dan juga kesan yang menggalakkan daripada kadar pertukaran matawang. Sementara itu, bahagian perdagangan di Indonesia dan China terus mengatasi pertumbuhan segmen lain, walaupun dari asas yang rendah.

Dengan rangkaian pengedaran yang luas iaitu lebih daripada 1,000 pemborong dan peruncit di Malaysia, terdapat peluang untuk terus meningkatkan daya saing melalui usaha jualan dan pemasaran. Selain memperluaskan asas pelanggan dalam negara, kami akan terus mengukuhkan kedudukan di peringkat global dan meneroka pasaran-pasaran baru.

SURAT KEPADA PEMEGANG SAHAM *(sambungan)*

Dalam tahun kewangan yang ditinjau, kami berjaya menembusi negara-negara seperti Kazakhstan dan Zimbabwe. Memandang ke hadapan, kami komited untuk memainkan peranan yang lebih besar di rantau ASEAN dan juga meningkatkan tumpuan kami kepada pasaran eksport yang lain terutamanya Amerika Selatan. Amerika Selatan menyumbang kira-kira 14.0% daripada jumlah eksport bagi tahun kewangan 2015, iaitu peningkatan sebanyak 35.1% daripada tahun sebelumnya. Ketika ini, kami telah bertapak di Mexico, Peru, Brazil, Chile dan Ecuador dan kami berhasrat untuk mengeksploitasi peluang-peluang pertumbuhan dalam pasaran ini.

Sementara itu, kami telah menandakan penyertaan ke-enam di ekspo Automechanika Shanghai pada 2 hingga 5 Disember 2015 dalam usaha untuk meluaskan jangkauan pasaran dan bertemu dengan pembekal, pengeluar, pengedar dan peruncit penting serantau dan antarabangsa.

TANGGUNGJAWAB KORPORAT SOSIAL

Di NHF, kami mengakui kepentingan untuk mengimbangi pertumbuhan ekonomi dengan sumbangan sosial dan pemeliharaan alam sekitar. Semasa tahun dalam tinjauan, Kumpulan telah melaksanakan pelbagai usaha Tanggungjawab Korporat Sosial (CSR) seperti yang dinyatakan dalam Laporan Kelestarian dan Tanggungjawab Korporat Sosial dalam Laporan Tahunan ini. Penyata tersebut menggariskan komitmen Kumpulan dalam menguruskan aspek ekonomi, sosial dan persekitaran operasinya.

PROSPEK MASA HADAPAN

Ekonomi global akan kekal mencabar pada tahun 2016, dengan peningkatan kadar faedah di Amerika Syarikat, pertumbuhan ekonomi China yang kurang memberangsangkan, harga komoditi yang rendah dan ketidaktentuan dalam pasaran lain di seluruh dunia. Manakala di pasaran tempatan, kelembapan berterusan di China dan penurunan harga minyak mentah akan menjejaskan pendapatan negara yang dijangka mengakibatkan kadar pertumbuhan yang lebih perlahan pada tahun 2016. Selain daripada penyusutan Ringgit, inflasi juga dijangka menjejaskan lagi pertumbuhan hasil perbelanjaan pengguna domestik.

Di tengah-tengah kelembapan ekonomi tempatan dan global, kami tetap optimis dalam berhati-hati mengenai prospek industri automotif, terutamanya dalam pasaran selepas jualan. Dengan peningkatan jumlah kereta setiap tahun, Kumpulan menjangkakan permintaan berterusan bagi rangkaian meluas alat-alat ganti automotif berkualitinya dan percaya bahawa pasaran ini mempunyai banyak ruang untuk pertumbuhan pada masa akan datang. Kami akan meningkatkan tumpuan kami dalam menembusi pasaran bagi memenuhi keperluan pelanggan-pelanggan dalam dan luar negara.

Memandang ke hadapan, kami berharap untuk mendapat manfaat daripada Komuniti Ekonomi ASEAN (AEC) hasil daripada integrasi serantau yang lebih erat, selain penyingkiran halangan perdagangan dan liberalisasi pasaran antara sepuluh (10) negara anggota Asia Tenggara. Selain daripada AEC, Perjanjian Perkongsian Trans-Pacific (TPPA) juga mungkin menawarkan peluang berpotensi untuk pemain industri automotif di Malaysia, terutamanya pengeluar komponen automotif, termasuk NHF. Di bawah perjanjian perdagangan ini, industri automotif Malaysia dijangka berkembang pesat dari segi perluasan pasaran, menyediakan peluang untuk meneroka pasaran yang lebih besar dan mengembangkan perniagaan tanpa tertakluk kepada cukai atau halangan perdagangan yang lain. TPPA juga dijangka meningkatkan TIV Malaysia kerana keupayaan untuk mencapai pasaran yang lebih besar.

Kumpulan komited untuk memberi nilai yang kukuh kepada pemegang saham. Kami akan terus memberi tumpuan kepada strategi untuk mencapai pertumbuhan organik dan menjalankan pelbagai program kecekapan kos dan operasi untuk mengekalkan daya saing serta meningkatkan aktiviti pembangunan pasaran kami untuk mencapai pasaran yang lebih luas. Pada masa yang sama, kami akan terus memperkukuh program pengurusan bakat kami untuk memastikan tenaga kerja yang berkelayakan dan mencukupi untuk memacu keutamaan strategik dan seterusnya memberikan hasil yang lebih baik. Kami benar-benar percaya bahawa dengan sokongan kakitangan dan dengan nilai-nilai teras Kumpulan yang teguh berakar dalam operasi seharian, kami akan dapat mempertingkatkan lagi nilai pemegang saham.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan ikhlas kepada semua pihak berkepentingan atas sokongan anda yang berterusan kepada Kumpulan sepanjang tahun ini. Kepada ahli-ahli Lembaga Pengarah, saya ingin mengucapkan terima kasih atas panduan, sokongan dan hala tuju yang tidak berbelah bahagi kepada pihak pengurusan. Kepada semua kakitangan, saya ingin mengucapkan terima kasih atas sumbangan dan usaha anda dalam memacu Kumpulan terus ke hadapan.

KAM FOONG KENG
Pengerusi Eksekutif

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY STATEMENT

INTRODUCTION

Sustainability in NHF involves making decisions and taking actions that are in the interests of maximising economic returns while operating business in a socially responsible manner. Realising the full impact of the day-to-day operations to its surrounding, NHF has always been observing and practising the principles of sustainability in its operations. By operating in a responsible manner, NHF ensures the sustainability of its business and drive towards achieving its vision of becoming a leading automotive parts solution provider in Asia.

NHF focuses on four areas of sustainability, as summarised in this report:

A) Marketplace
B) Community
C) Environment
D) Workplace

A) MARKETPLACE

Corporate Governance

Being a corporate citizen in the marketplace, NHF is fully committed to observe all applicable rules and regulations imposed by the relevant authorities. This is including but not limited to compliance with the rules and regulations set out by Bursa Malaysia Securities Berhad, Securities Commission Malaysia, Companies Commission of Malaysia and other governmental authorities or agencies. NHF is also committed to comply with the principles and recommendations of the Malaysian Code on Corporate Governance 2012, as an assurance that the Company practices a sound and highly transparent management in the best interest of the Company and stakeholders. Details of corporate governance practices are set out separately in the Corporate Governance Statement of this Annual Report.

Enterprise Risk Management

Maintaining an effective system of internal controls and risk management is an important part of ensuring business sustainability. NHF has set in place an Enterprise Risk Management (ERM) framework to identify, assess and mitigate all key risks particularly business sustainability-related risks that are impeding its aim to achieve the business goals. Realising that risks are inevitable, actions are taken to identify areas of risk. Appropriate controls are then put in place to minimise the probability of risk occurrence and the impact to the Group's business. The Board, through its Audit Committee reviews the ERM reports of the Group on a quarterly basis.

Business Continuity Plan

NHF's Business Continuity Plan was developed to tackle the scenarios which pose threat to the business continuity. This plan includes formation of the recovery team, fixing targeted recovery time and determining resources required in times of threat with the aim of getting back to business in the quickest time possible. The plan is subject to regular review to ensure that it is adequate to cover critical business operations and ensure that it remains relevant to cope with constantly changing business environment.

Ethics and Corporate Values

NHF appreciates the values derived from ethical business conduct and corporate behaviour. Responsible business practices are embedded within NHF's culture, beginning with a set of core values which are shared across the organisation:

1. Integrity
2. Customer Focus
3. Perseverance
4. Change Ready
5. Excellence
6. Respect

These core values represent the expectations on the conduct and behaviour of the people within the organisation in the day-to-day operations as well as in business engagements with stakeholders. The Group practices a zero tolerance policy in relation to fraud, corruption and bribery. The Fraud Policy was established to promote consistent behaviour in preventing, detecting and responding to all instances of fraud while the Whistleblowing Policy provides a channel to facilitate the stakeholders in raising genuine concerns on any wrongdoings that they may have observed within the Group.

Product Quality

To ensure sustainable business competitiveness, NHF strives to provide a wide range of quality automotive replacement parts both locally and globally.

The Group's quality policy is to supply automotive parts that satisfy customers' requirements consistently through continuous improvement and Quality Management System. All of the manufacturing and trading processes in Malaysia are ISO 9001 certified. By meeting requisite standards in all the work processes, NHF provides assurance to its customers with regards to the quality and reliability of its products.

B) COMMUNITY

NHF aims to contribute positively to the community through various Corporate Social Responsibility (CSR) initiatives.

Blood Donation and Health Checks Campaign

As part of CSR initiatives, NHF organises yearly blood donation and health checks campaign to help contribute to the blood bank of Tengku Ampuan Rahimah Hospital, Klang and to raise awareness on the importance of blood donation. Since its inception in 2007, the event has recorded a total of about 1,200 successful blood donors. Free health checks and health talks are offered during the campaign which comprises checks on Body Mass Index (BMI), blood pressure, eye screening, bone scanning and pap smear testing. Agencies such as Fire and Rescue Department of Malaysia, Royal Malaysia Police, Road Transport Department Malaysia (JPJ), Road Safety Department (JKJR), National Anti-Drugs Agency (NADA) and Automobile Association of Malaysia (AAM) are engaged to create awareness on safety and health among the public.

Road Safety Campaign

Valuing every life, NHF has been promoting road safety awareness among its employees, their family members and the surrounding community. NHF began its road safety campaign in 2010 following the signing of a Memorandum of Understanding (MoU) with JKJR. This commitment was renewed in 2013 where NHF gathered the support of six neighbouring companies along Jalan Teratai, Meru to join the cause of championing road safety in the surrounding area. The objective was to boost awareness on positive road habits and to reduce traffic-related injuries and fatalities. After three (3) years of campaigning and active engagement with its employees, NHF marked its one-year milestone of zero-fatality among employees in 2014.

Education

NHF recognises the utmost importance of education in transforming lives. The Group encourages and rewards academic excellence among children of its employees by rewarding cash incentives for achieving excellent results in public examinations. In 2015, a total of eight (8) students were awarded for securing excellent results in the UPSR, PT3 and SPM examinations. At the beginning of school session each year, schooling aid is provided to eligible employees to help ease the burden of schooling expenses. NHF also promotes continuous learning and professional development amongst employees where interested employees are sponsored to further their work-related studies via "Study Aid Assistance".

Philanthropy

Each year, gifts, food and household supplies are given to Children's Home and Old Folks Home with the aim to bring cheer to these under-privileged.

With these CSR initiatives in place, moving forward, the Group is looking at developing a structured employee volunteer program to engage employees to serve the local communities. The Group hopes to increase employees' morale by providing volunteering opportunities and involvement in CSR activities.

C) ENVIRONMENT

NHF is totally committed to maintaining good environmental practices. The Group ensures that its operation has minimal impact on the environment through efficient energy usage and waste management to preserve the natural environment for the future generation.

Efficient Energy Management

As part of sustainable energy program, NHF participated in the Solar Photovoltaic (PV) Feed-in Tariff system by Tenaga National Berhad (TNB) in 2013. Through a wholly owned subsidiary, New Hoong Fatt Auto Supplies Sdn Bhd (NHFAS), a Renewable Energy Power Purchase Agreement was signed with TNB for the sale and delivery of renewable energy by NHFAS to TNB. The concession period was set at 21 years. The Group invested about RM2.0 million in the installation of solar panels on the warehouse in Segambut, Kuala Lumpur. In 2015, a total of 205,768 kilowatts of energy were generated using this solar PV. As solar PV produces the cleanest energy, this helps to mitigate global climate change and reduces dependability on depleting resources to generate electricity. Going forward, the Group will explore the usage of renewable energy for own consumption at other premises.

In its effort to reduce electricity consumption, NHF adopted a low voltage supply in September 2014 at its premises in Meru, Klang. The Group has replaced in stages all standard bulbs with energy saving Light-Emitting Diodes (LEDs) bulbs throughout its facilities. These bulbs use less energy and have higher life expectancy resulting in cost savings and environmental preservation.

Waste Management

Amongst the Group's top environmental priorities are resource management and efforts to reduce waste. As a responsible manufacturer, NHF aims to reduce wastage by using quality materials and ensuring processes are efficient. Most of the wastes in the form of plastic resin are reused while metal scrap can either be reused or sold. Other solid waste such as oil and chemical drums are being disposed of to licensed collectors approved by Department of Environment (DOE).

In the manufacturing plants, water is used in the production processes such as paint coating, paint spraying, fabricating and cooling. Only treated waste water is being discharged to avoid pollution to the surrounding environment. The waste water treatment plant was recently upgraded in the electro-deposition paint line, which costs the Group RM165,000.

Efforts in sustaining the environment also include controlling gas emissions from production and processing activities. The Group has engaged a licensed air quality consultant to conduct emissions measurement to ensure conformance to the emission standard regulated by the Environmental Quality (Clean Air) Regulation 1978.

The Group has been using recycled materials to achieve better cost efficiency and as part of the efforts to contribute towards conserving the environment for a better and more sustainable future.

D) WORKPLACE

NHF has been in the industry for almost 40 years because of the unwavering dedication of its employees. Employees are the most valuable assets in this organisation. NHF strives to establish a working environment that is conducive for its employees. At the same time, a variety of events and initiatives are carried out every year to show its appreciation towards the employees and to promote staff development both personally and professionally.

Diversity and Inclusion

Social diversity brings about competitive advantage. NHF is respectful of all employees regardless of their gender, ethnicity, age or nationality and strive to retain diversity at all levels. NHF has maintained the practice of having one-third of female representation on the Board while at other levels within the Group, employees are provided with fair and equal employment opportunities, career progression and pay equity.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY STATEMENT (continued)

Through closed-loop feedback and meetings, employees are encouraged to voice out new ideas or to raise any concerns that they may have. "Dialogues with Chairman" is organised yearly to give employees the opportunities to interact directly with the Group's Chairman.

Sustainable Human Capital

In pursuit of strengthening manpower for future growth, NHF reaches out to a varied group of people from local youths to school leavers and graduates. NHF has teamed up with colleges and universities for career talks and career fairs to search for best talents. Internally, NHF has succession planning process where potential talents are identified and developed to fill key positions in the Group. They are groomed to be future leaders of the Group and will fill the gaps in key positions whenever a change is necessitated.

NHF has developed a talent management program which offers training opportunities and job placements through internship and apprenticeship. For internship, NHF provides the interns with opportunities to integrate practical experiences with theoretical classroom knowledge to help equip them with relevant competencies and industry knowledge.

In collaboration with accredited training providers such as Selangor Human Resource Development Corporation (SHRDC), Max Human Capital, Enter Corridor Training Centre and Auto Prima Training Centre, NHF participates in apprenticeship program to offer job placement and vocational training certification to school leavers. Apprentices are placed in various departments in the organisation according to their field of studies. At the end of the program, students will receive a 'Sijil Kemahiran Malaysia' Level 2 and Level 3 qualifications in Industrial Automation, Mechatronics and Plastic Injection Moulding respectively from the Department of Skills Development (JPK), Ministry of Human Resources.

In 2015, NHF has signed a Memorandum of Understanding (MoU) with SHRDC to sponsor a total of sixteen (16) students under the Malaysian Meister in Mechatronics for Manufacturing - Industrial Skills Enhancement Program. With the objective to increase the pool of hands-on engineers, the program forms part of the Group's strategy to ensure that it has sustainable workforce for future business growth. Open to SKM Level 3 qualification holders, the program combines both supervised on-the-job training with classroom training. Upon completion, the students will receive a Malaysian Meister Certification and Advanced Diploma certification from JPK. They will then advance to become associate engineers of the Group.

Talent Development

In order to support business growth, employees' competencies are constantly upgraded and strengthened through training and career development. In-house training and external training are provided to enhance employees' skills and knowledge in order for them to carry out their job more effectively and efficiently. NHF encourages its employees to achieve their full potential through job assignments, job enrichments and job rotations.

Health and Safety

Various measures are taken to ensure safety and health of its workers. A comprehensive standard operating procedures and policies that conform to Occupational Safety and Health Act (OSHA) was developed to ensure safety when handling sizeable machineries, equipment and moulds. Appropriate protective equipment and gears are provided to employees and regular awareness trainings are conducted on safety measures. Regular safety assembly and fire drill exercises are being conducted every year. Continuous improvements to reduce the number of incidents, injuries or illness and promoting a safer and healthier working environment are in place. Relevant trainings are also being conducted on industrial chemical handling. The Group had recently conducted a thorough examination on the effects of the usage of a new chemical substance on health to ensure that workers' health is protected.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY STATEMENT (continued)

In 2015, NHF had carried out Emergency Response Combined Drills Training sessions for First Aider, Fire-fighting and chemical spillage control (HAZMAT) teams. The Group had also set up a first-aid room equipped with essential facilities in the factory in Klang, attended by competent first-aiders.

Employee Welfare

NHF strives to raise the general welfare of its employees. Apart from providing the standard employee benefits, NHF organises fun and entertaining events ranging from employees social gatherings to sports tournaments, family day, annual dinner and festive celebrations. These activities were held to promote closer relationship among the employees, encourage teamwork and promote healthy lifestyles and at the same time nurture talent and leadership skills among the employees who are entrusted with the responsibilities to organise these events. All confirmed employees are covered under Personal Accident insurance while some employees are also provided coverage under Hospital & Surgical insurance as well as travelling insurance. Staffs discounts are also given to employees for the purchase of the Group's products.

As a caring employer, NHF had stood with the victims of the earthquake that struck Nepal in April 2015. Management and staffs had made cash contribution to 48 Nepalese workers whose family members were affected by the quake.

Rewards and Recognitions

The "Long Service Award" commemorates the dedication and loyalty of long service employees. During the Family Day 2015, this award was presented to 31 employees who had worked with the Group for 10 and 20 years.

The "100% Attendance Award" is given to employees who have fulfilled the required criteria such as full attendance and punctuality and not been subjected to any disciplinary action in a year. In 2015, a total of 96 employees had achieved this recognition and were given a certificate and cash incentive as reward.

CONCLUSION

The Board of Directors of NHF believes that sustainability is one of the key driving factors that positions the Group towards achieving its corporate goals and stakeholder value creation without compromising social and environmental needs.

LAPORAN KELESTARIAN DAN TANGGUNGJAWAB KORPORAT SOSIAL

PENDAHULUAN

Kelestarian di NHF termasuk membuat keputusan dan mengambil tindakan demi memaksimumkan pulangan ekonomi sementara mengendalikan perniagaan dengan cara yang bertanggunjawab. Menyedari tentang kesan penuh daripada operasi seharian terhadap persekitaran, NHF sentiasa mematuhi dan mengamalkan prinsip-prinsip kelestarian dalam operasinya. Dengan beroperasi secara bertanggungjawab, NHF memastikan kelestarian perniagaan dalam memacu ke arah pencapaian matlamatnya untuk menjadi pembekal penyelesaian alat-alat ganti automotif terkemuka di Asia.

NHF memfokuskan kepada empat bidang kelestarian, seperti yang dirangkumkan di dalam laporan ini:

A) Pasaran
B) Masyarakat
C) Persekitaran
D) Tempat Kerja

A) PASARAN

Tadbir Urus Korporat

Sebagai warga korporat di pasaran kewangan, NHF komited sepenuhnya untuk mematuhi semua peraturan dan undang-undang yang telah ditetapkan oleh pihak berkuasa yang berkaitan. Ini termasuk, tetapi tidak terhad kepada pematuhan kepada peraturan yang ditetapkan oleh Bursa Malaysia Securities Berhad, Suruhanjaya Sekuriti Malaysia, Suruhanjaya Syarikat Malaysia dan pihak berkuasa atau agensi kerajaan yang lain. NHF juga komited untuk mematuhi prinsip dan saranan Kod Tadbir Urus Korporat Malaysia 2012, sebagai jaminan bahawa Syarikat mengamalkan pengurusan yang baik dan telus demi kepentingan terbaik Syarikat dan pihak berkepentingan. Perincian mengenai amalan tadbir urus korporat adalah dinyatakan secara berasingan dalam Penyata Tadbir Urus Korporat di dalam Laporan Tahunan ini.

Pengurusan Risiko Perusahaan

Mengekalkan sistem kawalan dalaman dan pengurusan risiko yang berkesan adalah satu komponen penting dalam memastikan kelestarian perniagaan. NHF telah mewujudkan rangka kerja Pengurusan Risiko Perniagaan (ERM) untuk mengenal pasti, menilai dan mengurangkan semua risiko utama terutamanya risiko yang berkaitan dengan kelestarian perniagaan yang menghalang matlamatnya untuk mencapai sasaran perniagaan. Menyedari bahawa risiko tidak dapat dielakkan, tindakan telah diambil untuk mengenal pasti bidang-bidang risiko. Kawalan yang sesuai kemudiannya disediakan untuk meminimumkan kebarangkalian berlakunya risiko dan kesannya terhadap perniagaan Kumpulan. Lembaga Pengarah, melalui Jawatankuasa Audit mengkaji laporan ERM Kumpulan pada setiap suku tahun.

Pelan Kesinambungan Perniagaan

Pelan Kesinambungan Perniagaan NHF telah diwujudkan bagi menangani senario yang menimbulkan ancaman kepada kesinambungan perniagaan. Pelan ini termasuk pembentukan pasukan pemulihan, menetapkan masa pemulihan yang disasarkan dan menentukan sumber yang diperlukan ketika berlakunya ancaman supaya dapat meneruskan operasi perniagaan dalam masa yang paling pantas. Pelan ini adalah tertakluk kepada semakan untuk memastikan bahawa ia mencukupi untuk menampung operasi kritikal perniagaan dan memastikan ia kekal relevan untuk menangani persekitaran perniagaan yang sentiasa berubah.

Nilai-nilai Etika dan Korporat

NHF menghargai nilai-nilai yang dihasilkan melalui pengendalian perniagaan dan tingkah laku korporat yang beretika. Amalan perniagaan yang bertanggungjawab diterapkan dalam budaya NHF, bermula dengan satu set nilai-nilai teras yang dikongsi oleh seluruh organisasi:

1. *Integriti*
2. *Fokus pada Pelanggan*
3. *Kecekalan*
4. *Sedia Berubah*
5. *Kecemerlangan*
6. *Hormat*

Nilai-nilai teras ini menyatakan kelakuan dan tingkah laku yang diharapkan daripada kakitangan di dalam organisasi dalam operasi harian serta dalam penglibatan perniagaan dengan pihak berkepentingan. Kumpulan mengamalkan dasar sifar toleransi berhubung dengan kegiatan penipuan, rasuah dan sogokan. Polisi Penipuan telah ditubuhkan untuk menggalakkan tingkah laku yang konsisten dalam mencegah, mengesan dan bertindak balas terhadap semua kegiatan penipuan, manakala Polisi Pendedahan Penyelewengan menyediakan saluran bagi memudahkan pihak berkepentingan dalam menyalurkan laporan yang berniat baik mengenai sebarang salah laku yang didapati berlaku dalam Kumpulan.

Kualiti Produk

Untuk mengekalkan kelestarian daya saing perniagaan, NHF berusaha untuk membekalkan pelbagai alat ganti automotif yang berkualiti di dalam negara dan di peringkat global.

Dasar kualiti Kumpulan ialah untuk membekalkan alat-alat automotif yang memenuhi keperluan pelanggan secara konsisten melalui penambahbaikan yang berterusan dan Sistem Pengurusan Kualiti. Semua proses pengeluaran dan perdagangan di Malaysia adalah diperakui di bawah ISO 9001. Dengan memenuhi piawaian yang diperlukan dalam semua proses kerja, NHF memberi jaminan kepada pelanggan terhadap kualiti dan kebolehpercayaan produknya.

B) MASYARAKAT

NHF menyasarkan untuk menyumbang secara positif kepada masyarakat melalui pelbagai usaha tanggungjawab korporat sosial.

Kempen Menderma Darah dan Pemeriksaan Kesihatan

Sebagai sebahagian daripada inisiatif tanggungjawab korporat sosial, NHF menganjurkan kempen derma darah dan pemeriksaan kesihatan tahunan untuk membantu menyumbang kepada tabung darah Hospital Tengku Ampuan Rahimah, Klang dan untuk meningkatkan kesedaran mengenai kepentingan menderma darah. Sejak permulaannya pada tahun 2007, program ini telah mencatatkan kira-kira 1,200 penderma darah yang berjaya. Pemeriksaan kesihatan percuma dan ceramah kesihatan juga ditawarkan semasa kempen tersebut termasuk pemeriksaan Body Mass Index (BMI), tekanan darah, pemeriksaan mata, imbasan tulang dan ujian pap smear. Agensi-agensi seperti Jabatan Bomba dan Penyelamat Malaysia, Polis Diraja Malaysia, Jabatan Pengangkutan Jalan Malaysia (JPJ), Jabatan Keselamatan Jalan Raya (JKJR), Agensi Anti Dadah Kebangsaan (AADK) dan Persatuan Automobil Malaysia (AAM) juga terlibat untuk mewujudkan kesedaran tentang keselamatan dan kesihatan di kalangan orang ramai.

Kempen Keselamatan Jalan Raya

Menghargai setiap nyawa, NHF giat meningkatkan kesedaran tentang keselamatan jalan raya di kalangan kakitangan, ahli keluarga mereka dan masyarakat sekeliling. NHF memulakan kempen keselamatan jalan raya pada tahun 2010 selepas menandatangani Memorandum Persefahaman (MoU) dengan JKJR. Komitmen ini telah diperbaharui pada tahun 2013 dimana NHF telah mengumpulkan sokongan enam syarikat di sepanjang Jalan Teratai, Meru untuk menyertai usaha-usaha memperjuangkan keselamatan jalan raya di kawasan sekitar. Tujuannya adalah untuk meningkatkan kesedaran tentang tabiat jalan raya yang positif dan mengurangkan kecederaan dan kematian yang berkaitan dengan trafik. Selepas tiga (3) tahun berkempen dan penglibatan aktif dengan kakitangannya, NHF menandakan pencapaian sifar kematian dalam setahun di kalangan kakitangan pada tahun 2014.

Pendidikan

NHF mengiktiraf kepentingan pendidikan bagi mengubah kehidupan. Kumpulan menggalakkan dan memberi ganjaran atas kecemerlangan akademik di kalangan anak-anak kakitangannya dengan memberi ganjaran wang tunai bagi pencapaian keputusan cemerlang dalam peperiksaan awam. Pada tahun 2015, sebanyak lapan (8) orang pelajar telah diberi ganjaran atas keputusan cemerlang dalam peperiksaan UPSR, PT3 dan SPM. Pada awal sesi persekolahan setiap tahun, bantuan persekolahan diberikan kepada kakitangan yang layak untuk membantu meringankan beban perbelanjaan persekolahan.

NHF juga menggalakkan pembelajaran berterusan dan pembangunan profesional di kalangan kakitangan dimana tajaan diberikan kepada kakitangan yang berminat untuk melanjutkan pelajaran dalam bidang yang berkaitan dengan kerja mereka melalui "Bantuan Kewangan Pelajaran".

Derma Kebajikan

Setiap tahun, hadiah, makanan dan barang keperluan rumah diberikan kepada rumah kanak-kanak dan orang tua bertujuan untuk membawa keceriaan kepada mereka yang kurang bernasib baik.

Melalui inisiatif tanggungjawab korporat sosial sedia ada, untuk masa-masa akan datang, Kumpulan menyasarkan agar dapat membangunkan program sukarelawan berstruktur di kalangan kakitangannya untuk melibatkan mereka dalam aktiviti khidmat masyarakat. Kumpulan berharap dapat meningkatkan moral kakitangan dengan menyediakan peluang sukarelawan dan penglibatan dalam aktiviti-aktiviti tanggungjawab korporat sosial.

C) PERSEKITARAN

NHF komited sepenuhnya untuk mengekalkan amalan alam sekitar yang baik. Kumpulan memastikan bahawa operasinya meninggalkan kesan minimum terhadap alam sekitar melalui penggunaan tenaga dan pengurusan sisa buangan yang cekap demi memelihara alam semula jadi untuk generasi akan datang.

Pengurusan Tenaga yang Cekap

Sebagai sebahagian daripada program tenaga lestari, NHF telah mengambil bahagian dalam sistem Galakan Tarif Solar Photovoltan oleh Tenaga Nasional Berhad (TNB) pada tahun 2013. Melalui sebuah anak syarikat milik penuh, New Hoong Fatt Auto Supplies Sdn Bhd (NHFAS), sebuah Perjanjian Pembelian Kuasa Tenaga Boleh Diperbaharui telah ditandatangani dengan TNB bagi penjualan dan penghantaran tenaga boleh diperbaharui oleh NHFAS kepada TNB. Tempoh konsesi telah ditetapkan selama 21 tahun. Kumpulan telah melabur kira-kira RM2.0 juta dalam pemasangan panel solar di atas gudang di Segambut, Kuala Lumpur. Pada tahun 2015, sebanyak 205,768 kilowatt tenaga telah dijana menggunakan panel solar ini. Panel solar menghasilkan tenaga yang paling bersih dan oleh itu ia membantu mengurangkan perubahan iklim global dan mengurangkan pergantungan pada sumber yang semakin berkurangan untuk menjana elektrik. Melangkah ke hadapan, Kumpulan akan meneroka penggunaan tenaga boleh diperbaharui untuk kegunaan sendiri di premis lain.

Dalam usaha untuk mengurangkan penggunaan elektrik, NHF menggunakan tenaga bervoltan rendah sejak bulan September 2014 di premisnya di Meru, Klang. Kumpulan telah menggantikan semua mentol standard dengan mentol penjimatan tenaga, diod pemancar cahaya (LED) di seluruh premisnya secara berperingkat. Mentol ini menggunakan tenaga yang rendah dan mempunyai jangka hayat yang lebih tinggi dimana ia dapat menghasilkan penjimatan kos dan pemuliharaan alam sekitar.

Pengurusan Bahan Buangan

Antara keutamaan alam sekitar Kumpulan adalah pengurusan dan usaha untuk mengurangkan pembaziran sumber. Sebagai pengeluar yang bertanggungjawab, NHF menyasarkan untuk mengurangkan pembaziran dengan menggunakan bahan-bahan berkualiti dan memastikan proses yang cekap. Kebanyakan bahan buangan dalam bentuk resin plastik akan digunakan semula manakala sekerap logam boleh digunakan semula atau dijual. Sisa pepejal lain seperti tong minyak dan kimia dilupuskan kepada pengumpul berlesen yang diluluskan oleh Jabatan Alam Sekitar (JAS).

Dalam kilang pengeluaran, air digunakan dalam proses pembuatan seperti salutan dan semburan cat, pemasangan dan penyejukan. Hanya air sisa terawat sahaja yang dialirkan keluar untuk mengelakkan pencemaran kepada alam sekitar. Loji rawatan air sisa untuk mesin pengecat 'electro-deposition' baru-baru ini telah dinaik taraf dengan kos sebanyak RM165,000.

Usaha-usaha dalam mengekalkan alam sekitar juga merangkumi kawalan untuk pelepasan gas yang dihasilkan daripada aktiviti pengeluaran dan pemprosesan. Kumpulan telah melantik perunding kualiti udara yang dilesenkan untuk menjalankan pengukuran pelepasan udara bagi memastikan pematuhan kepada piawaian pelepasan udara yang dikawal selia oleh Peraturan-peraturan Kualiti Alam Sekeliling (Udara Bersih) 1978.

Kumpulan telah menggunakan bahan-bahan kitar semula demi mencapai kecekapan kos yang lebih baik dan sebagai sebahagian daripada usaha untuk menyumbang ke arah pemuliharaan alam sekitar untuk masa depan yang lebih baik dan lestari.

D) TEMPAT KERJA

NHF telah berkecimpung dalam industri ini selama hampir 40 tahun hasil dedikasi kakitangannya yang tidak berbelah bahagi. Kakitangan merupakan aset yang paling berharga dalam organisasi ini. NHF berusaha untuk mewujudkan persekitaran kerja yang kondusif bagi kakitangannya. Pada masa yang sama, pelbagai program dan inisiatif dijalankan setiap tahun untuk menunjukkan penghargaannya terhadap kakitangan dan untuk menggalakkan pembangunan kakitangan dari segi peribadi dan profesional.

Kepelbagaian dan Penyertaan

Kepelbagaian sosial memberikan kelebihan daya saing. NHF menghormati semua kakitangan tanpa mengira jantina, bangsa, umur atau kewarganegaraan dan berusaha untuk mengekalkan kepelbagaian di semua peringkat. NHF telah mengekalkan amalan untuk mempunyai satu pertiga wanita di dalam Lembaga Pengarah manakala di peringkat lain dalam Kumpulan, kakitangan diberi peluang-peluang pekerjaan, pembangunan kerjaya dan pembayaran yang adil dan sama rata.

Melalui maklum balas dan pertemuan yang kerap, kakitangan digalakkan untuk menyuarakan idea-idea baru atau membangkitkan sebarang kebimbangan yang mereka ada. "Dialog bersama Pengerusi" dianjurkan setiap tahun untuk memberi peluang kepada kakitangan untuk berinteraksi secara terus dengan Pengerusi Kumpulan.

Modal Insan yang Kukuh

Dalam usaha mengukuhkan tenaga kerja bagi pertumbuhan masa depan, NHF mendekati pelbagai kumpulan daripada belia tempatan, lepasan sekolah dan siswazah. NHF telah bekerjasama dengan kolej dan universiti untuk mengadakan ceramah dan pameran kerjaya dalam mencari bakat-bakat terbaik. Di peringkat dalaman, NHF mempunyai proses perancangan penggantian dimana bakat yang berpotensi dikenal pasti dan dibangunkan untuk mengisi jawatan-jawatan utama dalam Kumpulan. Mereka dilatih untuk menjadi pemimpin masa hadapan Kumpulan dan akan mengisi jurang dalam jawatan penting apabila sesuatu perubahan diperlukan.

NHF telah membangunkan program pengurusan bakat yang menawarkan peluang latihan dan penempatan pekerjaan melalui latihan dan perantisan. Untuk latihan industri, NHF menyediakan pelatih dengan peluang untuk mengintegrasikan pengalaman praktikal dengan pengetahuan kelas teori untuk membantu melengkapkan mereka dengan kemahiran dan pengetahuan industri.

Dengan kerjasama penyedia latihan bertauliah seperti Perbadanan Pembangunan Sumber Manusia Selangor (SHRDC), Max Human Capital, Pusat Latihan Enter Corridor dan Pusat Latihan Auto Prima, NHF mengambil bahagian dalam program perantisan untuk menawarkan penempatan pekerjaan dan pensijilan latihan vokasional kepada lepasan sekolah. Perantis diletakkan di pelbagai jabatan dalam organisasi mengikut bidang pengajian mereka. Pada akhir program ini, pelajar akan menerima 'Sijil Kemahiran Malaysia' kelayakan Tahap 2 dan Tahap 3 dalam Automasi Industri, Mekatronik dan 'Plastic Injection Moulding' daripada Jabatan Pembangunan Kemahiran (JPK), Kementerian Sumber Manusia.

Pada tahun 2015, NHF telah menandatangani satu Memorandum Persefahaman (MoU) dengan SHRDC untuk menaja seramai enam belas (16) pelajar di bawah Program Meister Malaysia dalam Mekatronik untuk Perkilangan - Peningkatan Kemahiran Industri. Dengan objektif untuk meningkatkan bilangan jurutera, program tersebut membentuk sebahagian daripada strategi Kumpulan untuk memastikan bahawa ia mempunyai tenaga kerja yang mampan untuk pertumbuhan perniagaan masa depan. Terbuka kepada pemegang sijil SKM Tahap 3, program ini menggabungkan kedua-dua latihan di tempat kerja yang diselia dan latihan dalam kelas. Setelah tamat, pelajar akan menerima Sijil Meister Malaysia dan Diploma Lanjutan daripada JPK. Mereka kemudiannya layak untuk menjadi jurutera bersekutu Kumpulan.

LAPORAN KELESTARIAN DAN TANGGUNGJAWAB KORPORAT SOSIAL (sambungan)

Pengurusan Bakat

Bagi menyokong pertumbuhan perniagaan, kecekapan kakitangan sentiasa dipertingkatkan dan diperkukuhkan melalui latihan dan pembangunan kerjaya. Latihan dalaman dan luaran disediakan untuk meningkatkan kemahiran dan pengetahuan kakitangan bagi membolehkan mereka menjalankan tugas dengan lebih berkesan dan cekap. NHF menggalakkan kakitangan untuk mencapai potensi penuh mereka melalui tugasan kerja, pengayaan kerja dan pusingan kerja.

Kesihatan dan Keselamatan

Pelbagai langkah diambil untuk memastikan keselamatan dan kesihatan kakitangannya. Prosedur operasi standard dan polisi yang menyeluruh selaras dengan Akta Keselamatan dan Kesihatan Pekerjaan (OSHA) telah dibangunkan untuk memastikan keselamatan semasa mengendalikan jentera besar, peralatan dan acuan. Peralatan perlindungan dan alatan yang bersesuaian disediakan untuk kakitangan dan latihan kesedaran mengenai langkah-langkah keselamatan dijalankan secara kerap. Perhimpunan keselamatan dan latihan kebakaran dijalankan secara berkala setiap tahun. Penambahbaikan yang berterusan untuk mengurangkan jumlah kejadian, kecederaan atau penyakit dan galakan persekitaran kerja yang selamat dan sihat di tempat kerja juga tersedia. Latihan yang berkaitan juga sedang dijalankan keatas pengendalian bahan-bahan kimia industri. Terbaru, Kumpulan telah menjalankan pemeriksaan yang menyeluruh mengenai kesan-kesan penggunaan bahan kimia baru terhadap kesihatan bagi memastikan kesihatan kakitangan adalah dilindungi.

Pada tahun 2015, NHF telah menjalankan sesi Latihan Gabungan Tindakan Kecemasan untuk pasukan Pertolongan Cemas, Pemadam Kebakaran dan kawalan tumpahan kimia (HAZMAT). Kumpulan juga telah membuka sebuah bilik pertolongan cemas dalam kilang di Klang yang dilengkapi dengan kemudahan penting dan dikendalikan oleh ahli pertolongan cemas yang berkelayakan.

Kebajikan Pekerja

NHF berusaha untuk meningkatkan kebajikan kakitangannya. Selain daripada menyediakan faedah pekerja yang umum, NHF menganjurkan pelbagai acara menyeronokkan dan menghiburkan termasuk perjumpaan sosial kakitangan, kejohanan sukan, hari keluarga, makan malam tahunan dan sambutan perayaan. Aktiviti-aktiviti ini diadakan untuk menggalakkan hubungan yang lebih erat di kalangan kakitangan, menggalakkan kerja berpasukan dan menggalakkan gaya hidup sihat disamping memupuk bakat dan kepimpinan di kalangan kakitangan yang diamanahkan dengan tanggungjawab untuk menganjurkan acara-acara ini. Semua kakitangan yang telah disahkan jawatan adalah dilindungi dibawah insurans kemalangan diri manakala sebahagian kakitangan juga disediakan perlindungan di bawah insuran Hospitalisi & Pembedahan serta insuran perjalanan. Potongan harga juga diberikan kepada kakitangan untuk pembelian produk Kumpulan.

Sebagai majikan yang prihatin, NHF telah membantu mangsa-mangsa gempa bumi yang melanda Nepal pada bulan April 2015. Pengurusan dan kakitangan telah membuat sumbangan wang tunai kepada 48 pekerja Nepal yang mana ahli keluarga mereka terjejas akibat gempa bumi itu.

Ganjaran dan Pengiktirafan

"Anugerah Khidmat Setia" memperingati dedikasi dan kesetiaan kakitangan yang telah berkhidmat lama. Semasa Hari Keluarga 2015, anugerah ini telah disampaikan kepada 31 kakitangan yang telah berkhidmat kepada Kumpulan selama 10 dan 20 tahun.

"Anugerah Kehadiran 100%" diberi kepada kakitangan yang telah memenuhi kriteria yang diperlukan seperti kehadiran penuh dan menepati masa dan tidak tertakluk kepada apa-apa tindakan tatatertib dalam satu tahun. Pada tahun 2015, seramai 96 pekerja telah mencapai pengiktirafan ini dan telah diberikan sijil dan insentif wang tunai sebagai ganjaran.

KESIMPULAN

Lembaga Pengarah NHF percaya bahawa kelestarian merupakan satu faktor penting yang membantu Kumpulan dalam mencapai matlamat korporatnya serta membentuk nilai untuk pemegang berkepentingan tanpa menjejaskan keperluan sosial dan alam sekitar.

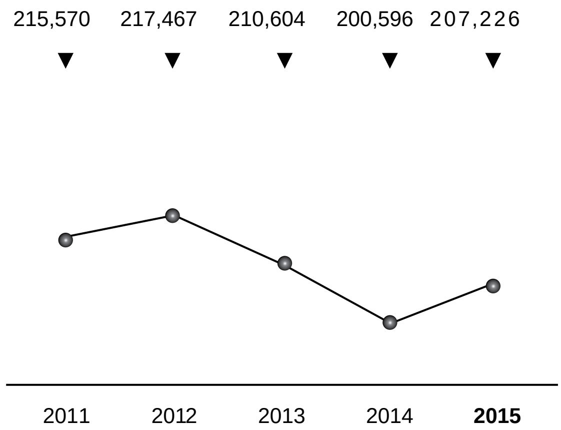
FIVE-YEAR GROUP FINANCIAL SUMMARY
RINGKASAN KEWANGAN LIMA TAHUN KUMPULAN

	2015	**2014**	**2013**	**2012**	**2011**
Revenue (RM'000) *Hasil (RM'000)*	**207,226**	200,596	210,604	217,467	215,570
Profit Before Taxation (RM'000) *Keuntungan Sebelum Cukai (RM'000)*	**26,570**	17,900	27,357	27,669	25,859
Profit After Taxation (RM'000) *Keuntungan Selepas Cukai (RM'000)*	**19,250**	11,974	20,149	22,763	19,805*
Total Assets (RM'000) *Jumlah Aset (RM'000)*	**397,944**	369,332	386,125	361,552	346,596
Total Borrowings (RM'000) *Jumlah Pinjaman (RM'000)*	**28,656**	19,470	36,051	27,922	26,984
Shareholders' Fund (RM'000) *Dana Pemegang Saham (RM'000)*	**330,047**	314,829	313,485	302,608	289,177
Basic Earnings Per Share *Perolehan Asas Sesaham*	**25.61 sen**	15.93 sen	26.81 sen	30.29 sen	26.35 sen
Net Assets Per Share *Aset Bersih Sesaham*	**RM4.39**	RM4.19	RM4.17	RM4.03	RM3.85
Dividend Per Share (Single Tier) *Dividen Sesaham (Satu Peringkat)*	**11 sen**	10 sen	12 sen	13 sen	12 sen

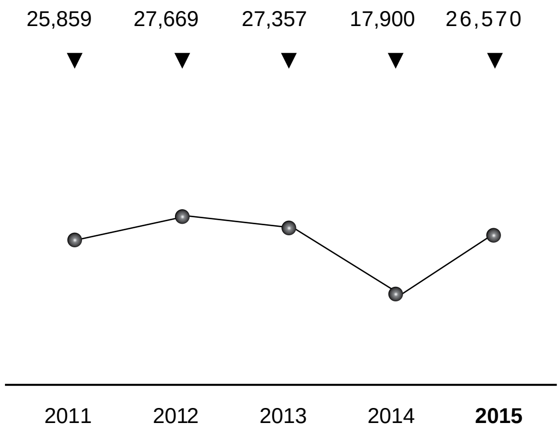
* After non-controlling interest / *Selepas kepentingan yang tidak dikawal*

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

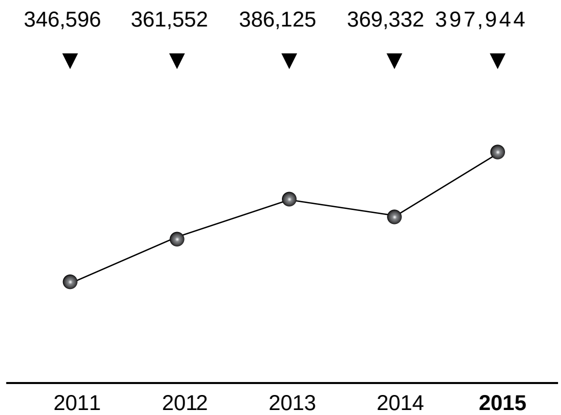
Revenue (RM'000)
Hasil (RM'000)



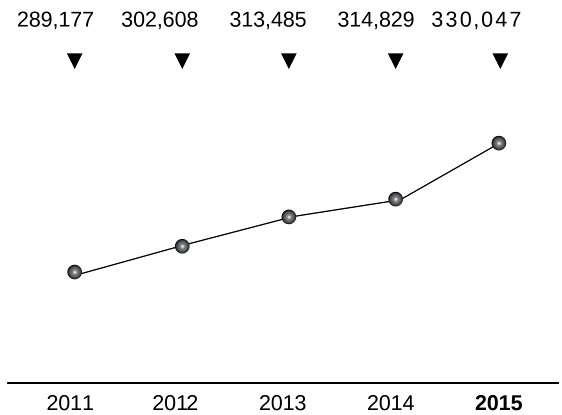
Profit Before Taxation (RM'000)
Keuntungan Sebelum Cukai (RM'000)



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

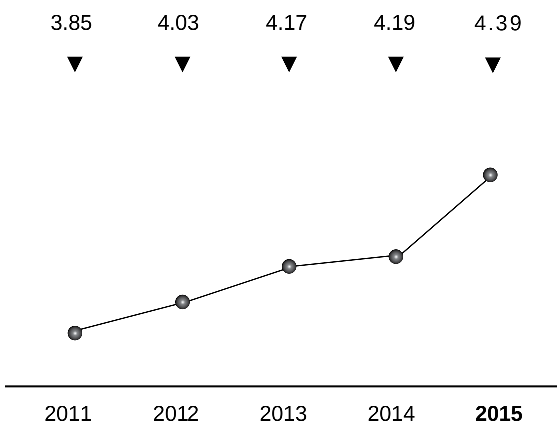


Shareholders' Fund (RM'000)
Dana Pemegang Saham (RM'000)



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

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



FINANCIAL CALENDAR
for the financial year ended 31 December 2015

TAKWIM KEWANGAN
untuk tahun kewangan berakhir 31 Disember 2015

Activities / ***Aktiviti-Aktiviti***	**Date** / ***Tarikh***
Announcement of Results / ***Pengumuman Keputusan***	
Unaudited results for first quarter ended 31 March 2015 *Keputusan belum diaudit bagi suku pertama berakhir 31 Mac 2015*	5 May 2015 *5 Mei 2015*
Unaudited results for second quarter ended 30 June 2015 *Keputusan belum diaudit bagi suku kedua berakhir 30 Jun 2015*	11 August 2015 *11 Ogos 2015*
Unaudited results for third quarter ended 30 September 2015 *Keputusan belum diaudit bagi suku ketiga berakhir 30 September 2015*	24 November 2015 *24 November 2015*
Unaudited results for fourth quarter ended 31 December 2015 *Keputusan belum diaudit bagi suku ke-empat berakhir 31 Disember 2015*	23 February 2016 *23 Februari 2016*
Interim Dividend / ***Dividen Interim***	
- Declaration *Pengisytiharan*	24 November 2015 *24 November 2015*
- Entitlement *Kelayakan*	9 December 2015 *9 Disember 2015*
- Payment *Pembayaran*	23 December 2015 *23 Disember 2015*
Final Dividend / ***Dividen Akhir***	
- Recommendation *Cadangan*	23 February 2016 *23 Februari 2016*
- Entitlement *Kelayakan*	15 June 2016 *15 Jun 2016*
- Payment *Pembayaran*	14 July 2016 *14 Julai 2016*
Issuance of Annual Report 2015 ***Penerbitan Laporan Tahunan 2015***	26 April 2016 *26 April 2016*
Nineteenth (19th) Annual General Meeting ***Mesyuarat Agung Tahunan yang ke-Sembilanbelas (19)***	2 June 2016 *2 Jun 2016*

Kam Foong Keng

Aged 52, 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.

Berusia 52 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 54, 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 54 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 bagi 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, seorang Pengerusi Eksekutif dan pemegang saham utama Syarikat, dan oleh yang demikian, mempunyai hubungan dengan ahli keluarganya. Beliau tidak mempunyai sebarang percanggahan kepentingan yang terus dengan Kumpulan.

DIRECTORS' PROFILE (continued)

PROFIL PENGARAH (sambungan)

Kam Foong Sim

Aged 51, 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.

Berusia 51 tahun, Pengarah Eksekutif Bukan Bebas

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

Beliau mempunyai pengalaman sepanjang beberapa tahun di firma-firma perakaunan dan di sektor komersil sebelum menyertai Kumpulan NHF pada 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.

Wong Yoke Nyen

Aged 57, 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.

Berusia 57 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 70, 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.

Berusia 70 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 57, Independent Non-Executive Director

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

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

He holds directorships in several private limited companies.

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

Berusia 57 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 2015

TAKWIM PERISTIWA 2015

Date	Events
28 January	Commencement of 6-month Lean Management System Development Program
12 February	In-house workshop on Intellectual Property and Why It Matters: A Senior Management Perspective
10 - 11 March	In-house workshop on Business Continuity Management
16 March	Career Talk held at KBU International College (now known as First City University College)
18 - 19 March	In-house training on Leadership-in-Action, Strategic Planning Session, Design and Development of Sales Module
15 - 16 April	First Aid Awareness Training
19 April	NHF Family Day 2014/2015
24 May	9th Annual Blood Donation and Free Health Check Campaign
3 June	Eighteenth (18th) Annual General Meeting
30 July	Individual Senior Executive Coaching and Team Coaching on Talent Management
11 August	Hari Raya celebration amongst NHF employees
20 September	Badminton Tournament
27 October	Industrial Visit by Selangor Human Resource Development Centre (SHRDC) and HWK Aachen
28 October	Signing of Memorandum of Understanding with SHRDC on Malaysian Meister Program
15 November	Piala Kam Lang Fatt 2015 – Inter-divisional Football Tournament
17 - 18 November	In-house Emergency Response Drill Training
2 - 5 December	Participation in Automechanika Shanghai Exhibition
17 December	Signing of Memorandum of Understanding with SHRDC on Youth Enhancement Strategy (YES) Program

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of New Hoong Fatt Holdings Berhad ("NHF" or "the Company") is committed to adopt the 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 the extent to which 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 represents and serves the interest of the shareholders. To fulfill its roles, NHF's Board Charter ("Board Charter") provides guidance to directors and senior management with regards to the roles, responsibilities, powers and composition of the Board. During the fourth quarter of the financial year under review, the Board Charter had been reviewed and updated to provide greater clarity. The Board Charter is available on the Company's website.

The Board retains effective control of the Group and is responsible for overseeing and reviewing the strategic plan, policies and performances of the Group. Strategies and policies, including annual business plan and budget are developed by the Managing Director together with the management, which are then reviewed, constructively challenged and approved by the Board. The Managing Director is responsible to communicate and execute the Group's strategic plan, Leadership Performance Plan which is aimed at achieving business growth, developing people and promoting good governance for a sustainable business. The Managing Director ensures implementation of these plans, people engagement as well as prudent management of the Company's resources. Each quarter, the Board monitors the Group's 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 governance, risk management and compliance framework. Supported by management and internal audit function, the Board ensures the adequacy and effectiveness of the Group's risk management and internal control practices, including compliance with relevant laws and regulations. Compliance relating to risk recognition and management is presented in the Group's Statement on Risk Management and Internal Control as set out separately in this Annual Report.

The Board has determined the appropriate delegations of authority to management as sets out in the Group's Limit of Authority Manual. The scope of authorisation covers both capital and operational expenditure, and approvals in the area of procurement, accounting and financial, administration and legal. Nevertheless, the management reports to the Board on any significant matters affecting the Group even within the delegated mandate.

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, major acquisitions and disposals, annual budget and quarterly financial performance, declaration and recommendation of dividend, as well as approval of corporate policies.

2. Board Composition

The Board consists of six (6) members, comprising the Executive Chairman, Managing Director and an Executive Director, and three (3) Independent Non-Executive Directors. The Nomination Committee had carried out its annual review of the composition of the Board and is of the opinion that the current size and composition of the Board reflects an appropriate balance of Executive and Non-Executive Directors which is adequate for the scope and nature of the Group'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 have more comprehensive and thorough decision makings. The current Board members possess a diverse range of skills and well-rounded experience in different fields which contribute to an effective board.

Acknowledging gender diversity as an important element of a well-functioning board, the Board is committed to have at least one-third (1/3) of the Board to be represented by women and this is evident in NHF's Board where two (2) Directors are female.

A clear segregation of responsibilities and powers of the Executive Chairman and Managing Director is 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 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 provide effective leadership to the Board 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 among members 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 Chairman has the significant role to ensure that all directors' views are heard, and provide fair opportunity to all directors to participate actively and constructively during the board meetings and discussions.

The Board is confident that the current Board composition fairly reflects the interest of minority shareholders of the Company. The Board, through its Nomination Committee, will continue to review the Board's structure and composition in order to ensure boardroom diversity and balance of power and authority, which are fundamental to an effective Board.

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 circumstance that could materially interfere with the exercise of independent judgment or the ability to act in the best interest of the Company. One of their roles is to provide support and guidance to the Board to maintain ethical behavior within the Company in order to protect the stakeholders' interest.

The independence of directors is assessed and reviewed annually by the Board, based on criteria set by the Nomination Committee. At each Board meeting, all Directors disclosed their interest, whether direct or indirect, in the Company or any circumstance which may affect their independence. During the year under review, the Board had carried out independence assessment of its Non-Executive Directors in terms of their relationship and dealings with the Company and the Board is of the view that all the Non-Executive Directors remain independent.

As recommended by the MCCG 2012, the Board had considered the tenure of two (2) Independent Directors who had exceeded a nine (9) year term, 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 2015.

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 or the Group;
(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 or the Group; and
(iv) They do not assist the Company or the Group in any operational matters.

Based on the assessment above, the Board is generally satisfied with the level of independence demonstrated by both Mr Ng and Datuk Dr. Anis. The Board is of the view that throughout their tenure, they have made significant contributions to the Board, in view of their sufficient breadth of understanding of the Group's activities and corporate history that will continue to add value to the Board. The Board does not believe the length of service on the Board will materially interfere with their ability to exercise independent judgment and act in the best interest of the Company. Their retention as Independent Directors shall be subject to the shareholders' approval at the forthcoming AGM.

4. Re-election and Re-appointment of Directors

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

At the forthcoming AGM, Mr Ng and Ms Kam Foong Sim are due to retire by rotation pursuant to Article 78 and being eligible, offered themselves for re-election. Their re-election as Directors had been recommended by the Board based on the satisfactory assessment carried out by the Nomination Committee, having regard to their performance and contributions to the Board.

The Board, through its Nomination Committee, had also assessed the suitability of Datuk Dr. Anis, who is over the age of seventy (70) years and retiring in accordance with Section 129 of the Companies Act, 1965. The Board was satisfied with the assessment and had recommended him to continue in office as a Director of the Company. His re-appointment is subject to the approval of shareholders at the forthcoming AGM.

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. The Board held four (4) meetings 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	3/4
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. Board meetings are a platform for exchange of views, with Directors bringing their experience and independent judgment to discuss the issues at hand.

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 within one (1) week 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. Minutes of meeting are circulated to all Directors for their attention within one (1) month after each meeting to ensure the correct record of proceeding at the meeting.

In between Board meetings, matters requiring Board's approval are sanctioned by way of circular resolutions where relevant information will be enclosed 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 the rights of obtaining full and unrestricted access to any information pertaining to the Company, 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. To enable them to effectively exercise their duties and responsibilities, Board meetings regularly include sessions on recent developments in governance and corporate matters.

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. The Company Secretaries are directly accountable to the Board on all matters in relation to the proper functioning of the Board, maintenance of the corporate documents of the Board and monitoring of the implementation of the Board's decisions, where appropriate.

All Directors have unrestricted access to the advice and services of the Company Secretaries, whose appointment and removal is a matter of the Board.

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 and to provide the Board with recommendations and advice. Each Committee has its own Terms of Reference which sets out its functions and duties, composition, rights and meeting procedures:

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 assistance to the Board in matters relating to appointment of new Directors, board composition, training program and performance evaluation on effectiveness of the Board, Board Committees and individual directors. 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. In considering potential candidates for appointment, the Nomination Committee undertakes a thorough review of the candidate's qualifications, skills, knowledge, expertise, experience, personal attributes and the capability to devote the necessary time and commitment to the role. The successful candidate who is appointed as Director will undergo the Director Induction Programme and continuing education to facilitate his/her 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 demonstrating commitment and accountability, 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 of the Board.

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

(a) assessed the performance of the Board, Board Committees and individual Director;
(b) assessed the independence of Independent Directors including two (2) Independent Directors whose tenure had exceeded a nine (9) year term;
(c) reviewed the performance of retiring Directors and recommended them to the Board for re-appointment;
(d) 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;
(e) reviewed its Terms of Reference;
(f) reviewed and updated the Director's Recruitment Criteria and Process;
(g) reviewed and updated the Succession Planning Policy; and
(h) reviewed the performance evaluation framework formulated for the assessment of the executive management level under the talent management and people development efforts of the Group.

In the annual assessment of the performance of the Board, Board Committees and individual Directors, each Director completed the detailed questionnaire in the Directors' Performance Evaluation which covered matters relevant to the Board performance, among other things, contribution to interaction, quality of input, understanding of role and personal developments. An evaluation of each Board Committee was done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its Terms of Reference. The assessment on individual directors provides the Board with valuable insights into training and development needs of each Director. The results of the assessments had been compiled, documented and reported to the Board accordingly.

In the course of its supervision, the Board acknowledged the importance to ensure succession is in place for a sustainable business and performance. The Group's Succession Planning Policy sets out potential successor for key positions in the Group and the relevant processes to source for qualified candidates for the positions. This Policy caters for the Group's strategies in mitigating risks associated with its human capital both at the strategic and operational levels. The succession list is regularly reviewed and updated to avoid disruption to business operation and functionality which may be caused by vacancies due to various reasons.

c. Remuneration Committee

The Remuneration Committee comprises mainly of Non-Executive Directors. During the financial year under review, one (1) meeting was carried out with attendance 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 assists the Board in establishing remuneration policies and practices that enable the Group to attract, motivate and retain qualified Directors. The Remuneration Committee reviews and recommends 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, which is reviewed annually. Directors' remuneration is structured to align rewards to corporate and individual performances. The Remuneration Committee also obtains data for similar roles of other comparable public listed 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	2,181,012	115,000*	14,000	77,463	2,387,475
Non-Executive Directors	-	180,000	36,000	-	216,000

* 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	-
RM950,000 to RM1,000,000	1	-
RM1,050,000 to RM1,100,000	1	-

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

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

8. Continuing Education and Training of Directors

The Board recognises the importance of continuous training 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 and development needs of each director. During the financial year under review, all the Directors had participated in various training programs, some of which were conducted in-house. Particulars of the seminars and courses attended are as follows:

Name of Directors	Date	Seminar / Training Course Title
Kam Foong Keng	3 - 5 February 2015	Power of Change
	12 February 2015	Intellectual Property And Why It Matters: A Senior Management Perspective
	3 March 2015	Proton's GST Awareness Briefing
	10 - 11 March 2015	Business Continuity Management Workshop
	28 July 2015	Board Chairman Series Part 2: Leadership Excellence from the Chair
	22 September 2015	Building & Sustaining Brilliant Business
	3 November 2015	Vistage CEO Talk - Highlights of 2016 Budget - Equity Crowdfunding
Chin Jit Sin	12 February 2015	Intellectual Property And Why It Matters: A Senior Management Perspective
	10 - 11 March 2015	Business Continuity Management Workshop
	22 September 2015	Building & Sustaining Brilliant Business
	3 November 2015	Vistage CEO Talk - Highlights of 2016 Budget - Equity Crowdfunding
Kam Foong Sim	12 February 2015	Intellectual Property And Why It Matters: A Senior Management Perspective
	24 March 2015	Audit Committee Conference 2015 - Rising to New Challenges
Wong Yoke Nyen	7 May 2015	Audit Oversight Board Conversation with Audit Committees
	13 June 2015	Technical Analysis Series: Bridging the Gap Between Fundamental Analysis and Technical Analysis
	8 August 2015	Get Ready for Next Global Financial Crisis
	4 November 2015	11th Tricor Tax & Corporate Seminar
Danny Ng Siew L'Leong	22 September 2015	2015 CPA Congress - Leadership, Strategy, Business
Datuk Dr. Anis bin Ahmad	24 March 2015	Audit Committee Conference 2015 - Rising to New Challenges

9. Code of Conduct and Sustainability

Good governance at all levels is essential for sustainable development. The Board is committed to establish a corporate culture that promotes ethical conduct throughout the organisation and ensures that its business is conducted with integrity and in transparency. Policies like Whistle-blowing and Fraud Policy provide a platform for stakeholders to raise concerns about unethical or illegal behavior within the Company, which 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 as well as in the Sustainability and Corporate Social Responsibility Statement 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"). Timely information is critical towards building and maintaining the Group's corporate credibility, market integrity and promotes investor confidence. The Company has in place a Corporate Disclosure and Investor Relations Policy which provides guidance to the management and employees 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 ensures effective communication with 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, Sustainability and Corporate Sosial Responsibility 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 posts all announcements on its website and 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 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, so as to maximize the attendance of the shareholders. Concurrently, the notice of AGM is advertised in the newspapers. In order to facilitate informed decision by the shareholders, 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 communicate with its shareholders, who are provided with ample opportunity to raise questions whether pertaining to issues on the agenda, the Annual Report, Group's strategy or developments in the Group. Shareholders are encouraged to attend AGMs and to interact directly with the Board to have a close and full understanding of the Company in terms of performance, governance or risk management. The External Auditors are also present at the AGM and available to answer questions from the shareholders pertaining to the audit and the auditors' report. Shareholders who are unable to attend the AGM are allowed to appoint one (1) or up to two (2) proxies to attend and vote in his/her 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 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 Board aims 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. The Audit Committee is responsible to oversee the Group's structure and management systems that are designed to protect the integrity of the Company's financial reporting. 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, internal audit function of the Audit Committee are set out in the Audit Committee Report of this Annual Report.

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

The Board strives 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 and policies in Malaysia.

In preparing the financial statements, the Board has 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 Board is 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 Board is 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 internal and external Auditors is set out in the Audit Committee Report of this Annual Report.

The Board, through its Audit Committee maintains 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. The Group engaged the External Auditors to perform several non-audit services including review of the Statement of Risk Management and Internal Control and review of Statement on Realised and Unrealised Profits or Losses.

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 was no material contract 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 2015 was RM5,500.

The Audit Committee ensures that the independence and objectivity of the External Auditors are not compromised when approving non-audit services provided by the External Auditors.

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 23 February 2016.

PENYATA TADBIR URUS KORPORAT

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

A. LEMBAGA PENGARAH

1. Peranan dan Tanggungjawab Lembaga

Lembaga mewakili dan menjaga kepentingan pemegang-pemegang saham. Untuk melaksanakan peranan tersebut, Piagam Lembaga NHF ("Piagam Lembaga") menyediakan panduan kepada para pengarah dan pengurusan kanan berkenaan peranan, tanggungjawab, kuasa dan komposisi Lembaga. Pada suku keempat tahun kewangan yang ditinjau, Piagam Lembaga ini telah disemak dan dikemaskini untuk memberikan penjelasan yang lebih baik. Piagam Lembaga ini boleh didapati di laman web Syarikat.

Lembaga mengekalkan kawalan berkesan keatas Kumpulan dan bertanggungjawab untuk memantau dan menyemak pelan strategik, polisi dan prestasi Kumpulan. Semua strategi dan polisi, termasuk pelan perniagaan dan belanjawan tahunan adalah dibentuk oleh Pengarah Urusan bersama-sama dengan pengurusan, yang kemudiannya disemak, dinilai kewajarannya dan diluluskan oleh Lembaga. Pengarah Urusan bertanggungjawab untuk menyampaikan dan melaksanakan pelan strategik Kumpulan iaitu Pelan Prestasi Kepimpinan yang menyasarkan pencapaian pertumbuhan perniagaan, pembangunan insan dan menggalakkan tadbir urus yang baik untuk kelestarian perniagaan. Pengarah Urusan memastikan pelaksanaan rancangan-rancangan ini, penglibatan individu serta pengurusan sumber Syarikat yang berhemat. Setiap suku tahun, Lembaga memantau prestasi Kumpulan dimana Pengarah Urusan dan Ketua Pegawai Kewangan melaporkan kepada Lembaga mengenai prestasi kewangan Kumpulan serta perkembangan dan prestasi bahagian perniagaan utama.

Lembaga mengakui seluruh tanggungjawabnya untuk mengekalkan tadbir urus, rangka kerja pengurusan risiko dan pematuhan yang berkesan. Disokong oleh pengurusan dan fungsi audit dalaman, Lembaga memastikan kecukupan dan keberkesanan amalan pengurusan risiko dan kawalan dalaman Kumpulan, termasuk pematuhan kepada undang-undang dan peraturan yang berkaitan. Pematuhan berkaitan dengan pengiktirafan dan pengurusan risiko adalah dibentangkan dalam Penyata Pengurusan Risiko dan Kawalan Dalaman yang dinyatakan secara berasingan dalam Laporan Tahunan ini.

Lembaga telah menentukan pembahagian kuasa yang bersesuaian kepada pengurusan seperti yang dinyatakan di dalam Manual Had Kuasa Kumpulan. Skop kelulusan meliputi perbelanjaan modal dan operasi, kelulusan untuk perolehan, perakaunan dan kewangan, pentadbiran dan undang-undang. Walau bagaimanapun, pengurusan melaporkan kepada Lembaga mengenai sebarang perkara mustahak yang melibatkan Kumpulan walaupun ianya dalam mandat yang diberikan.

Lembaga telah menerima pakai jadual rasmi bagi perkara-perkara khusus yang perlu diputuskan dan diluluskan olehnya, termasuk kelulusan cadangan korporat, pelantikan pengarah, pemerolehan dan pelupusan yang ketara, belanjawan tahunan dan prestasi kewangan suku tahunan, pengisytiharan dan cadangan dividen, serta kelulusan polisi korporat.

2. Komposisi Lembaga

Lembaga terdiri daripada enam (6) orang ahli, yang terdiri daripada Pengerusi Eksekutif, Pengarah Urusan dan Pengarah Eksekutif, serta tiga (3) Pengarah Bebas Bukan Eksekutif.

Jawatankuasa Pencalonan telah menjalankan penilaian tahunannya mengenai komposisi Lembaga dan berpendapat bahawa saiz dan komposisi Lembaga sedia ada mencerminkan keseimbangan antara Pengarah Eksekutif dan Pengarah Bukan Eksekutif yang mana mencukupi bagi skop dan dasar perniagaan serta operasi Kumpulan.

Lembaga berhasrat untuk mengekalkan keseimbangan dari segi kepelbagaian pengalaman, kemahiran, kecekapan, kaliber dan jantina untuk mencapai keputusan yang lebih komprehensif dan menyeluruh. Ahli-ahli Lembaga sedia ada mempunyai kemahiran dan pengalaman dalam pelbagai bidang yang menyumbang kepada sebuah lembaga yang berkesan. Mengiktiraf kepelbagaian jantina sebagai satu elemen penting dalam sesebuah lembaga yang berfungsi dengan baik, Lembaga komited untuk mempunyai sekurang-kurangnya satu pertiga (1/3) daripada Lembaga diwakili oleh wanita dan ini dibuktikan dalam Lembaga NHF dimana dua (2) Pengarah adalah wanita.

Pembahagian yang jelas tentang tanggungjawab dan kuasa Pengerusi Eksekutif dan Pengarah Urusan dinyatakan dan ditakrifkan dalam Piagam Lembaga. Pengasingan peranan ini memudahkan pertukaran pandangan dan pendapat di antara Lembaga dan Pengurusan dalam perbincangan mereka mengenai perniagaan, strategi dan operasi utama Kumpulan.

Pengerusi Lembaga bukan seorang pengarah bebas tetapi memegang jawatan eksekutif. Walau bagaimanapun, Lembaga berpendapat bahawa Pengerusi berupaya untuk memimpin Lembaga berdasarkan kepimpinan keusahawanan beliau ditambah pula dengan pengalaman luas beberapa tahun beliau dalam operasi Kumpulan. Sebagai salah seorang perintis Kumpulan, beliau mampu memimpin Lembaga dengan berkesan dan mengawal visi, hala tuju strategik dan pembangunan perniagaan Kumpulan, dan pada masa yang sama berpandukan nasihat dan pandangan bebas daripada Pengarah Bebas, yang menawarkan semakan dan keseimbangan yang perlu dalam proses membuat keputusan Lembaga.

Menyedari bahawa isu utama dalam sesebuah lembaga yang ditadbir dengan baik adalah keseimbangan kuasa dan pengaruh dikalangan ahli-ahli dalam Lembaga, Pengarah-pengarah Eksekutif, termasuk Pengerusi, tidak mempunyai undi majoriti kerana Lembaga terdiri daripada jumlah pengarah eksekutif dan pengarah bebas yang seimbang. Komposisi Lembaga ini adalah distruktur untuk memastikan bahawa tiada individu atau kumpulan individu mendominasi proses membuat keputusan Lembaga. Pengerusi mempunyai peranan penting untuk memastikan bahawa pandangan semua pengarah didengar dan memberikan peluang yang adil kepada semua pengarah untuk mengambil bahagian secara aktif dan membina semasa mesyuarat dan perbincangan lembaga.

Lembaga yakin bahawa komposisi Lembaga sedia ada mencerminkan kepentingan pemegang saham minoriti Syarikat. Lembaga melalui Jawatankuasa Pencalonannya akan terus mengkaji struktur dan komposisi Lembaga bagi memastikan kepelbagaian lembaga dan keseimbangan kuasa serta autoriti yang merupakan tunjang kepada sebuah Lembaga yang berkesan.

3. Pengukuhan Kelayakan Pengarah

Tiga (3) daripada enam (6) orang ahli Lembaga adalah Pengarah Bebas Bukan Eksekutif, yang bebas daripada pengurusan dan sebarang perniagaan, hubungan atau sebarang keadaan yang boleh mengganggu pertimbangan bebas atau keupayaan mereka untuk bertindak demi kepentingan terbaik Syarikat. Salah satu peranan mereka adalah untuk memberi sokongan dan bimbingan kepada Lembaga untuk mengekalkan perilaku beretika dalam Syarikat bagi melindungi kepentingan pihak-pihak berkepentingan.

Kebebasan pengarah dinilai dan disemak oleh Lembaga setiap tahun, berdasarkan ciri-ciri yang ditetapkan oleh Jawatankuasa Pencalonan. Pada setiap mesyuarat Lembaga, semua Pengarah mendedahkan kepentingan mereka dalam Syarikat, sama ada secara langsung atau tidak langsung atau sebarang keadaan yang boleh menjejaskan kebebasan mereka. Pada tahun yang ditinjau, Lembaga telah menjalankan penilaian kebebasan Pengarah Bukan Eksekutif dari segi hubungan dan urusan mereka dengan Syarikat dan Lembaga berpendapat bahawa semua Pengarah Bukan Eksekutif kekal bebas.

Seperti yang disarankan oleh MCCG 2012, Lembaga telah mempertimbangkan tempoh penjawatan 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 Syarikat sebagai Pengarah Bebas pada mesyuarat agung tahunan yang diadakan pada tahun 2015 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 atau Kumpulan;
(ii) Mereka mempunyai perniagaan sendiri yang bukan dalam industri yang sama dengan Kumpulan;
(iii) Mereka menganggotai lembaga-lembaga pengarah syarikat awam dan swasta lain yang tiada percanggahan perniagaan ataupun aktiviti perniagaan yang sama dengan Syarikat atau Kumpulan; dan
(iv) Mereka tidak membantu Syarikat atau Kumpulan dalam hal-hal operasi.

Berdasarkan penilaian di atas, Lembaga berpuas hati dengan tahap kebebasan yang ditunjukkan oleh kedua-dua Encik Ng dan Datuk Dr. Anis. Lembaga berpendapat bahawa sepanjang tempoh perkhidmatan, mereka telah memberi sumbangan besar kepada Lembaga, menerusi pemahaman mendalam mereka mengenai aktiviti dan sejarah korporat Kumpulan yang akan terus menambah nilai kepada Lembaga. Lembaga tidak percaya bahawa tempoh perkhidmatan yang panjang dalam Lembaga akan menjejaskan keupayaan mereka dalam memberi pertimbangan yang bebas dan bertindak demi kepentingan terbaik Syarikat. Pengekalan mereka sebagai Pengarah Bebas tertakluk kepada kelulusan pemegang saham di Mesyuarat Agung Tahunan yang akan datang.

4. Pemilihan dan Pelantikan 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 setiap tiga (3) tahun, tetapi layak untuk pemilihan semula. Para pengarah yang bakal bersara mengikut giliran adalah mereka yang paling lama memegang jawatan.

Pada Mesyuarat Agung Tahunan yang akan datang, Encik Ng dan Cik Kam Foong Sim dijadualkan bersara mengikut giliran menurut Artikel 78 dan oleh kerana layak, menawarkan diri mereka untuk dipilih semula. Pemilihan semula mereka sebagai Pengarah telah dicadangkan oleh Lembaga berdasarkan penilaian memuaskan yang dijalankan oleh Jawatankuasa Pencalonan, dengan mengambil kira prestasi dan sumbangan mereka kepada Lembaga.

Lembaga melalui Jawatankuasa Pencalonan juga telah menilai kesesuaian Datuk Dr. Anis, yang berusia lebih tujuh puluh (70) tahun dan bersara menurut Seksyen 129 Akta Syarikat, 1965. Lembaga berpuas hati dengan penilaian tersebut dan telah mengesyorkan beliau untuk terus berkhidmat sebagai Pengarah Syarikat. Pelantikan beliau adalah tertakluk kepada kelulusan pemegang saham pada Mesyuarat Agung Tahunan yang akan datang.

5. Mesyuarat Lembaga 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. Sebanyak empat (4) mesyuarat Lembaga telah diadakan sepanjang tahun kewangan dalam tinjauan, dan kehadiran mereka pada mesyuarat-mesyuarat tersebut adalah seperti berikut:

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

Semua Pengarah telah meluangkan masa mereka untuk menghadiri semua mesyuarat lembaga yang diadakan pada tahun kewangan yang ditinjau dan dalam menjalankan tugas mereka, setiap Pengarah telah mengambil bahagian secara aktif dalam mesyuarat-mesyuarat tersebut. Mesyuarat Lembaga merupakan platform untuk bertukar pandangan dimana Pengarah menggunakan pengalaman dan pertimbangan bebas mereka untuk membincangkan isu-isu berbangkit.

Dokumen mesyuarat Lembaga yang menyediakan maklumat-maklumat berkaitan seperti minit mesyuarat terdahulu, laporan pengurusan dan kewangan diberikan kepada para Pengarah dan setiap ahli Jawatankuasa dalam tempoh satu (1) minggu sebelum mesyuarat Lembaga supaya setiap Pengarah mempunyai masa yang mencukupi untuk menyemak dokumen tersebut untuk membolehkan mereka membuat keputusan yang bermaklumat. Dalam mesyuarat-mesyuarat Lembaga, Pengurusan sering dijemput oleh Lembaga untuk membentangkan dan memberi penjelasan terperinci mengenai sebarang agenda. Minit mesyuarat diedarkan kepada semua Pengarah untuk perhatian mereka dalam tempoh satu (1) bulan selepas setiap mesyuarat untuk memastikan butiran dalam mesyuarat tersebut direkodkan dengan betul.

Di antara mesyuarat Lembaga, perkara-perkara yang memerlukan kelulusan Lembaga adalah diluluskan oleh resolusi edaran yang disertakan dengan maklumat yang berkaitan untuk membolehkan Lembaga membuat keputusan yang bermaklumat. Semua resolusi edaran yang diluluskan oleh Lembaga akan dibentangkan untuk makluman pada mesyuarat Lembaga yang berikutnya. Lembaga juga dimaklumkan tentang sebarang pendedahan atau pengumuman yang dibuat kepada Bursa Malaysia Securities Berhad ("Bursa Sekuriti") dan pihak berkuasa lain yang berkaitan.

Selain itu, semua Pengarah mempunyai hak untuk mendapatkan capaian penuh dan tidak terhad kepada sebarang maklumat berhubung Syarikat, capaian kepada pengurusan dan boleh mendapatkan nasihat profesional bebas atas perbelanjaan Syarikat untuk membantu mereka menjalankan tugas, tertakluk kepada perundingan terlebih dahulu dengan Pengerusi. Jika sesuai, sebarang nasihat yang diterima akan dimaklumkan kepada semua Pengarah. Untuk membolehkan mereka menjalankan tugas dan tanggungjawab mereka dengan berkesan, mesyuarat Lembaga juga menyelitkan sesi mengenai perkembangan terkini dalam tadbir urus dan korporat.

6. *Setiausaha Syarikat*

Lembaga dibantu oleh Setiausaha-setiausaha Syarikat berkelayakan yang bertanggungjawab untuk memberi nasihat serta sentiasa mengemaskini dan membantu Lembaga dalam tadbir urus yang baik, polisi dan prosedur lembaga, pentadbiran dan pematuhan korporat. Setiausaha Syarikat juga memastikan bahawa Lembaga dimaklumkan tentang sebarang keperluan peraturan yang memberi kesan kepada tugas dan tanggungjawab Pengarah dan juga Syarikat sebagai sebuah syarikat awam tersenarai. Setiausaha Syarikat bertanggungjawab secara langsung kepada Lembaga mengenai semua perkara berhubung dengan Lembaga yang berfungsi dengan baik, penyengaraan dokumen korporat Lembaga dan pemantauan pelaksanaan keputusan Lembaga, di mana perlu.

Semua Pengarah mempunyai capaian yang tidak terhad kepada nasihat dan khidmat Setiausaha Syarikat, yang mana pelantikan dan pemecatan mereka merupakan keputusan Lembaga.

7. *Jawatankuasa Lembaga*

Lembaga telah menubuhkan tiga (3) Jawatankuasa Lembaga yang diberikan kuasa tertentu untuk membantu Lembaga dalam melaksanakan tugas dan tanggungjawabnya serta untuk memberikan cadangan dan nasihat kepada Lembaga. Setiap Jawatankuasa mempunyai Terma Rujukan tersendiri yang menggariskan fungsi dan tugas, komposisi, hak dan prosedur mesyuarat:

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 bantuan kepada Lembaga dalam hal-hal berkaitan dengan pelantikan Pengarah baru, komposisi lembaga, program latihan dan penilaian prestasi dari segi keberkesanan Lembaga, Jawatankuasa Lembaga dan setiap individu Pengarah. Mereka bertanggungjawab untuk menilai dan membuat saranan kepada Lembaga mengenai pencalonan pengarah berdasarkan ciri-ciri pengambilan yang diluluskan oleh Lembaga. Jawatankuasa ini mempunyai tanggungjawab untuk memastikan bahawa Lembaga terdiri daripada ahli-ahli yang mempunyai pelbagai kemahiran dan pengalaman yang menyumbang kepada pengawasan dan kawalan yang berkesan.

Pelantikan Pengarah baru dibuat oleh keseluruhan Lembaga setelah mempertimbangkan cadangan Jawatankuasa Pencalonan. Dalam mempertimbangkan calon-calon yang berpotensi untuk dilantik, Jawatankuasa Pencalonan telah menjalankan kajian yang menyeluruh mengenai kelayakan, kemahiran, pengetahuan, kepakaran, pengalaman, sifat-sifat peribadi calon dan keupayaan untuk menumpukan masa yang diperlukan dan komitmen untuk peranan tersebut. Calon yang berjaya dilantik sebagai Pengarah akan menjalani Program Induksi Pengarah dan pendidikan berterusan untuk memudahkan pemahaman mereka mengenai operasi, produk dan perkhidmatan Kumpulan. Setiausaha Syarikat memastikan semua pelantikan dibuat secara teratur dan semua maklumat yang diperlukan telah diperolehi.

Dalam membuktikan komitmen dan akauntabiliti, Pengarah perlu memaklumkan kepada Pengerusi Lembaga sebelum menerima pelantikan sebagai pengarah di luar, sama ada dalam syarikat tersenarai atau tidak, sekurang-kurangnya satu (1) minggu sebelum pelantikan baru tersebut. Ini adalah untuk memastikan bahawa setiap Pengarah dapat memperuntukkan masa dan dedikasi yang mencukupi untuk melaksanakan tugas dengan berkesan dalam Lembaga.

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

(a) 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 untuk pelantikan semula;
(d) menyemak saiz lembaga terhadap saiz kumpulan dan kesulitan perniagaannya untuk menilai kesannya terhadap keberkesanan Lembaga;
(e) menyemak Terma Rujukannya;
(f) menyemak dan mengemaskini Kriteria dan Prosess Pengambilan Pengarah;
(g) menyemak dan mengemaskini Polisi Perancangan Penggantian; dan
(h) menyemak rangka kerja penilaian prestasi yang digubal untuk penilaian peringkat pengurusan eksekutif di bawah pengurusan bakat dan pembangunan insan Kumpulan.

Dalam penilaian prestasi tahunan Lembaga, Jawatankuasa Lembaga dan setiap individu Pengarah, setiap Pengarah telah melengkapkan soal selidik yang terperinci dalam borang Penilaian Prestasi Pengarah yang meliputi perkara-perkara yang berkaitan dengan prestasi Lembaga, antara lain, sumbangan kepada interaksi, kualiti input, pemahaman tentang peranan dan perkembangan peribadi. Penilaian bagi setiap Jawatankuasa Lembaga telah dibuat dengan menilai struktur, peranan dan tanggungjawab, prestasi setiap Pengerusi Jawatankuasa, serta prestasi Jawatankuasa terhadap Terma Rujukannya. Penilaian keatas pengarah individu menyediakan pandangan yang bernilai mengenai keperluan latihan dan pembangunan setiap Pengarah. Keputusan penilaian tersebut telah dikumpul, didokumenkan dan seterusnya dilaporkan kepada Lembaga.

Dalam melaksanakan pengawasannya, Lembaga mengakui kepentingan untuk memastikan penggantian telah dipersiapkan bagi kelestarian perniagaan dan prestasi. Polisi Perancangan Penggantian Kumpulan menyenaraikan pengganti berpotensi bagi jawatan utama dalam Kumpulan dan proses yang berkaitan untuk mencari calon berkelayakan bagi jawatan tersebut. Polisi ini memenuhi keperluan strategi Kumpulan dalam mengurangkan risiko yang berkaitan dengan modal insan di peringkat strategik dan operasi. Senarai penggantian ini disemak secara berkala dan dikemas kini untuk mengelakkan gangguan kepada operasi dan fungsi perniagaan yang mungkin disebabkan oleh kekosongan jawatan atas pelbagai sebab.

c. Jawatankuasa Ganjaran

Majoriti ahli Jawatankuasa Ganjaran adalah terdiri daripada Pengarah-pengarah Bukan Eksekutif. Dalam tahun kewangan yang ditinjau, satu (1) mesyuarat telah dijalankan dengan kehadiran 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 membantu Lembaga dalam menentukan polisi dan amalan ganjaran yang membolehkan Kumpulan menarik, memberi motivasi dan mengekalkan Pengarah yang berkelayakan. Jawatankuasa Ganjaran menyemak dan mencadangkan kepada Lembaga mengenai pakej ganjaran para Pengarah Eksekutif, manakala imbuhan bagi Pengarah Bukan Eksekutif pula ditentukan oleh keseluruhan Lembaga. Yuran yang dibayar kepada Pengarah adalah tertakluk kepada kelulusan pemegang saham pada mesyuarat agung tahunan Syarikat. Pengarah yang terlibat telah mengecualikan diri daripada mengambil bahagian dalam perbincangan dan keputusan mengenai ganjaran masing-masing.

Dalam mengemukakan cadangannya, Jawatankuasa Ganjaran berpandukan kepada prinsip yang digariskan dalam Polisi Ganjaran Lembaga, yang disemak setiap tahun. Ganjaran Pengarah adalah distruktur untuk menyelaraskan ganjaran kepada prestasi korporat dan individu. Jawatankuasa Ganjaran juga mendapatkan maklumat perbandingan mengenai ganjaran yang dibayar untuk peranan yang sama oleh syarikat awam tersenarai lain dalam industri yang sama.

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

	Gaji dan lain-lain Emolumen (RM)	Yuran (RM)	Elaun Kehadiran (RM)	Manfaat Lain (RM)	Jumlah (RM)
Pengarah Eksekutif	2,181,012	115,000*	14,000	77,463	2,387,475
Pengarah Bukan Eksekutif	-	180,000	36,000	-	216,000

* 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	-
RM950,000 hingga RM1,000,000	1	-
RM1,050,000 hingga RM1,100,000	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 kepentingan latihan berterusan untuk memastikan mereka sentiasa mengikuti perkembangan terkini dalam industri berkaitan dan peraturan terkini. Melalui Jawatankuasa Pencalonan, Lembaga telah melaksanakan penilaian dari segi latihan dan pembangunan yang diperlukan oleh setiap pengarah. Dalam tahun kewangan yang ditinjau, semua Pengarah telah mengambil bahagian dalam pelbagai program latihan, dimana antaranya merupakan latihan dalaman. Butir-butir mengenai seminar dan kursus yang dihadiri adalah seperti berikut:

Nama Pengarah	***Tarikh***	***Tajuk Seminar / Kursus Latihan***
Kam Foong Keng	*3 - 5 Februari 2015*	*Kuasa Perubahan*
	12 Februari 2015	*Harta Intelek dan Kepentingannya: Perspektif Pengurusan Kanan*
	3 Mac 2015	*Taklimat Kesedaran GST oleh Proton*
	10 - 11 Mac 2015	*Bengkel Pengurusan Kesinambungan Perniagaan*
	28 Julai 2015	*Siri Pengerusi Lembaga Bahagian 2: Kecemerlangan Kepimpinan Pengerusi*
	22 September 2015	*Membina & Mengekalkan Perniagaan yang Cemerlang*
	3 November 2015	*Ceramah Ketua Pegawai Eksekutif Vistage - Sorotan Belanjawan 2016 - Pembiayaan Ekuiti*
Chin Jit Sin	*12 Februari 2015*	*Harta Intelek dan Kepentingannya: Perspektif Pengurusan Kanan*
	10 - 11 Mac 2015	*Bengkel Pengurusan Kesinambungan Perniagaan*
	22 September 2015	*Membina & Mengekalkan Perniagaan yang Cemerlang*
	3 November 2015	*Ceramah Ketua Pegawai Eksekutif Vistage - Sorotan Belanjawan 2016 - Pembiayaan Ekuiti*
Kam Foong Sim	*12 Februari 2015*	*Harta Intelek dan Kepentingannya: Perspektif Pengurusan Kanan*
	24 Mac 2015	*Persidangan Jawatankuasa Audit 2015 - Menyahut Cabaran Baru*
Wong Yoke Nyen	*7 Mei 2015*	*Persidangan Lembaga Pengawasan Audit bersama Jawatankuasa Audit*
	13 Jun 2015	*Siri Analisis Teknikal: Merapatkan Jurang antara Analisis Fundamental dan Analisis Teknikal*
	8 Ogos 2015	*Bersedia untuk Krisis Kewangan Global Seterusnya*
	4 November 2015	*Seminar Cukai & Korporat Tricor ke-11*
Danny Ng Siew L'Leong	*22 September 2015*	*Kongres CPA 2015 - Kepimpinan, Strategi, Perniagaan*
Datuk Dr. Anis bin Ahmad	*24 Mac 2015*	*Persidangan Jawatankuasa Audit 2015 - Menyahut Cabaran Baru*

9. Kod Peraturan dan Kelestarian

Tadbir urus yang baik di semua peringkat adalah penting untuk pembangunan lestari. Lembaga komited untuk mewujudkan budaya korporat yang menggalakkan kelakuan beretika dalam organisasi dan memastikan bahawa perniagaannya dijalankan dengan integriti dan ketelusan. Polisi-polisi seperti Polisi Pendedahan Penyelewengan ("Whistle-blowing") dan Penipuan menyediakan platform untuk pihak berkepentingan menyalurkan sebarang laporan mengenai tingkah laku yang tidak beretika atau menyalahi undang-undang di dalam Syarikat, bagi menggalakkan akauntabiliti dan untuk meningkatkan etika peribadi dalam urusan mereka dengan Kumpulan. Kumpulan mempunyai pelbagai polisi lain sebagai panduan dan bimbingan kepada semua Pengarah, Pengurusan Kanan, Kakitangan dan pihak luar dalam menjalankan tugas dan tanggungjawab mereka yang akan mengutamakan kepentingan Kumpulan.

Lembaga mengakui kepentingan untuk mengekalkan kelestarian perniagaan dan mengambil kira kesan keatas alam sekitar, sosial dan tadbir urus dalam mengendalikan perniagaan Kumpulan.

Aktiviti-aktiviti tanggungjawab korporat sosial Kumpulan bagi tahun kewangan yang ditinjau adalah dinyatakan dalam Takwim Peristiwa serta dalam Penyata Kelestarian dan Tanggungjawab Korporat Sosial di dalam Laporan Tahunan ini.

10. Pendedahan Korporat

Syarikat komited untuk memberi maklumat mengenai Syarikat yang tepat pada masanya, betul, lengkap dan sama rata kepada pemegang saham, pemegang berkepentingan dan pelabur awam, selaras dengan keperluan pendedahan korporat yang dinyatakan di dalam Syarat-syarat Penyenaraian Pasaran Utama ("Syarat-syarat Penyenaraian"). Maklumat yang tepat pada masanya adalah penting ke arah membina dan mengekalkan kredibiliti korporat Kumpulan, integriti pasaran dan menggalakkan keyakinan pelabur. Syarikat telah mewujudkan Polisi Pendedahan Korporat dan Perhubungan Pelabur yang memberi panduan kepada pengurusan dan kakitangan mengenai keperluan pendedahan dan pengendalian maklumat penting Syarikat.

B. PEMEGANG SAHAM DAN HUBUNGAN PELABUR

Syarikat komited untuk sentiasa mendedahkan dan menyebarkan maklumat yang menyeluruh dan tepat pada masanya kepada pemegang saham, pemegang berkepentingan dan pelabur awam.

Lembaga memastikan komunikasi yang berkesan dengan pemegang saham melalui:

- *(i) Laporan Tahunan, yang mengandungi maklumat seperti penilaian perniagaan Kumpulan, penyata kewangan, dan maklumat mengenai Jawatankuasa Audit, Tadbir Urus Korporat, Kelestarian dan Tanggungjawab Korporat Sosial serta Pengurusan Risiko dan Kawalan Dalaman;*
- *(ii) pelbagai pengumuman yang dibuat kepada Bursa Sekuriti, termasuk pengumuman yang tepat pada waktunya mengenai keputusan kewangan setiap suku tahun. Pada masa yang sama, Syarikat memuatnaik semua pengumuman ke dalam laman webnya dan mengamalkan satu polisi untuk membuat pengumuman awam kepada surat khabar utama dan media awam;*
- *(iii) dialog yang kerap bersama penganalisa dan pengurus dana yang mewakili pemegang saham individu atau institusi;*
- *(iv) melayani pertanyaan daripada pemegang saham dan pelabur melalui e-mel dan telefon; dan*
- *(v) laman web Syarikat di 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.*

Notis mesyuarat yang menyatakan agenda bagi mesyuarat agung tahunan berserta laporan tahunan dihantar kepada pemegang saham dalam tempoh yang ditetapkan, untuk memaksimumkan kehadiran pemegang saham. Serentak dengan itu, notis mesyuarat agung tahunan diiklankan di dalam surat akhbar. Bagi membantu pemegang saham untuk membuat keputusan bermaklumat, notis mesyuarat juga disertakan dengan nota-nota penjelasan mengenai perkara-perkara yang bakal dibincangkan untuk menjelaskan dengan tepat jenis perbincangan dalam mesyuarat.

Mesyuarat agung tahunan menyediakan peluang untuk Syarikat berkomunikasi dengan para pemegang saham, yang diberikan peluang yang mencukupi untuk mengemukakan soalan sama ada yang berkaitan dengan isu-isu dalam agenda, Laporan Tahunan, strategi atau perkembangan dalam Kumpulan. Para pemegang saham digalakkan menghadiri mesyuarat agung tahunan supaya dapat berinteraksi secara langsung dengan Lembaga untuk memperoleh pemahaman yang penuh mengenai Syarikat dari segi prestasi, tadbir urus atau pengurusan risiko. Juruaudit Luaran juga hadir pada mesyuarat agung tahunan dan bersedia untuk menjawab soalan daripada pemegang saham yang berkaitan dengan audit dan laporan juruaudit. Pemegang saham yang tidak dapat menghadiri mesyuarat agung tahunan dibenarkan untuk melantik seorang atau sehingga dua (2) 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 para pemegang saham boleh disalurkan kepada beliau. Tiada sebarang pertanyaan daripada pemegang saham yang dikemukakan kepada beliau sepanjang tahun kewangan dalam tinjauan.

C. AKAUNTABILITI DAN AUDIT

1. Jawatankuasa Audit dan Laporan Kewangan

Lembaga berhasrat untuk membentangkan penilaian yang tepat dan lengkap mengenai kedudukan kewangan dan prospek Kumpulan melalui penyata kewangan tahunan dan pengumuman keputusan kewangan suku tahunan. Jawatankuasa Audit bertanggung-jawab untuk menyelia struktur dan sistem pengurusan Kumpulan yang dibentuk untuk melindungi integriti laporan kewangan Syarikat. Setiap laporan kewangan dan maklumat yang akan didedahkan adalah disemak oleh Jawatankuasa Audit dan diluluskan oleh Lembaga sebelum diserahkan kepada Bursa Sekuriti dan Suruhanjaya Sekuriti. Pengumuman suku tahunan dan laporan kewangan tahunan yang dibuat tepat pada masanya mencerminkan akauntabiliti Lembaga kepada pemegang-pemegang sahamnya.

Butiran penuh mengenai komposisi, aktiviti dan fungsi audit dalaman Jawatankuasa Audit dinyatakan dalam Laporan Jawatankuasa Audit di dalam laporan tahunan ini.

2. Penyata Tanggungjawab Pengarah-pengarah berhubung dengan Penyata Kewangan

Lembaga berusaha untuk memastikan bahawa penyata kewangan tahunan memberi gambaran yang benar dan wajar mengenai hal-ehwal dan keputusan operasi Kumpulan dan Syarikat bagi tahun kewangan yang baru berakhir. Seperti yang dikehendaki oleh Akta Syarikat, 1965 dan Syarat-syarat Penyenaraian, penyata kewangan ini telah disediakan mengikut piawaian dan polisi perakaunan yang diluluskan di Malaysia.

Semasa penyediaan penyata kewangan, Lembaga telah menggunakan polisi perakaunan yang sesuai secara konsisten dan membuat pertimbangan dan anggaran yang munasabah dan berhemat. Penyata kewangan telah disediakan berasas kepada andaian kemajuan perniagaan berterusan.

Lembaga bertanggungjawab untuk memastikan bahawa rekod perakaunan yang sewajarnya disimpan, dimana ia dapat menyatakan dengan ketepatan yang munasabah mengenai kedudukan kewangan Kumpulan dan Syarikat.

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

3. Hubungan dengan Juruaudit

Peranan Jawatankuasa Audit berkaitan dengan Juruaudit luaran dan dalaman adalah dibentangkan dalam Laporan Jawatankuasa Audit di dalam Laporan Tahunan ini.

Lembaga melalui Jawatankuasa Audit mengekalkan hubungan yang rasmi dan telus dengan Juruaudit dalaman dan luarannya. Sebarang perkara terutamanya yang berkaitan dengan pengurusan risiko, sistem kawalan dalaman dan hal-hal pematuhan Kumpulan akan diketengahkan semasa mesyuarat di antara kedua-dua Jawatankuasa Audit dan Lembaga dengan Juruaudit Luaran. Kumpulan mendapatkan khidmat Juruaudit Luaran untuk melaksanakan beberapa perkhidmatan bukan audit termasuk semakan Penyata Pengurusan Risiko dan Kawalan Dalaman dan semakan Penyata Keuntungan atau Kerugian Terealisasi dan Belum Terealisasi.

Sepanjang tahun kewangan ini, Jawatankuasa Audit telah bertemu dengan Juruaudit Luaran sebanyak dua (2) kali tanpa kehadiran pengurusan dan pengarah-pengarah eksekutif bagi membincangkan sebarang isu penting yang memerlukan perhatian Jawatankuasa Audit.

D. MAKLUMAT PEMATUHAN TAMBAHAN

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

Selain daripada yang dikemukakan di dalam penyata kewangan Kumpulan dan Syarikat, tiada kontrak penting yang dimeterai atau wujud di antara Syarikat dan/atau subsidiarinya yang melibatkan kepentingan Pengarah dan pemegang saham utama dalam tahun kewangan dalam tinjauan.

2. Pengenaan Sekatan dan/atau Penalti

Tiada sekatan dan/atau penalti ketara yang dikenakan keatas Syarikat dan subsidiarinya, para Pengarah atau pengurusan oleh badan-badan kawal selia yang berkaitan semasa tahun kewangan dalam tinjauan.

3. Yuran Bukan Audit

Yuran untuk perkhidmatan bukan audit yang dikenakan kepada Syarikat bagi tahun kewangan berakhir 31 Disember 2015 adalah sebanyak RM5,500.

Jawatankuasa Audit memastikan bahawa kebebasan dan objektiviti Juruaudit Luaran tidak terjejas apabila meluluskan perkhidmatan bukan audit yang diberi oleh Juruaudit Luaran.

PENYATA PEMATUHAN KOD

Lembaga berpuas hati bahawa Kumpulan telah mematuhi sebahagian besar daripada Amalan-amalan Terbaik dalam MCCG 2012 sepanjang tahun kewangan. Lembaga komited dan akan terus mengukuhkan pematuhannya kepada amalan-amalan terbaik dalam tadbir urus korporat bagi melindungi kepentingan para pemegang saham dan pihak berkepentingan yang lain.

Penyata Tadbir Urus Korporat ini telah disediakan selaras dengan resolusi Lembaga yang bertarikh 23 Februari 2016.

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 Audit Committee consists of three (3) independent non-executive directors and the composition of the Audit Committee is in compliance with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

During the financial year, the Audit Committee held four (4) meetings and the attendance of each member at the meetings 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

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. The Audit Committee had reviewed its Terms of Reference during the financial year under review and made certain revisions to provide for greater clarity in respect of its functions and duties, as well as meeting procedures.

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;
(b) reviewed the quarterly financial results of the Group against budget; and
(c) reviewed the audited financial statements of the Company and of the Group with the External Auditors.

3.2 External Audit

(a) reviewed the external audit plan, scope and nature of statutory audit of the Group's financial statements prior to the commencement of audit;
(b) reviewed the external audit reports and the results of the External Auditors' examination on the financial statements of the Group;
(c) reviewed the External Auditors' recommendations and Management responses in relation thereto;
(d) considered the relevant accounting treatment on the investment properties of the Group in line with the applicable accounting standard;
(e) reviewed and discussed the impact of new and proposed changes in Malaysian Financial Reporting Standards and other new developments in financial reporting with the External Auditors, particularly the revised auditors reporting standard which may impact the future contents of the audited financial statements;
(f) met twice with the External Auditors without any executives and senior management present except the Company Secretary, where no significant issues were highlighted to the Audit Committee and the External Auditors had also expressed their satisfaction with the working relationship they had with the Management;

(g) reviewed the suitability of the External Auditors for re-appointment through a performance and independence checklist which had been adopted by the Audit Committee, taking into consideration amongst others, their independence, performance, competence, experience of audit team assigned, provision of non-audit services and audit fees; and
(h) received from the External Auditors their written assurance confirming their professional independence to the audit engagement. Based on the results of the assessment, the Audit Committee was of the opinion that the External Auditors are independent and competent during their tenure in office, and recommended them to continue in office for the ensuing year.

3.3 Internal Audit

(a) reviewed the internal audit plan to ensure that the scope of work covers key risk areas;
(b) reviewed the internal audit reports and adequacy of the internal controls of the Group, together with audit issues and recommendations arising from the audit and Management's responses in relation thereto;
(c) reviewed the follow-up reports on status of the implementation of action plans by the Management in addressing the areas for improvements as reported from the previous audit reviews;
(d) assessed the internal audit function with a view to enhance the quality of internal audit processes for better risk management;
(e) took note of the exit interview reports conducted by the Internal Auditors with senior management staffs as part of the Group's human resource retention strategy; and
(f) assessed the performance of the Internal Auditors and considered their re-appointment and their audit fees.

3.4 Risk Management

(a) reviewed on a quarterly basis the enterprise risk management reports of the Group, including Key Risk Indicators identified and monitored;
(b) reviewed the standard operating procedures for related party transactions (RPT) and/or recurrent related party transactions (RRPT) including assessment of the nature of transactions, terms and pricing in order to ensure relevance of the existing processes against market practices;
(c) assessed the level of risk exposure arising from existing RRPT and the business environment in which the related parties operate in order to better manage the Group's risk appetite and tolerance;
(d) reviewed on quarterly basis RPT and/or RRPT or conflict of interest situations that may arise within the Group. There was no new RPT or RRPT which had arisen during the year; and
(e) met with senior management in order to be kept informed of operational matters affecting the Group.

3.5 Corporate Governance

(a) carried out an annual assessment on the adequacy and effectiveness of the risk management and internal control system of the Group via a documented checklist;
(b) reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion into the annual report and ensured that these reports were prepared in accordance with the applicable requirements; and
(c) received updates from the External Auditors on financial reporting standards and legal developments and considered relevant compliances in particularly the need to be ready for the new timeline of Annual Report submission including the assessment of the potential impact arising from the new auditors reporting standard on the future audit planning, work and processes.

4. INTERNAL AUDIT FUNCTION

The Internal Auditors report directly to the Audit Committee and provide the Committee with independent and objective evaluation 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 under review, the Internal Auditors have completed three (3) internal audit reviews covering the following operations:

(a) Manufacturing processes of the metal division;
(b) Operations in the subsidiary in China;
(c) Operations in Segambut, Kuala Lumpur branch; and
(d) Mould making division.

The Internal Auditors have identified several areas for improvement on scrap items, inventories management, sales process and handling, sales delivery, warehouse operations, customer service, documentation and records. Recommendations for improvement were highlighted to the Management for consideration and action. The internal audit reports 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 and follow-up review reports with the Internal Auditors and ensured that appropriate actions were implemented by Management on a timely basis.

The cost incurred for the Group's internal audit function during the financial year amounted to RM59,289.

LAPORAN JAWATANKUASA AUDIT

1. KEAHLIAN DAN MESYUARAT

Jawatankuasa Audit Syarikat telah ditubuhkan untuk membantu dan menasihati Lembaga dalam hal-hal yang berkaitan dengan fungsi audit dalaman dan luaran Kumpulan, pengurusan risiko dan pematuhan, laporan kewangan dan tadbir urus korporat.

Jawatankuasa Audit terdiri daripada tiga (3) pengarah bebas bukan eksekutif dan komposisi Jawatankuasa Audit ini mematuhi Perenggan 15.09 Syarat-syarat Penyenaraian Pasaran Utama, Bursa Malaysia Securities Berhad.

Dalam tahun kewangan ini, Jawatankuasa Audit telah mengadakan empat (4) mesyuarat dan kehadiran setiap ahli di mesyuarat tersebut adalah seperti berikut.

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

2. TERMA-TERMA RUJUKAN JAWATANKUASA AUDIT

Jawatankuasa Audit telah mengguna pakai 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 mengenai terma-terma rujukan tersebut boleh didapati di laman web Syarikat di www.newhoongfatt.com.my. Jawatankuasa Audit telah menyemak Terma Rujukannya semasa tahun kewangan dalam tinjauan dan telah membuat beberapa semakan untuk memberikan penjelasan lanjut berkenaan fungsi dan tugasnya, serta berkaitan prosedur mesyuarat.

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 Kumpulan;
(b) menyemak keputusan kewangan suku tahunan Kumpulan berbanding belanjawan; dan
(c) menyemak penyata kewangan beraudit bagi Syarikat dan Kumpulan bersama dengan Juruaudit Luaran.

3.2 Audit Luaran

(a) menyemak perancangan audit luaran, skop dan dasar audit berkanun keatas penyata kewangan Kumpulan sebelum permulaan audit;
(b) menyemak laporan audit luaran dan hasil keputusan pemeriksaan Juruaudit Luaran keatas penyata kewangan Kumpulan;
(c) menyemak saranan daripada Juruaudit Luaran dan tindak balas Pengurusan berhubung dengan saranan tersebut;
(d) mempertimbangkan kaedah perakaunan yang wajar keatas pelaburan hartanah Kumpulan menurut piawaian perakaunan yang terpakai;
(e) menyemak dan membincangkan tentang kesan perubahan dalam Piawaian Laporan Kewangan Malaysia yang baru dan dicadangkan serta perkembangan baru dalam laporan kewangan yang lain bersama dengan Juruaudit Luaran, terutamanya berkaitan dengan semakan semula piawaian laporan juruaudit yang akan memberi kesan kepada kandungan penyata kewangan yang diaudit pada masa akan datang;
(f) bertemu sebanyak dua kali dengan Juruaudit Luaran tanpa kehadiran mana-mana eksekutif dan pengurusan kanan kecuali Setiausaha Syarikat, dimana tiada isu-isu penting telah dikemukakan kepada Jawatankuasa Audit dan Juruaudit Luaran juga telah melahirkan rasa puas hati mereka terhadap hubungan kerja dengan Pengurusan;

(g) menyemak kesesuaian Juruaudit Luaran untuk pelantikan semula melalui senarai semak prestasi dan kebebasan yang telah diterima pakai oleh Jawatankuasa Audit, dengan mengambil kira antara lain, faktor kebebasan, prestasi, kecekapan, pengalaman pasukan audit, termasuk peruntukan untuk perkhidmatan bukan audit serta yuran audit; dan

(h) menerima jaminan bertulis daripada Juruaudit Luaran yang mengesahkan kebebasan profesional mereka berkenaan penglibatan audit. Berdasarkan keputusan penilaian tersebut, Jawatankuasa Audit berpendapat bahawa Juruaudit Luaran adalah bebas dan berwibawa sepanjang tempoh mereka memegang jawatan, dan mencadangkan mereka untuk menyambung perkhidmatan bagi tahun yang berikutnya.

3.3 Audit Dalaman

(a) menyemak perancangan audit dalaman bagi memastikan skop kerja meliputi bidang risiko utama;

(b) menyemak laporan audit dalaman dan kecukupan kawalan dalaman Kumpulan, serta isu-isu dan saranan yang timbul daripada audit dan tindak balas Pengurusan berkenaan isu-isu tersebut;

(c) menyemak laporan susulan mengenai status pelaksanaan pelan tindakan oleh Pengurusan dalam mengenalpasti ruang untuk penambahbaikan seperti yang dilaporkan daripada semakan audit sebelumnya;

(d) menilai fungsi audit dalaman dengan tujuan untuk meningkatkan kualiti proses audit dalaman bagi pengurusan risiko yang lebih baik;

(e) mengambil perhatian terhadap laporan temu duga keluar yang dijalankan oleh Juruaudit Dalaman dengan kakitangan pengurusan kanan sebagai sebahagian daripada strategi pengurusan sumber manusia Kumpulan; dan

(f) 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, termasuk Penunjuk Risiko Utama yang dikenal pasti dan dipantau;

(b) menyemak prosedur operasi standard bagi urus niaga pihak berkaitan (RPT) dan/atau urus niaga berulang dengan pihak berkaitan (RRPT) termasuk penilaian terhadap dasar urusniaga, terma dan harga untuk memastikan kesesuaian proses sedia ada berbanding dengan amalan pasaran;

(c) menilai tahap pendedahan risiko yang timbul daripada RRPT sedia ada dan persekitaran perniagaan dimana pihak yang berkaitan beroperasi untuk menguruskan penerimaan dan toleransi risiko Kumpulan dengan lebih baik;

(d) menyemak RPT dan/atau RRPT atau percanggahan kepentingan yang mungkin timbul dalam Kumpulan pada setiap suku tahun. Tiada RPT atau RRPT baru yang timbul sepanjang tahun ini; dan

(e) bertemu dengan pengurusan kanan untuk dimaklumkan tentang perkara-perkara operasi yang mempengaruhi Kumpulan.

3.5 Tadbir Urus Korporat

(a) menjalankan satu penilaian tahunan mengenai kecukupan dan keberkesanan pengurusan risiko dan sistem kawalan dalaman Kumpulan melalui senarai semak yang didokumenkan;

(b) menyemak Laporan Jawatankuasa Audit serta Penyata Pengurusan Risiko dan Kawalan Dalaman untuk dimasukkan ke dalam laporan tahunan dan memastikan bahawa laporan-laporan ini telah disediakan menurut syarat-syarat yang berkaitan; dan

(c) menerima kemas kini daripada Juruaudit Luaran mengenai perkembangan dalam piawaian laporan kewangan dan undang-undang serta mempertimbangkan pematuhan berkaitan terutamanya persiapan untuk garis masa baru bagi penyerahan Laporan Tahunan termasuk penilaian terhadap kesan yang mungkin timbul daripada piawaian laporan juruaudit yang baru bagi perancangan audit, kerja-kerja dan proses-proses yang akan datang.

LAPORAN JAWATANKUASA AUDIT *(sambungan)*

4. FUNGSI AUDIT DALAMAN

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

Sepanjang tahun kewangan dalam tinjauan, Juruaudit Dalaman telah melengkapkan tiga (3) tugasan audit dalaman yang merangkumi operasi-operasi berikut:

(a) Proses pengeluaran di bahagian logam;
(b) Operasi subsidiari di China;
(c) Operasi di cawangan Segambut, Kuala Lumpur; dan
(d) Bahagian pembuatan acuan.

Juruaudit Dalaman telah mengenal pasti beberapa ruang untuk penambahbaikan berkaitan barangan sekerap, pengurusan inventori, proses dan pengendalian jualan, penghantaran jualan, operasi gudang, perkhidmatan pelanggan, dokumentasi dan rekod. Cadangan untuk penambahbaikan telah dikemukakan untuk pertimbangan dan tindakan Pengurusan. Laporan audit dalaman juga meliputi semakan susulan pelaksanaan dan pelan tindakan yang tertunda seperti yang telah dicadangkan di dalam laporan terdahulu. Jawatankuasa Audit telah menyemak semua laporan audit dalaman dan laporan semakan susulan dengan Juruaudit Dalaman dan memastikan tindakan yang sewajarnya telah dilaksanakan oleh Pengurusan tepat pada masanya.

Kos yang ditanggung untuk fungsi audit dalaman Kumpulan sepanjang tahun kewangan adalah berjumlah RM59,289.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

OBJECTIVE AND BOARD RESPONSIBILITIES

The Board has the ultimate responsibility for establishing and maintaining a sound system of risk management and internal control that support the Group's objective and strategy while safeguarding shareholders' investments and Group's assets. The Board is also responsible to monitor and address areas of weaknesses to ensure that these systems continue to operate effectively.

To discharge these responsibilities, the Board is assisted by the Management and outsourced Internal Auditors in developing, reviewing and monitoring sound practices for managing risks, and for providing assurance that risk management and internal control practices are implemented and adhered to within the Group.

These systems are designed to manage rather than eliminate risks of failure to achieve the business objectives. Accordingly, the processes can only provide reasonable but not absolute assurance against material misstatement or loss.

BUSINESS PROCESSES AND RISK MANAGEMENT

Standard Operating Procedures

To facilitate compliance with relevant laws, regulations and standards, the Group has developed Standard Operating Procedures (SOPs) addressing all critical and significant risks of the Group's operations. These SOPs are continuously reviewed for accuracy and streamlined to enhance its efficiency and effectiveness. The SOPs are maintained in a database by the Quality Assurance department and communicated to the relevant individuals. All levels within the Group are required to adhere to these SOPs, on top of other documented policies and guidelines to help ensure that processes are executed according to the procedures set.

The Group's operations in Malaysia are certified under ISO 9001: Quality Management System. This demonstrates the Group's commitment to deliver consistent product quality through continual improvement and conformity to standards.

Risk Management

The Group adopted Enterprise Risk Management (ERM) framework to systematically identify, assess and mitigate current and emerging risks that are critical to its strategic targets and business plans. The framework covers financial, operational and environmental controls, Management Information Systems, as well as compliance with relevant laws, regulations, rules and guidelines.

The ERM reports were submitted on a quarterly basis by risk owners to the Management for review with the Managing Director. Risk owners consist of head of departments who are responsible to identify, develop and implement controls and action plans to reduce the impact of risks relating to their control areas through a combination of preventive, detective and corrective measures. All risks are rated according to the impact and likelihood of occurrence. The Management particularly focuses on controllable threats with high impact rating that would be detrimental to its business growth, governance or people, regardless of the likelihood of risk occurrence. Any significant new risks and changes in the current risk level are recorded in the ERM reports.

During the financial year under review, the Management has identified new risks relating to product distribution, information system security, as well as safety and health issues whereby appropriate controls and management action plans had been put in place to mitigate these risks. Meetings between Management and risk owners were held twice during the year to re-assess the risks in response to changes in the business environment.

Management also monitors potential future shifts in risk profiles and new emerging risk through Key Risk Indicators (KRIs) and Risk Indicators (RIs). Information such as number of customer complaints, fluctuation in raw material prices and staff attrition rate are some of the indicators being monitored to alert management of potential risks events and to assess the effectiveness of controls that are in place. The KRIs and RIs are updated on a quarterly basis in which actual data are measured against the target set for the year.

The ERM framework is embedded in all aspects of the Group's activities and processes including its overseas operations. During the financial year under review, no changes to risk levels were recorded in the overseas operations, and the Management had been constantly focusing on strengthening its human capital and expanding marketing strategies to drive business growth.

Further progress was made to enhance the Group's Business Continuity Plan (BCP) during the financial year under review, with the establishment of a recovery plan in the event of flood. The Management has taken appropriate measures to barricade its business premise in Meru, Klang to ward off flood waters while the recovery plan was established detailing recovery activities following the disaster. The BCP supports the Group's existing Emergency Response Plan (ERP) and it has been communicated to all relevant individuals.

Financial Reporting

The Finance team, led by the Chief Financial Officer, is responsible to manage the risks associated with the financial reporting processes, such as risks emerging from fraud, material misstatement or misuse of assets. Besides adhering to SOPs on accounting practices and reporting, Limits of Authority (LOA) manual is used consistently throughout the Group to ensure that all transactions are properly authorised, recorded and executed in accordance with the stipulated guidelines. The LOA provides clear guidelines and procedures which facilitate timely, effective and quality decision making. The LOA manual was updated in the financial year under review to include the appropriate approval on stock count adjustments.

The Group has a comprehensive budgeting process where annual budget and revised budget are approved by the Board, to guide and control capital expenditure and expenses for the following year. The Audit Committee reviews the annual budget and business plans, the Group's performance against the annual budget, the Group's quarterly and annual financial reports and internal controls with the Management, and subsequently reports to the Board.

The Executive Directors preside over most of the regular management meetings. These meetings are a platform for reviewing financial performance, as well as business and operational issues including internal control matters and risk management.

Information and Communication Systems

The Group recognises the role of information and communication technology in promoting effectiveness and efficiencies in its business. Therefore, the Group is committed to maintain proper records and processes to generate timely, relevant and reliable information from within and outside the Company to support the Group's business operations and decision making. The Group uses comprehensive computer systems to cater for different requirements, including Enterprise Resource Planning, personnel management, payroll, accounting and financial reporting systems.

During the year, in response to the risks inherent to information technology and communication system, the Group had improved its recovery plan to restore business activities and minimise business disruptions due to system failures. Meanwhile, current security measures were enhanced to ensure reliability and security of information.

Strategic Business Planning

The Leadership Performance Plan (LPP) provides a clear path for the Group to achieve its long term business objectives. By having a clearly stated mission, it guides the Group to move forward efficiently and offers opportunity to identify the required resources and areas for growth towards accomplishing its mission.

Developing people continues to be the Group's top priority to create the competitive advantage in achieving sustainable business and profitability growth. The Group is committed to ensure that it has sufficient human resources to fulfill its business objectives, and had further strengthened its Talent Management Program in 2015. Succession Planning Policy that lists qualified candidates to fill key positions is in place to ensure leadership stability and uninterrupted business in the event of loss of key personnel. The LPP had been evaluated during the financial year to ensure that it contained sufficient clarity in terms of its objectives and the LPP had been communicated and cascaded down to all levels within the Group to ensure shared mission within the organisation.

Other risks and internal control processes

The organisational structure provides clear defined authority and responsibilities of each individual within the Group. It is part of the Group's internal control measures to facilitate monitoring of conduct and operations, by giving guidance to all employees on the official reporting relationship that govern the workflow of the organisation.

In order to promote ethical conduct, the Group maintains sound principles and values that enforce key work ethics throughout the organisation. All employees are required to observe the Human Resource policies as well as several other policies established to regulate behaviour in the organisation practices. Fraud Policy spells out employees' duty to detect and prevent fraud, corruption or other illegal activities, such as bribery and theft which could adversely affect the Company's reputation. Meanwhile, the Whistle-blowing Policy provides a formal procedure for reporting violations related to fraud, misconduct or wrongdoings that may take place within the Group. These policies have been communicated to all stakeholders and employees in which they will be given protection against retaliation should they report any wrongdoings in a good faith. Reports of wrongdoings can be channelled to the appropriate persons stated in the policy, which is accessible on the Company's website.

The Company's core values (Customer Focus, Excellence, Change Ready, Integrity, Perseverance and Respect) help shape the culture in the organisation. It is a set of behaviours and skills that are expected from all employees to instil good morale, integrity and guide in determining priorities in their work. Other control policies include Corporate Disclosure and Investor Relations Policy which provide guidelines in handling and disclosing of material information to the financial markets. All material information must be verified and approved before public dissemination to ensure the accuracy, timeliness and completeness of the material information, and in compliance with regulatory requirements.

MONITORING AND REVIEW

The Group is committed to constantly monitor the effectiveness of its risk management and internal controls system. This is achieved by engaging Internal Auditors to conduct periodic assessment on the Group's systems of governance, risk management and internal control practices to ensure the reliability of financial and operational reporting, compliance with applicable laws and regulations, and proper management of the Group's assets. The Group's Internal Audit function was performed by an outsourced professional firm of consultants, which is independent of the activities it audits.

Internal audit activities cover various operating business units and are determined based on the priorities consistent with the Group's objectives. 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 internal audit 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 and update management's progress on the implementation of agreed action plans directly to the Audit Committee who subsequently reports to the Board. Details of the internal audit activities are contained in the Audit Committee Report.

As to the processes and procedures in the ISO manual, they are periodically reviewed and audited by the in-house and external ISO internal auditors. These audits are carried out to ensure the relevance and effectiveness of the procedures as well as to ensure compliance to the procedures set.

Beside internal audit, management meetings are regularly carried out to review business and financial performance of the Group, and risks as contained in the ERM reports. These meetings are attended by the Executive Directors and management team. The meetings also act as the platform for the key management staff to surface any operational and management issues and engage in constructive discussions with the aim to resolve the issues being brought to the table.

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, for inclusion in this Annual Report. 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 caused 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 by Paragraph 41 and 42 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 based on the annual assessment carried out by the Management on the existing internal control systems and processes, control environment and activities against evaluation criteria established. This annual assessment was reviewed by the Audit Committee, documented and reported to the Board. The Board had vide the documented annual assessment, 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. Accordingly, the Board is of the view that the current risk management and internal control systems of the Group are operating adequately and effectively in order to achieve the business objectives.

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 mempunyai tanggungjawab utama untuk mewujudkan dan mengekalkan satu sistem pengurusan risiko dan kawalan dalaman yang menyokong matlamat dan strategi Kumpulan serta melindungi pelaburan pemegang saham dan aset Kumpulan. Lembaga juga bertanggungjawab untuk memantau dan mengenal pasti sebarang kelemahan bagi memastikan sistem-sistem ini terus beroperasi dengan berkesan.

Untuk melaksanakan tanggungjawab ini, Lembaga dibantu oleh Pengurusan serta khidmat luar Juruaudit Dalaman dalam membangunkan, menyemak dan memantau amalan-amalan yang sewajarnya bagi menguruskan risiko serta memberi jaminan bahawa amalan-amalan pengurusan risiko dan kawalan dalaman ini dilaksanakan dan dipatuhi dalam Kumpulan.

Sistem-sistem ini diwujudkan untuk mengurus dan bukan menghapuskan risiko keatas kegagalan dalam mencapai objektif perniagaan. Oleh yang demikian, proses-proses tersebut hanya dapat memberi jaminan yang munasabah dan bukannya jaminan yang mutlak terhadap sebarang salah nyata atau kerugian ketara.

PROSES PERNIAGAAN DAN PENGURUSAN RISIKO

Prosedur Operasi Standard

Bagi membantu pematuhan undang-undang, peraturan dan piawaian yang berkaitan, Kumpulan telah mewujudkan prosedur-prosedur operasi standard (SOP) untuk menangani semua risiko kritikal dan penting dalam operasi Kumpulan. SOP ini sentiasa disemak untuk memastikan ketepatan dan diselaraskan dari semasa ke semasa bagi meningkatkan kecekapan dan keberkesanannya. SOP ini dikendalikan di dalam satu pangkalan data oleh bahagian Kawalan Kualiti dan dimaklumkan kepada individu yang berkaitan. Kesemua peringkat dalam Kumpulan dikehendaki mematuhi SOP ini, selain daripada polisi dan garis panduan yang lain bagi memastikan semua proses dilaksanakan menurut prosedur yang telah ditetapkan.

Operasi Kumpulan di Malaysia adalah diperakui di bawah ISO 9001: Sistem Pengurusan Kualiti. Ini membuktikan komitmen Kumpulan untuk mengekalkan kualiti produk yang konsisten melalui peningkatan berterusan dan pematuhan kepada piawaian.

Pengurusan Risiko

Kumpulan telah menerima pakai rangka kerja Pengurusan Risiko Perusahaan (ERM) untuk mengenal pasti, menilai dan mengurangkan risiko-risiko semasa dan baru yang kritikal untuk sasaran strategik serta rancangan perniagaannya secara sistematik. Rangka kerja ini merangkumi kawalan kewangan, operasi dan alam sekitar, Sistem Pengurusan Maklumat, serta pematuhan kepada undang-undang, peraturan dan garis panduan yang berkaitan.

Laporan ERM telah diserahkan pada setiap suku tahun oleh pemilik-pemilik risiko kepada Pengurusan untuk semakan bersama dengan Pengarah Urusan. Pemilik-pemilik risiko terdiri daripada ketua-ketua jabatan yang bertanggungjawab untuk mengenal pasti, membangun dan melaksanakan kawalan dan pelan tindakan bagi mengurangkan kesan risiko yang berkaitan dengan bidang kawalan mereka melalui gabungan langkah-langkah pencegahan, pengesanan dan pemulihan. Semua risiko dinilai berdasarkan kesan dan kebarangkalian berlakunya risiko. Pengurusan memberi tumpuan kepada ancaman yang dapat dikawal dan berimpak tinggi yang boleh menjejaskan pertumbuhan perniagaan, tadbir urus atau kakitangannya, tanpa mengira kebarangkalian berlakunya risiko. Sebarang risiko baru yang penting dan perubahan dalam tahap risiko semasa adalah direkodkan dalam laporan ERM.

Dalam tahun kewangan yang ditinjau, Pengurusan telah mengenal pasti risiko-risiko baru berkaitan dengan pengedaran produk, keselamatan sistem maklumat, serta isu-isu keselamatan dan kesihatan dimana kawalan yang sesuai dan pelan tindakan pengurusan telah dilaksanakan bagi mengurangkan kesan daripada risiko-risiko ini. Mesyuarat antara Pengurusan dan pemilik-pemilik risiko telah diadakan dua kali pada tahun ini untuk menilai semula risiko yang timbul akibat daripada perubahan dalam persekitaran perniagaan.

PENYATA PENGURUSAN RISIKO DAN KAWALAN DALAMAN (sambungan)

Pengurusan juga memantau perubahan dalam profil risiko yang berpotensi dan risiko baru yang muncul melalui Penunjuk Risiko Utama (KRI) dan Penunjuk Risiko (RI). Maklumat seperti bilangan aduan pelanggan, perubahan harga bahan mentah dan kadar keluar masuk ("attrition") kakitangan adalah antara beberapa penunjuk yang dipantau untuk memberi amaran kepada Pengurusan tentang potensi berlakunya risiko dan untuk menilai keberkesanan kawalan sedia ada. KRI dan RI ini dikemaskini pada setiap suku tahun dimana data sebenar dinilai berbanding dengan sasaran yang ditetapkan bagi tahun tersebut.

Rangka kerja ERM diterapkan kedalam semua aktiviti dan proses Kumpulan termasuk operasinya di luar negara. Dalam tahun kewangan yang ditinjau, tiada perubahan yang dicatatkan dalam tahap risiko bagi operasi di luar negara dan Pengurusan sentiasa memberi tumpuan kepada pengukuhan modal insan dan memperluaskan strategi pemasarannya untuk memacu pertumbuhan perniagaan.

Peningkatan kepada Pelan Kesinambungan Perniagaan (BCP) Kumpulan telah dibuat dalam tahun kewangan yang ditinjau, dengan penubuhan pelan pemulihan sekiranya berlaku bencana banjir. Pengurusan telah mengambil langkah-langkah sewajarnya dengan membina benteng di premis perniagaannya di Meru, Klang untuk menyekat air banjir, manakala pelan pemulihan pula ditubuhkan bagi memperincikan aktiviti pemulihan selepas bencana tersebut. BCP ini menyokong Pelan Tindakan Kecemasan (ERP) Kumpulan sedia ada dan telah dimaklumkan kepada semua individu yang berkaitan.

Laporan Kewangan

Bahagian Kewangan yang diketuai oleh Ketua Pegawai Kewangan bertanggungjawab untuk menguruskan risiko yang berkaitan dengan proses laporan kewangan, seperti risiko yang timbul akibat penyelewengan, salah nyata yang ketara atau penyalahgunaan aset. Selain mematuhi SOP dalam amalan dan laporan perakaunan, manual Had Kuasa (LOA) digunakan secara konsisten di seluruh Kumpulan bagi memastikan semua urus niaga adalah diluluskan, direkodkan dan dilaksanakan mengikut garis panduan yang ditetapkan. LOA ini menyediakan garis panduan dan prosedur yang jelas untuk membantu membuat keputusan yang tepat pada masanya, berkesan dan berkualiti. Manual LOA ini telah dikemaskini pada tahun kewangan yang ditinjau untuk memasukkan kelulusan yang sewajarnya bagi pelarasan pengiraan stok.

Kumpulan mempunyai satu proses belanjawan yang terperinci dimana belanjawan tahunan dan pindaan belanjawan adalah diluluskan oleh Lembaga, untuk membimbing dan mengawal perbelanjaan modal dan perbelanjaan bagi tahun berikutnya. Jawatankuasa Audit mengkaji belanjawan dan pelan perniagaan tahunan, prestasi Kumpulan berbanding belanjawan tahunan, laporan kewangan suku tahunan dan tahunan serta kawalan dalaman Kumpulan bersama dengan Pengurusan, dan melaporkannya kepada Lembaga.

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

Sistem Maklumat dan Komunikasi

Kumpulan mengiktiraf peranan teknologi maklumat dan komunikasi dalam menggalakkan keberkesanan dan kecekapan dalam perniagaannya. Oleh itu, Kumpulan komited untuk mengekalkan rekod dan proses yang sewajarnya untuk menjana maklumat dari dalam dan luar Syarikat yang tepat, relevan dan boleh dipercayai bagi menyokong operasi perniagaan dan dalam membuat keputusan Kumpulan. Kumpulan menggunakan sistem komputer yang menyeluruh untuk memenuhi keperluan-keperluan yang berbeza, termasuk Perancangan Sumber Perniagaan, pengurusan kakitangan, gaji, sistem perakaunan dan laporan kewangan.

Pada tahun ini, kesan daripada risiko yang wujud dalam teknologi maklumat dan sistem komunikasi, Kumpulan telah meningkatkan pelan pemulihannya untuk mengembalikan aktiviti perniagaan dan meminimumkan gangguan perniagaan akibat kegagalan sistem. Sementara itu, langkah-langkah keselamatan sedia ada telah dipertingkatkan untuk memastikan kebolehpercayaan dan keselamatan maklumat.

Perancangan Strategik Perniagaan

Pelan Prestasi Kepimpinan (LPP) memberikan haluan yang jelas bagi Kumpulan dalam mencapai matlamat perniagaan jangka panjang. Dengan adanya misi yang jelas, ia memberi panduan kepada Kumpulan untuk terus mara ke hadapan dan menawarkan peluang untuk mengenal pasti sumber yang diperlukan serta peluang pertumbuhan ke arah mencapai misinya.

PENYATA PENGURUSAN RISIKO DAN KAWALAN DALAMAN *(sambungan)*

Pembangunan insan terus menjadi keutamaan Kumpulan bagi mewujudkan daya saing dalam mencapai pertumbuhan perniagaan dan keuntungan yang lestari. Kumpulan komited untuk memastikan ia mempunyai sumber manusia yang mencukupi untuk memenuhi matlamat perniagaan dan telah mengukuhkan lagi Program Pengurusan Bakatnya pada tahun 2015. Polisi Pelan Penggantian yang menyenaraikan calon-calon berkelayakan untuk mengisi jawatan-jawatan penting telah disediakan bagi memastikan kestabilan kepimpinan dan perniagaan sekiranya berlaku kehilangan kakitangan utama. LPP tersebut telah dinilai pada tahun kewangan untuk memastikan bahawa ia mengandungi penjelasan yang mencukupi dari segi matlamatnya dan telah dimaklum dan disebarkan ke semua peringkat di dalam Kumpulan untuk memastikan misi bersama dalam organisasi.

Risiko dan proses kawalan dalaman yang lain

Struktur organisasi menyatakan kuasa dan tanggungjawab yang jelas bagi setiap individu dalam Kumpulan. Ia adalah sebahagian daripada langkah-langkah kawalan dalaman Kumpulan bagi memudahkan pemantauan tingkah laku dan operasi, dengan memberi panduan kepada semua kakitangan mengenai hubungan aliran rasmi yang mengawal aliran kerja dalam organisasi.

Untuk menggalakkan kelakuan beretika, Kumpulan mengekalkan prinsip-prinsip dan nilai-nilai wajar yang menguatkuasakan etika kerja yang penting di seluruh organisasi. Semua kakitangan dikehendaki mematuhi polisi-polisi Sumber Manusia serta beberapa polisi lain yang diwujudkan untuk mengawal tingkah laku dalam amalan organisasi. Polisi Penipuan menjelaskan tanggungjawab kakitangan untuk mengesan dan mencegah penipuan, rasuah atau aktiviti yang menyalahi undang-undang yang lain, seperti rasuah dan kecurian yang boleh menjejaskan reputasi Syarikat. Sementara itu, Polisi Pendedahan Penyelewengan ("Whistle-blowing") menyediakan satu prosedur rasmi untuk melaporkan sebarang ketidakpatuhan yang berkaitan dengan penipuan, salah laku atau kesalahan yang mungkin berlaku di dalam Kumpulan. Dasar-dasar ini telah disampaikan kepada semua pihak berkepentingan dan kakitangan dimana mereka akan diberi perlindungan terhadap tindakan balas jika mereka melaporkan sebarang salah laku dengan niat yang baik. Laporan salah laku boleh disalurkan kepada individu berkenaan yang dinyatakan dalam polisi tersebut, yang boleh diakses di laman web Syarikat.

Nilai-nilai teras Syarikat (Fokus pada Pelanggan, Kecemerlangan, Sedia Berubah, Integriti, Kecekalan dan Hormat) membantu membentuk budaya dalam organisasi. Ia adalah satu set tingkah laku dan kemahiran yang diharapkan daripada semua kakitangan untuk menyemai moral yang baik, integriti dan panduan dalam menentukan keutamaan dalam kerja mereka. Dasar kawalan lain termasuklah Polisi Pendedahan Korporat dan Perhubungan Pelabur yang menyediakan garis panduan dalam pengendalian dan pendedahan maklumat penting kepada pasaran kewangan. Semua maklumat penting perlu disahkan dan diluluskan sebelum disalurkan kepada orang ramai untuk memastikan kejituan, ketepatan masa dan kesempurnaan maklumat serta mematuhi keperluan peraturan.

PEMANTAUAN DAN PENILAIAN

Kumpulan komited untuk sentiasa memantau keberkesanan sistem pengurusan risiko dan kawalan dalamannya. Ini dicapai dengan mendapatkan khidmat Juruaudit Dalaman untuk menjalankan penilaian berkala keatas sistem tadbir urus, amalan pengurusan risiko dan kawalan dalaman Kumpulan bagi memastikan kebolehpercayaan laporan kewangan dan operasi, pematuhan kepada undang-undang dan peraturan, serta pengurusan aset Kumpulan. Fungsi Audit Dalaman Kumpulan telah dilaksanakan oleh firma perunding profesional luar yang bebas daripada aktiviti-aktiviti yang diaudit.

Aktiviti-aktiviti audit dalaman ini merangkumi pelbagai unit operasi perniagaan dan ditentukan berdasarkan kepada keutamaan selaras dengan objektif Kumpulan. Semasa tahun kewangan dalam tinjauan, Juruaudit Dalaman telah menjalankan semakan audit pematuhan keatas bidang-bidang dalam pelan audit yang diluluskan oleh Lembaga melalui saranan Jawatankuasa Audit. Semakan audit dalaman ini menyediakan penilaian yang objektif dan bebas mengenai sistem kawalan dalaman Kumpulan untuk memberi jaminan yang munasabah bahawa kawalan yang mencukupi telah disediakan untuk mencegah kemungkinan berlakunya penyelewengan dan penyalahgunaan aset Kumpulan. Juruaudit Dalaman melaporkan isu-isu dan saranan-saranan yang timbul daripada setiap semakan serta laporan kemas kini tentang pelaksanaan pelan tindakan oleh pengurusan terus kepada Jawatankuasa Audit yang kemudiannya melaporkan kepada Lembaga. Maklumat lanjut mengenai aktiviti-aktiviti audit dalaman terkandung dalam Laporan Jawatankuasa Audit.

PENYATA PENGURUSAN RISIKO DAN KAWALAN DALAMAN *(sambungan)*

Semua proses dan prosedur yang dinyatakan dalam manual ISO disemak secara berkala dan diaudit oleh juruaudit dalaman serta juruaudit ISO luar. Audit ini dijalankan untuk memastikan kesesuaian dan keberkesanan prosedur serta untuk memastikan pematuhan kepada prosedur yang ditetapkan.

Selain daripada audit dalaman, mesyuarat pengurusan diadakan secara kerap untuk menyemak prestasi perniagaan dan kewangan Kumpulan serta risiko seperti yang terkandung dalam laporan ERM. Mesyuarat-mesyuarat ini dihadiri oleh Pengarah Eksekutif dan pihak pengurusan. Mesyuarat ini juga bertindak sebagai platform bagi kakitangan pengurusan utama untuk mengemukakan isu-isu operasi dan pengurusan dan melibatkan diri dalam perbincangan yang membina untuk menyelesaikan isu-isu yang timbul.

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, untuk dimasukkan ke dalam Laporan Tahunan. Semakan jaminan terhad mereka telah dilaksanakan selaras dengan Panduan Amalan yang Disyorkan (RPG) 5 (Pindaan) yang dikeluarkan oleh Institut Akauntan Malaysia, dimana ia tidak memerlukan juruaudit luaran untuk menyatakan pendapat mengenai kecukupan dan keberkesanan sistem pengurusan risiko dan kawalan dalaman Kumpulan. Berdasarkan prosedur yang dijalankan, tiada sebarang perkara yang ditemui yang menyebabkan mereka percaya bahawa Penyata Pengurusan Risiko dan Kawalan Dalaman ini tidak disediakan, dalam semua aspek penting, selaras dengan pendedahan yang dikehendaki oleh Perenggan 41 dan 42 menurut "Penyata Pengurusan Risiko dan Kawalan Dalaman - Garis Panduan untuk Pengarah Syarikat Awam Tersenarai".

KESIMPULAN

Lembaga telah menilai kecukupan, keberkesanan dan integriti sistem pengurusan risiko dan rangka kerja kawalan dalaman yang telah dilaksanakan sepanjang tahun kewangan dalam tinjauan sehingga tarikh kelulusan penyata ini, berdasarkan penilaian tahunan yang dijalankan oleh Pengurusan keatas sistem dan proses kawalan dalaman sedia ada, kawalan persekitaran dan aktiviti berdasarkan kriteria penilaian yang ditetapkan. Penilaian tahunan ini telah disemak oleh Jawatankuasa Audit, didokumenkan dan dilaporkan kepada Lembaga. Lembaga telah menyemak penilaian tahunan tersebut dan menerima jaminan daripada Pengarah Urusan dan Ketua Pegawai Kewangan bahawa pengurusan risiko dan sistem kawalan dalaman Kumpulan adalah beroperasi dengan baik dan berkesan dalam semua aspek penting berdasarkan pengurusan risiko dan sistem kawalan dalaman Kumpulan. Sehubungan dengan itu, Lembaga berpendapat bahawa pengurusan risiko dan sistem kawalan dalaman semasa Kumpulan beroperasi dengan baik dan berkesan bagi mencapai objektif perniagaan.

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 Syarikat Awam Tersenarai" yang diamalkan oleh Bursa Malaysia Securities Berhad, dan dengan kelulusan Lembaga.

LEMBAGA PENGARAH
New Hoong Fatt Holdings Berhad

DIRECTORS' REPORT & AUDITED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2015

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 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	19,250	1,839

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 2014:	
Final single tier dividend of 7 sen per ordinary share, paid on 9 July 2015	5,261
In respect of the financial year ended 31 December 2015:	
An interim single tier dividend of 3 sen per ordinary share, paid on 23 December 2015	2,255
	7,516

The Directors recommend a final single tier dividend of 8 sen per ordinary share, amounting to RM6,012,528 in respect of the financial year ended 31 December 2015, 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.

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 2015 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 1.1.2015	**Bought**	**Sold**	**Balance at 31.12.2015**
Shares in the Company				
Direct interests				
Kam Foong Keng	25,620,942	-	-	25,620,942
Chin Jit Sin	838,200	-	-	838,200
Kam Foong Sim	1,807,425	-	-	1,807,425
Wong Yoke Nyen	10,000	-	-	10,000
Indirect interests				
Wong Yoke Nyen#	17,000	-	(17,000)	-

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

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

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

DIRECTORS' BENEFITS

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

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

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

The details of the above transactions are disclosed in Note 31 to the financial statements.

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of profit or loss and other comprehensive income and statements of financial positions of the Group and of the Company were made out, the Directors took reasonable steps:

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

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

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

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

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

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

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

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

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

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

(d) In the opinion of the Directors:

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

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group 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.

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
3 March 2016

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 74 to 151 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 2015 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 152 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
3 March 2016

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 74 to 152 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	)	
3 March 2016	)	**Chong Choon Yeng**

Before me:

Baloo A/L T. Pichai
No. 663
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 statements of financial position as at 31 December 2015 of the Group and of the Company, and 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 74 to 151.

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 2015 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NEW HOONG FATT HOLDINGS BERHAD (continued)

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.

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
3 March 2016

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	**270,963**	259,533	**-**	-
Investments in subsidiaries	8	**-**	-	**36,467**	36,467
Investment properties	9	**15,600**	15,600	**-**	-
Available-for-sale financial asset	10	**130**	130	**-**	-
Intangible assets	11	**5**	128	**-**	-
Other receivables	12	**-**	-	**90,475**	92,652
		286,698	275,391	**126,942**	129,119
Current assets					
Inventories	13	**39,354**	36,325	**-**	-
Trade and other receivables	12	**46,534**	42,426	**7,414**	10,268
Current tax assets		**1,689**	1,704	**-**	-
Cash and bank balances	14	**23,669**	13,486	**164**	3,996
		111,246	93,941	**7,578**	14,264
TOTAL ASSETS		**397,944**	369,332	**134,520**	143,383
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	15	**75,157**	75,157	**75,157**	75,157
Reserves	16	**254,890**	239,672	**58,968**	64,645
TOTAL EQUITY		**330,047**	314,829	**134,125**	139,802
LIABILITIES					
Non-current liabilities					
Borrowings (interest bearing)	17	**303**	2,918	**-**	-
Employment benefit obligation	19	**32**	26	**-**	-
Deferred tax liabilities	20	**22,614**	20,702	**-**	-
		22,949	23,646	**-**	-
Current liabilities					
Trade and other payables	21	**15,819**	13,769	**242**	3,471
Borrowings (interest bearing)	17	**28,353**	16,552	**-**	-
Current tax liabilities		**776**	536	**153**	110
		44,948	30,857	**395**	3,581
TOTAL LIABILITIES		**67,897**	54,503	**395**	3,581
TOTAL EQUITY AND LIABILITIES		**397,944**	369,332	**134,520**	143,383

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 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	24	**207,226**	200,596	**-**	-
Cost of sales		**(148,318)**	(149,975)	**-**	-
Gross profit		**58,908**	50,621	**-**	-
Other operating income		**11,294**	12,359	**3,170**	3,010
Selling and distribution expenses		**(11,405)**	(10,611)	**-**	-
Administrative expenses		**(31,333)**	(33,193)	**(529)**	(530)
Finance costs	25	**(894)**	(1,276)	**(116)**	(25)
Profit before tax	26	**26,570**	17,900	**2,525**	2,455
Tax expense	27	**(7,320)**	(5,926)	**(686)**	(673)
Profit for the financial year		**19,250**	11,974	**1,839**	1,782
Other comprehensive income/(loss):					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations, net of tax		**3,452**	(1,611)	**-**	-
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of employment benefit obligation, net of tax		**32**	-	**-**	-
Total other comprehensive income/(loss), net of tax		**3,484**	(1,611)	**-**	-
Total comprehensive income		**22,734**	10,363	**1,839**	1,782
Profit attributable to: Owners of the parent		**19,250**	11,974	**1,839**	1,782
Total comprehensive income attributable to: Owners of the parent		**22,734**	10,363	**1,839**	1,782
Earnings per ordinary share attributable to owners of the parent (sen) Basic and diluted	28	**25.61**	15.93		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Non-distributable					Distributable		
Group	Note	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Available-for-sale reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Total equity 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 (loss)/income		-	-	-	-	(1,611)	11,974	10,363	10,363
Transactions with owners									
Final dividend paid for financial year ended 31 December 2013	29	-	-	-	-	-	(6,764)	(6,764)	(6,764)
Interim dividend paid for financial year ended 31 December 2014	29	-	-	-	-	-	(2,255)	(2,255)	(2,255)
Total transactions with owners		-	-	-	-	-	(9,019)	(9,019)	(9,019)
Balance as at 31 December 2014		75,157	4,210	36,550	47	(1,254)	200,119	314,829	314,829

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (continued)

			Non-distributable				Distributable		
Group	Note	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Available-for-sale reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total attributable to owners of the parent RM'000	Total equity RM'000
Balance as at 1 January 2015		75,157	4,210	36,550	47	(1,254)	200,119	314,829	314,829
Profit for the financial year		-	-	-	-	-	19,250	19,250	19,250
Foreign currency translations, net of tax		-	-	-	-	3,452	-	3,452	3,452
Remeasurement of employment benefit obligation		-	-	-	-	-	32	32	32
Total comprehensive income		-	-	-	-	3,452	19,282	22,734	22,734
Transactions with owners									
Final dividend paid for financial year ended 31 December 2014	29	-	-	-	-	-	(5,261)	(5,261)	(5,261)
Interim dividend paid for financial year ended 31 December 2015	29	-	-	-	-	-	(2,255)	(2,255)	(2,255)
Total transactions with owners		-	-	-	-	-	(7,516)	(7,516)	(7,516)
Balance as at 31 December 2015		75,157	4,210	36,550	47	2,198	211,885	330,047	330,047

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (continued)

	Note	Share capital RM'000	Non-distributable Share premium RM'000	Distributable Retained earnings RM'000	Total equity RM'000
Company					
Balance as at 1 January 2014		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 dividend paid for financial year ended 31 December 2013	29	-	-	(6,764)	(6,764)
Interim dividend paid for financial year ended 31 December 2014	29	-	-	(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**
Profit for the financial year		-	-	1,839	1,839
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	1,839	1,839
Transactions with owners					
Final dividend paid for financial year ended 31 December 2014	29	-	-	(5,261)	(5,261)
Interim dividend paid for financial year ended 31 December 2015	29	-	-	(2,255)	(2,255)
Total transactions with owners		-	-	(7,516)	(7,516)
Balance as at 31 December 2015		**75,157**	**4,210**	**54,758**	**134,125**

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		**26,570**	17,900	**2,525**	2,455
Adjustments for:					
Amortisation of intangible asset	11	**123**	495	**-**	-
Bad debts written off		**6**	6	**-**	-
Depreciation of property, plant and equipment	7	**25,216**	24,552	**-**	-
Fair value adjustment on investment properties	9	**-**	(256)	**-**	-
Gain on disposal of property, plant and equipment		**(138)**	(760)	**-**	-
Impairment losses on trade receivables	12(g)	**264**	7	**-**	-
Interest expense	25	**894**	1,276	**116**	25
Interest income		**(143)**	(249)	**(3,170)**	(3,010)
Inventories written down/(written back)		**659**	(335)	**-**	-
Investment in a subsidiary written off	8(b)	**-**	-	**-**	2
Property, plant and equipment written off	7	**15**	31	**-**	-
Provision for employment benefit obligation	19	**38**	26	**-**	-
Reversal of impairment losses on trade receivables	12(g)	**(36)**	(2)	**-**	-
Unrealised (gain)/loss on foreign exchange, net		**(34)**	32	**-**	-
Operating profit/(loss) before changes in working capital		**53,434**	42,723	**(529)**	(528)
(Increase)/Decrease in inventories		**(3,688)**	2,195	**-**	-
(Increase)/Decrease in trade and other receivables		**(4,474)**	3,015	**(1)**	8
Increase/(Decrease) in trade and other payables		**2,996**	(1,513)	**16**	22
Cash generated from/(used in) operations		**48,268**	46,420	**(514)**	(498)
Tax paid		**(5,153)**	(4,826)	**(643)**	(798)
Net cash from/(used in) operating activities		**43,115**	41,594	**(1,157)**	(1,296)

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (continued)

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		**143**	249	**-**	-
Proceeds from:					
- liquidation of a subsidiary	8(b)	**-**	-	**-**	44
- disposal of property, plant and equipment		**531**	894	**-**	-
Purchase of property, plant and equipment	7(c)	**(34,521)**	(27,672)	**-**	-
Repayments from subsidiaries, net		**-**	-	**4,957**	14,191
Net cash (used in)/from investing activities		**(33,847)**	(26,529)	**4,957**	14,235
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		**(894)**	(1,276)	**(116)**	(25)
Dividends paid to ordinary shareholders of the company	29	**(7,516)**	(9,019)	**(7,516)**	(9,019)
Drawdown of:					
- bankers' acceptances		**72,100**	37,686	**-**	-
- term loans		**9,661**	2,500	**-**	-
Repayments of:					
- bankers' acceptances		**(58,800)**	(35,686)	**-**	-
- hire purchase creditors		**(64)**	(3)	**-**	-
- short term revolving credit		**-**	(7,572)	**-**	-
- term loans		**(13,783)**	(13,385)	**-**	-
Net cash from/(used in) financing activities		**704**	(26,755)	**(7,632)**	(9,044)
Net increase/(decrease) in cash and cash equivalents		**9,972**	(11,690)	**(3,832)**	3,895
Effects of exchange rate changes on cash and cash equivalents		**211**	(510)	**-**	-
Cash and cash equivalents at beginning of financial year		**13,486**	25,686	**3,996**	101
Cash and cash equivalents at end of financial year	14	**23,669**	13,486	**164**	3,996

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

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 2015 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 3 March 2016.

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 74 to 151 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 152 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (“MIA Guidance”) and the directive of Bursa Malaysia Securities Berhad.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation

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

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

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

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

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:

(a) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
(b) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

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

4.3 Business combinations

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

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

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at 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 an combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

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

Buildings	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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases and hire purchase (continued)

(b) Operating lease

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

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

(c) Leases of land and buildings

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

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

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

4.6 Investment properties

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investments in subsidiaries

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

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

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

4.8 Intangible assets

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*.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Intangible assets (continued)

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

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

Computer software

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

4.9 Impairment of non-financial assets

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

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.

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 intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

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

An impairment loss for 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Impairment of non-financial assets (continued)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(a) Financial assets (continued)

(iv) Available-for-sale financial assets

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

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

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments.

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:

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(b) Financial liabilities (continued)

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

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

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

(ii) Other financial liabilities

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(b) Financial liabilities (continued)

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 reconigsed 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments (continued)

(c) Equity (continued)

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 Companies Act, 1965 in Malaysia.

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.

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, if any.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Employee benefits (continued)

(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 any contributions already paid and as an expense in the period in which the employees render their services.

(c) Defined benefits plans

A foreign subsidiary of the Group, PT NHF Auto Supplies Indonesia is required to provide pension benefits, with minimum benefits as stipulated in the Indonesia's Company Regulation and Labour Law No. 13/2003 ("Law 13/2003"). Pension benefits under Law 13/2003 represent a defined benefit plan.

A defined benefit plan is a pension plan that defines an amount of pension benefits to be provided. Usually as a function of one or more factors such as age, year of service, or compensation.

The liabilities recognised in the statement of financial position are the present value of the defined benefits obligations as at the statement of financial position date in accordance with Law 13/2003 or the Company's regulations (whichever is higher).

The defined benefits obligations are calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefits obligations is determined by discounting the estimated future cash outflows using interest rates of government bonds (considering currently there is no deep market for high-quality corporate bonds) that are denominated in the currency in which the benefit will be paid, and that have terms to maturity approximating the terms of the related pension liability.

The Company recognised all actuarial gains or losses through other comprehensive income and presented as part of equity.

Past service costs are recognised immediately in the profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivables, 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.

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.

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.

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 119 *Defined Benefit Plans: Employee Contribution*	1 July 2014
Amendments to MFRSs *Annual Improvements 2010 – 2012 Cycle*	1 July 2014
Amendments to MFRSs *Annual Improvements 2011 – 2013 Cycle*	1 July 2014

(a) Amendments to MFRS 119 *Defined Benefit Plans: Employee Contributions* are mandatory for annual periods beginning on or after 1 July 2014.

These Amendments provide a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

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

(b) Amendments to MFRSs *Annual Improvements 2010 – 2012 Cycle* are mandatory for annual periods beginning on or after 1 July 2014.

Amendments to MFRS 2 *Share-based Payment* clarify the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

Amendments to MFRS 3 *Business Combinations* clarify that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 *Financial Instruments: Presentation*. The Amendments also clarify that contingent consideration classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

Amendments to MFRS 8 *Operating Segments* require the disclosure of judgements made in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The Amendments also clarify that reconciliation of the total reportable segments' assets to the entity's assets is required if that amount is regularly provided to the chief operating decision maker.

Amendments to MFRS 13 *Fair Value Measurement* relates to the Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarify that short-term receivables and payables with no stated interest rates could be held at invoice amounts when the effect of discounting is immaterial.

Amendments to MFRS 116 *Property, Plant and Equipment* and MFRS 138 *Intangible Assets* clarify the accounting for accumulated depreciation or amortisation when an asset is revalued. It clarifies that the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation or amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

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

5.1 New MFRSs adopted during the financial year (continued)

(b) Amendments to MFRSs *Annual Improvements 2010 – 2012 Cycle* are mandatory for annual periods beginning on or after 1 July 2014. (continued)

Amendments to MFRS 124 *Related Party Disclosures* extends the definition of 'related party' to include an entity, or any member of a group of which it is a part, that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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

(c) Amendments to MFRSs *Annual Improvements 2011 – 2013 Cycle* are mandatory for annual periods beginning on or after 1 July 2014.

Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* relates to the Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarify that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

Amendments to MFRS 3 *Business Combinations* clarify that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 *Joint Arrangements*) in the financial statements of the joint arrangement itself, but not to the parties to the joint arrangement for their interests in the joint arrangement.

Amendments to MFRS 13 *Fair Value Measurement* clarify that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* or MFRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 *Financial Instruments: Presentation*.

Amendments to MFRS 140 *Investment Property* clarify that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both Standards independently of each other.

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

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

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2016

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

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.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.2 Critical judgements made in applying accounting policies (continued)

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

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 due to the immateriality of the lease period over the investment properties' economic life.

(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.

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) 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.

(b) 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.

(c) 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.

(d) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts 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.

(e) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 34 to the financial statements.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

6.3 Key sources of estimation uncertainty (continued)

(f) Impairment of assets

The Group determines whether an asset is impaired by evaluating the extent to which the recoverable amount of an asset is less than its carrying amount. This evaluation is subject to factors such as market performance, economic and political situation of the country.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value in use. The value in use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect its income and cash flows. Judgement has been used to determine the discount rate for the cash flows and the future growth of the business.

(g) Income taxes

Significant judgement is required in determining the capital allowances, deductibility of certain expenses and taxability of certain income based on the interpretation of the tax laws and legislations during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions, where applicable in the period in which such determination is made.

(h) 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).

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.

7. PROPERTY, PLANT AND EQUIPMENT

2015

Group	Balance as at 1.1.2015 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 31.12.2015 RM'000
Carrying amount								
Freehold land								
- at valuation	42,000	-	-	-	-	-	-	42,000
- at cost	10,391	-	-	-	-	-	-	10,391
Buildings								
- at valuation	48,430	216	-	(1,816)	-	-	-	46,830
- at cost	13,265	326	-	(375)	-	-	451	13,667
Long term leasehold land								
- at valuation	9,938	-	-	(184)	-	-	-	9,754
- at cost	16,425	-	-	(777)	-	-	1,908	17,556
Plant and machinery	33,897	5,707	(239)	(6,243)	-	482	-	33,604
Tools, equipment and air-conditioners	2,008	193	-	(357)	(11)	-	30	1,863
Moulds and dies	74,302	10,531	-	(13,830)	-	4,535	-	75,538
Motor vehicles	1,389	2,112	(154)	(829)	-	-	31	2,549
Furniture, fittings and office equipment	1,922	761	-	(805)	(4)	-	41	1,915
Construction-in-progress	5,566	14,747	-	-	-	(5,017)	-	15,296
	259,533	34,593	(393)	(25,216)	(15)	-	2,461	270,963

7. PROPERTY, PLANT AND EQUIPMENT (continued)

2015	At 31.12.2015				
	Cost RM'000	Valuation RM'000	Accumulated depreciation RM'000	Exchange adjustments RM'000	Carrying amount RM'000
Freehold land					
- at valuation	-	42,000	-	-	42,000
- at cost	10,391	-	-	-	10,391
Buildings					
- at valuation	-	53,307	(6,477)	-	46,830
- at cost	15,351	-	(1,756)	72	13,667
Long term leasehold land					
- at valuation	-	10,526	(772)	-	9,754
- at cost	19,200	-	(1,951)	307	17,556
Plant and machinery	95,919	-	(62,315)	-	33,604
Tools, equipment and air-conditioners	5,570	-	(3,711)	4	1,863
Moulds and dies	228,630	-	(153,092)	-	75,538
Motor vehicles	5,460	-	(2,950)	39	2,549
Furniture, fittings and office equipment	7,956	-	(6,091)	50	1,915
Construction-in-progress	15,296	-	-	-	15,296
	403,773	105,833	(239,115)	472	270,963

7. PROPERTY, PLANT AND EQUIPMENT (continued)

2014

Group	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
Carrying amount									
Freehold land									
- at valuation	42,000	-	-	-	-	-	-	-	42,000
- at cost	10,391	-	-	-	-	-	-	-	10,391
Buildings									
- at valuation	51,669	63	-	(1,776)	(19)	(567)	(940)	-	48,430
- at cost	13,958	128	-	(398)	-	-	-	(423)	13,265
Long term leasehold land									
- at valuation	15,424	-	-	(209)	-	(5,277)	-	-	9,938
- at cost	19,198	-	-	(1,173)	-	-	-	(1,600)	16,425
Plant and machinery	30,195	6,540	(9)	(4,501)	-	1,672	-	-	33,897
Tools, equipment and air-conditioners	1,668	791	-	(416)	(9)	-	-	(26)	2,008
Moulds and dies	71,820	13,341	-	(14,685)	-	3,826	-	-	74,302
Motor vehicles	2,146	101	(124)	(742)	-	-	-	8	1,389
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 2015 (continued)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

2014	At 31.12.2014			
	Cost RM'000	Valuation RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
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

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 2015 RM'000	Group 2014 RM'000
Land	**28,088**	28,331
Buildings	**37,547**	38,594
	65,635	66,925

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2015				
Freehold land	**-**	**-**	**42,000**	**42,000**
Leasehold land	**-**	**-**	**9,754**	**9,754**
Buildings	**-**	**-**	**46,830**	**46,830**
	-	**-**	**98,584**	**98,584**
2014				
Freehold land	-	-	42,000	42,000
Leasehold land	-	-	9,938	9,938
Buildings	-	-	48,430	48,430
	-	-	100,368	100,368

(i) There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 31 December 2015 and 31 December 2014.

(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 RM3.50 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.

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 2015 RM'000	Group 2014 RM'000
Purchase of property, plant and equipment	**34,593**	27,672
Financed by hire purchase arrangements	**(72)**	-
Cash payments on purchase of property, plant and equipment	**34,521**	27,672

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 2015 RM'000	Group 2014 RM'000
Motor vehicles	**61**	-

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, 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.

8. INVESTMENTS IN SUBSIDIARIES

	Company 2015 RM'000	Company 2014 RM'000
Unquoted shares, at cost	**36,467**	36,467

8. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Interest in equity held by Company 2015	Company 2014	Subsidiaries 2015	Subsidiaries 2014	Principal activities
New Hoong Fatt Auto Supplies Sdn. Bhd.[1]	Malaysia	**100%**	100%	**-**	-	Marketing, distribution and trading of automotive parts and accessories
NJ Manufacturing Industries Sdn. Bhd.[1]	Malaysia	**100%**	100%	**-**	-	Investment holding company
Jhi Soon Manufacturing Industries Sdn. Bhd. [1]	Malaysia	**100%**	100%	**-**	-	Investment holding company
New Hoong Fatt Industries Sdn. Bhd. [1]	Malaysia	**100%**	100%	**-**	-	Inactive
MJ Manufacturing Industries Sdn. Bhd. [1]	Malaysia	**100%**	100%	**-**	-	Manufacturing of moulds and dies
Auto Global Parts Industries Sdn. Bhd. [1]	Malaysia	**100%**	100%	**-**	-	Manufacturing and marketing of automotive parts and provision of injection services
NHF Ventures Sdn. Bhd. [1]	Malaysia	**100%**	100%	**-**	-	Investment holding company
Subsidiary of New Hoong Fatt Auto Supplies Sdn. Bhd.						
PT. NHF Auto Supplies Indonesia	Indonesia	**-**	-	**100%**	100%	Importing, exporting and trading of automotive parts and accessories
Subsidiary of NHF Ventures Sdn. Bhd.						
Ampire Auto Parts (Shanghai) Co., Ltd.	Peoples' Republic of China	**-**	-	**100%**	100%	Importing, exporting and trading of automotive parts and accessories

[1] *Subsidiaries audited by BDO in Malaysia.*

8. INVESTMENTS IN SUBSIDIARIES (continued)

(b) In the previous financial year, Hoeken Industrial Sdn. Bhd., a wholly-owned subsidiary of the Group and of the Company was liquidated and 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 were written off together with the investment in the subsidiary of RM1,790. The remaining balance of RM1,000,000 was offset against the amount owing by the Company.

9. INVESTMENT PROPERTIES

2015

Group	Balance as at 1.1.2015 RM'000	Fair value adjustment RM'000	Balance as at 31.12.2015 RM'000
Carrying amount			
Long-term leasehold land and buildings	**15,600**	**-**	**15,600**

2014

Group	Balance as at 1.1.2014 RM'000	Fair value adjustment RM'000	Reclassification from property, plant and equipment Note 7(d) RM'000	Balance as at 31.12.2014 RM'000
Carrying amount				
Long-term leasehold land and buildings	9,500	256	5,844	15,600

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

	Group 2015 RM'000	Group 2014 RM'000
Insurance	**4**	1
Quit rent and assessment	**64**	64

9. INVESTMENT PROPERTIES (continued)

(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
2015				
Leasehold land	**-**	**-**	**14,100**	**14,100**
Buildings	**-**	**-**	**1,500**	**1,500**
	-	**-**	**15,600**	**15,600**
2014				
Leasehold land	-	-	14,100	14,100
Buildings	-	-	1,500	1,500
	-	-	15,600	15,600

(i) There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 31 December 2015 and 31 December 2014.

(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.

(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	
	2015 RM'000	2014 RM'000
Balance as at 1 January	**15,600**	9,500
Transferred from property, plant and equipment (Note 7d)	**-**	5,844
Gain recognised in profit or loss	**-**	256
Balance as at 31 December	**15,600**	15,600

(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 2015 RM'000	Group 2014 RM'000
Available-for-sale financial asset		
- Club membership	**130**	130

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

11. INTANGIBLE ASSET

2015 Group Carrying amount	Balance as at 1.1.2015 RM'000	Additions RM'000	Amortisation charge for the financial year RM'000	Balance as at 31.12.2015 RM'000
Computer software	**128**	**-**	**(123)**	**5**

	At 31.12.2015			
	Cost RM'000	Accumulated impairment RM'000	Accumulated amortisation RM'000	Carrying amount RM'000
Computer software	**2,618**	**-**	**(2,613)**	**5**

2014 Group Carrying amount	Balance as at 1.1.2014 RM'000	Additions RM'000	Amortisation charge for the financial year RM'000	Balance as at 31.12.2014 RM'000
Computer software	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

12. TRADE AND OTHER RECEIVABLES

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Non-current				
Other receivables				
Amounts owing by subsidiaries	**-**	-	**90,475**	92,652
Current				
Trade receivables				
Third parties	**37,236**	36,862	**-**	-
Less: Impairment losses	**(245)**	(221)	**-**	-
	36,991	36,641	**-**	-
Other receivables and deposits				
Amounts owing by subsidiaries	**-**	-	**7,403**	10,258
Other receivables	**2,649**	1,049	**1**	-
Refundable deposits	**396**	290	**3**	3
	3,045	1,339	**7,407**	10,261
Loans and receivables	**40,036**	37,980	**97,882**	102,913
Prepayments	**6,498**	4,446	**7**	7
Total	**46,534**	42,426	**97,889**	102,920

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranged from 30 days to 90 days (2014: 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 RM3,437 (2014: RM26,278) 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 3.26% (2014: 3.11%) per annum and payable on demand in cash and cash equivalents.

(d) Included in prepayments of the Group are advance payments of RM6,125,774 (2014: RM4,102,549) to suppliers for the purchase of property, plant and equipment.

12. TRADE AND OTHER RECEIVABLES (continued)

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	**29,762**	28,938	**97,882**	102,913
US Dollar	**7,884**	7,495	**-**	-
New Taiwan Dollar	**144**	98	**-**	-
Chinese Renminbi	**900**	416	**-**	-
Indonesian Rupiah	**1,180**	1,033	**-**	-
Thai Baht	**166**	-	**-**	-
	40,036	37,980	**97,882**	102,913

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

	Group	
	2015	**2014**
	RM'000	**RM'000**
Neither past due nor impaired	**32,990**	32,926
Past due, not impaired		
1 to 30 days	**2,720**	1,825
31 to 60 days	**923**	1,449
61 to 90 days	**144**	20
More than 90 days	**214**	421
	4,001	3,715
Past due and impaired	**245**	221
	37,236	36,862

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

At the end of the reporting period, the Group has trade receivables amounting to RM4,001,415 (2014: RM3,714,503) 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.

12. TRADE AND OTHER RECEIVABLES (continued)

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

Receivables that are past due and impaired

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

Group	Individually impaired 2015 RM'000	Individually impaired 2014 RM'000
Trade receivables, gross	**245**	221
Less: Impairment losses	**(245)**	(221)
	-	-

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

	Group 2015 RM'000	Group 2014 RM'000
As at 1 January	**221**	216
Written off	**(204)**	-
Reversal of impairment losses (Note 26)	**(36)**	(2)
Charge for the financial year (Note 26)	**264**	7
As at 31 December	**245**	221

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 34 to the financial statements.

13. INVENTORIES

	Group 2015 RM'000	Group 2014 RM'000
At cost		
Raw materials	**14,684**	13,790
Work-in-progress	**2,807**	2,233
Finished goods	**21,800**	20,240
Consumables	**57**	62
	39,348	36,325
At net realisable value		
Finished goods	**6**	-
	39,354	36,325

(a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM99,386,434 (2014: RM102,791,711) and the Group has written down inventories by RM658,619 (2014: RM Nil) to their net realisable value.

(b) In the previous financial year, the Group reversed a sum of RM334,986 in respect of inventories written down previously that was subsequently not required as the Group was able to sell those inventories above their carrying amounts.

14. CASH AND BANK BALANCES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	**23,669**	13,486	**164**	3,996

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Ringgit Malaysia	**9,041**	10,926	**164**	3,996
US Dollar	**14,058**	2,298	**-**	-
Chinese Renminbi	**183**	97	**-**	-
Indonesian Rupiah	**387**	165	**-**	-
	23,669	13,486	**164**	3,996

(b) Information on financial risks of cash and bank balances is disclosed in Note 34 to the financial statements.

15. SHARE CAPITAL

	Group and Company			
	2015		2014	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Ordinary shares of RM1.00 each:				
Authorised	**100,000**	**100,000**	100,000	100,000
Issued and fully paid:	**75,157**	**75,157**	75,157	75,157

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

16. RESERVES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-distributable				
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	**2,198**	(1,254)	**-**	-
	43,005	39,553	**4,210**	4,210
Distributable				
Retained earnings	**211,885**	200,119	**54,758**	60,435
	254,890	239,672	**58,968**	64,645

(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.

17. BORROWINGS (INTEREST BEARING)

	Group 2015 RM'000	Group 2014 RM'000
Current liabilities		
Unsecured		
Bankers' acceptances	**25,300**	12,000
Hire purchase creditors (Note 18)	**8**	-
Term loans	**3,045**	4,552
	28,353	16,552
Non-current liabilities		
Unsecured		
Term loans	**303**	2,918
	28,656	19,470
Total borrowings		
Bankers' acceptances	**25,300**	12,000
Hire purchase creditors (Note 18)	**8**	-
Term loans	**3,348**	7,470
	28,656	19,470
Repayable as follows:		
- not later than one (1) year	**28,353**	16,552
- between one (1) to five (5) years	**303**	2,918
	28,656	19,470

(a) Bankers' acceptances of the Group are guaranteed by a corporate guarantee from the Company.

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

	Group 2015 RM'000	Group 2014 RM'000
Ringgit Malaysia	**28,226**	18,883
Indonesian Rupiah	**8**	-
Chinese Renminbi	**422**	587
	28,656	19,470

(c) Information on financial risks of the borrowings is disclosed in Note 34 to the financial statements.

18. HIRE PURCHASE CREDITORS

	Group 2015 RM'000	Group 2014 RM'000
Minimum hire purchase payments:		
- not later than one (1) year	**8**	-
- later than one (1) year but not later than five (5) years	**-**	-
Total minimum hire purchase payments	**8**	-
Less: Future interest charges	**-**	-
Present value of hire purchase payments	**8**	-
Repayable as follows:		
Current liabilities:		
- not later than one (1) year (Note 17)	**8**	-

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

19. EMPLOYMENT BENEFIT OBLIGATION

A foreign subsidiary of the Group, PT NHF Auto Supplies Indonesia provides post-employment benefits in accordance with Indonesia's Labor Law No. 13/2003. The number of employees entitled to the Benefits in 31 December 2015 and 2014 were 18 and 5 people, respectively.

As per Indonesia's Labor Law No. 13/2003, PT NHF Auto Supplies Indonesia is required to pay their employee, termination, appreciation and compensation benefits in case of employment dismissal based on the employee's number of years of services provided the conditions set forth in the decree are met.

The provision for employment benefit obligation recognised in the statement of financial position is determined as follows:

	Group 2015 RM'000	Group 2014 RM'000
Present value of employment benefit obligation	**32**	26
Fair value of plan assets	**-**	-
	32	26

19. EMPLOYMENT BENEFIT OBLIGATION (continued)

The total expenses recognised in profit of loss are as follows:

	Group 2015 RM'000	Group 2014 RM'000
Current service cost	**36**	26
Interest cost	**2**	-
Total expense recorded in profit or loss	**38**	26
Actuarial gain recorded in other comprehensive income	**(32)**	-
Total expense	**6**	26

The movements during the financial year in the amounts recognised in the statement of financial position in respect of the employment benefit obligation are as follows:

	Group 2015 RM'000	Group 2014 RM'000
Balance as at 1 January	**26**	-
Recognised in profit or loss (Note 26)	**38**	26
Actuarial gain charged to other comprehensive income	**(32)**	-
Balance as at 31 December	**32**	26

The cost of providing post-employment benefit is calculated by an independent actuary. The actuarial valuation was carried out using the following key assumptions:

	Group 2015	Group 2014
Discount rate	**9.30%**	8.90%
Salary increment rate	**6%**	10%
Mortality rate	**Indonesian Mortality Table 2011**	Commissioner Standard Ordinary Tables 1980 (CSO 80) with improvement
Disability rate	**10% of Mortality rate**	10% of Mortality rate
Resignation rate	**5% per annum up to age 20 decreasing linearly to 1% per annum at age 54**	5% per annum up to age 20 decreasing linearly to 1% per annum at age 54
Normal retirement age	**55 years old**	55 years old

20. DEFERRED TAX

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

	Group 2015 RM'000	Group 2014 RM'000
Balance as at 1 January	**20,702**	18,800
Recognised in profit or loss: (Note 27)		
- current year	**1,867**	2,039
- under/(over) provision in prior years	**45**	(137)
	1,912	1,902
Balance as at 31 December	**22,614**	20,702

	Group 2015 RM'000	Group 2014 RM'000
Presented after appropriate offsetting:		
Deferred tax assets	**(136)**	(81)
Deferred tax liabilities	**22,750**	20,783
	22,614	20,702

(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/Total RM'000
Balance as at 1 January 2014	-
Recognised in profit or loss	81
Balance as at 31 December 2014	81
Recognised in profit or loss	55
Balance as at 31 December 2015	**136**

20. DEFERRED TAX (continued)

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

Deferred tax liabilities of the Group	Property, plant and equipment/ Total RM'000
Balance as at 1 January 2014	18,800
Recognised in profit or loss	1,983
Balance as at 31 December 2014	20,783
Recognised in profit or loss	1,967
Balance as at 31 December 2015	**22,750**

(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 2015 RM'000	Group 2014 RM'000
Unused tax losses	**11,866**	4,471

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 unused tax losses of the foreign subsidiaries are allowed to be carried forward to offset future taxable profits up to a maximum of five (5) years.

(d) A subsidiary of the Group is entitled to claim reinvestment allowance under Schedule 7A Income Tax Act, 1967. Reinvestment allowance of RM14,059,926 (2014: RM7,449,601) was claimed during the current financial year. As at the end of the reporting period, the balance of reinvestment allowance not claimed amounted to RM17,159,118 (2014: RM18,252,115).

(e) A subsidiary of the Group is entitled to claim investment tax allowance under Promotion of Investments Act, 1986. Investment tax allowance of RM502,619 (2014: RM1,191,894) was claimed during the current financial year.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Trade payables				
Third parties	**7,911**	6,876	**-**	-
Other payables				
Amounts owing to subsidiaries	**-**	-	**-**	3,245
Other payables	**2,771**	1,941	**14**	24
Accruals	**5,137**	4,952	**228**	202
	7,908	6,893	**242**	3,471
Total	**15,819**	13,769	**242**	3,471

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranged from 30 days to 120 days (2014: 30 days to 120 days).

(b) Included in trade payables of the Group are amounts of RM102,516 (2014: RM81,663) owing to companies in which family members of the Executive Directors of the Company have substantial financial interests.

(c) Amounts owing to subsidiaries represented advances, which were unsecured, bears interest at a rate of 3.26% (2014: 3.11%) per annum and payable upon demand in cash and cash equivalents.

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

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	**13,160**	12,281	**242**	3,471
Chinese Renminbi	**301**	504	**-**	-
Indonesian Rupiah	**61**	193	**-**	-
New Taiwan Dollar	**354**	208	**-**	-
Thai Baht	**44**	71	**-**	-
US Dollar	**1,899**	512	**-**	-
	15,819	13,769	**242**	3,471

(e) Information of financial risks of trade and other payables is disclosed in Note 34 to the financial statements.

22. COMMITMENTS

Capital commitments

	Group	
	2015 RM'000	2014 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
- Contracted but not provided for	**12,376**	7,794
- Approved but not contracted for	**33,748**	17,815

23. CONTINGENT LIABILITIES

	Company	
	2015 RM'000	2014 RM'000
Corporate guarantees given to banks for credit facilities granted to subsidiaries – unsecured	**33,571**	25,186

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.

24. REVENUE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sale of goods	**207,226**	200,596	**-**	-

25. FINANCE COSTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest expense on:				
- amount owing to a subsidiary	**-**	-	**116**	25
- bankers' acceptances	**640**	579	**-**	-
- revolving credit	**-**	87	**-**	-
- term loans	**254**	610	**-**	-
	894	1,276	**116**	25

26. PROFIT BEFORE TAX

		Group		Company	
		2015	2014	2015	2014
	Note	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging:					
Amortisation of intangible asset	11	**123**	495	**-**	-
Auditors' remuneration:					
- statutory audits					
- auditors of the Company		**108**	105	**25**	25
- other auditors		**71**	20	**-**	-
- other services		**6**	6	**6**	6
Bad debts written off		**6**	6	**-**	-
Depreciation of property, plant and equipment	7	**25,216**	24,552	**-**	-
Impairment losses on:					
- trade receivables	12(g)	**264**	7	**-**	-
Inventories written down	13	**659**	-	**-**	-
Investment in a subsidiary written off	8(b)	**-**	-	**-**	2
Loss on foreign exchange:					
- realised		**244**	-	**-**	-
- unrealised		**7**	32	**-**	-
Property, plant and equipment written off	7	**15**	31	**-**	-
Provision for employment benefit obligation	19	**38**	26	**-**	-
Rental of:					
- factory and premises		**645**	788	**-**	-
- forklift		**-**	10	**-**	-
And crediting:					
Fair value adjustment on investment properties	9	**-**	256	**-**	-
Gain on disposal of:					
- property, plant and equipment		**138**	760	**-**	-
Sale of scraps		**7,521**	8,402	**-**	-
Gain on foreign exchange:					
- realised		**2,347**	276	**-**	-
- unrealised		**41**	-	**-**	-
Interest income from:					
- short term placements		**143**	249	**2**	-
- subsidiaries		**-**	-	**3,168**	3,010
Inventories written back	13	**-**	335	**-**	-
Rental income from investment properties		**805**	382	**-**	-
Reversal of impairment losses on trade receivables	12(g)	**36**	2	**-**	-

27. TAX EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax expense based on profit for the financial year:				
- current year	**5,356**	4,173	**685**	673
- under/(over) provision in prior years	**52**	(149)	**1**	-
	5,408	4,024	**686**	673
Deferred tax (Note 20):				
- relating to origination and reversal of temporary differences	**1,867**	2,039	**-**	-
- under/(over) provision in prior years	**45**	(137)	**-**	-
	1,912	1,902	**-**	-
	7,320	5,926	**686**	673

(a) The Malaysian income tax is calculated at the statutory tax rate of 25% (2014: 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	
	2015 %	2014 %	2015 %	2014 %
Applicable tax rate	**25.0**	25.0	**25.0**	25.0
Tax effects in respect of:				
Deferred tax assets not recognised during the financial year	**7.0**	2.9	**-**	-
Non-allowable expenses	**12.1**	17.8	**2.2**	2.4
Utilisation of tax incentives	**(13.7)**	(11.0)	**-**	-
Effect of reduction in tax rate	**(3.2)**	-	**-**	-
	27.2	34.7	**27.2**	27.4
Under/(Over) provision in prior years				
- income tax	**0.2**	(0.8)	**-**	-
- deferred tax	**0.1**	(0.8)	**-**	-
Average effective tax rate	**27.5**	33.1	**27.2**	27.4

27. TAX EXPENSE (continued)

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

	Group 2015 RM'000	Group 2014 RM'000
Arising from utilisation of current year tax losses	**781**	386

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

2015	**Before tax RM'000**	**Group Tax effect RM'000**	**After tax RM'000**
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	**3,452**	**-**	**3,452**
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of employment benefit obligation	**32**	**-**	**32**

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

28. 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	
	2015	**2014**
Profit attributable to equity holders of the parent (RM'000)	**19,250**	11,974
Weighted average number of ordinary shares applicable to basic earnings per ordinary share ('000)	**75,157**	75,157
Basic earnings per ordinary share (sen)	**25.61**	15.93

(b) Diluted

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

29. DIVIDENDS

	Group and Company			
	2015		**2014**	
	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	**7**	**5,261**	9	6,764
Interim dividend paid	**3**	**2,255**	3	2,255
	10	**7,516**	12	9,019

A final single tier dividend in respect of the financial year ended 31 December 2015 of 8 sen per ordinary share, amounting to RM6,012,528 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 2016.

30. EMPLOYEES BENEFITS

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Salaries, wages, overtime, bonuses, allowances and commissions	**37,752**	35,584	**14**	15
Contributions to defined contribution plan	**3,339**	3,246	**-**	-
Social security contributions	**319**	314	**-**	-
	41,410	39,144	**14**	15

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration amounting to RM2,289,812 (2014: RM2,102,320) and RM14,000 (2014: RM15,000) respectively.

31. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

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

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

Identities of related parties	**Relationship with the Group**
Pong Codan Marketing Sdn. Bhd. Pong Codan Rubber (M) Sdn. Bhd. L F Kim Holdings Sdn. Bhd.	Companies in which family members of the Executive Directors of the Company have substantial financial interests.

(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 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Sales to:				
- Pong Codan Marketing Sdn. Bhd.	**14**	23	**-**	-
- Pong Codan Rubber (M) Sdn. Bhd.	**43**	53	**-**	-
Purchases from:				
- Pong Codan Marketing Sdn. Bhd.	**909**	818	**-**	-
- Pong Codan Rubber (M) Sdn. Bhd.	**311**	300	**-**	-
Rental paid to: L F Kim Holdings Sdn. Bhd.	**-**	6	**-**	-
Interest income receivable from subsidiaries	**-**	-	**3,168**	3,010

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.

31. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group and the Company.

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors' remuneration payable to:				
Executive Directors:				
- fees	**121**	121	**15**	15
- other emoluments	**2,290**	2,102	**14**	15
	2,411	2,223	**29**	30
Non-executive Directors:				
- fees	**180**	159	**180**	159
- other emoluments	**36**	32	**36**	32
	216	191	**216**	191
	2,627	2,414	**245**	221

The estimated monetary value of benefits-in-kind received by the Directors other than in cash from the Group amounted to RM101,539 (2014: RM95,352).

32. OPERATING SEGMENTS

(a) Business segments

The Group has three (3) reportable segments, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different technology, business and marketing strategies. The reportable segments are summarised as follows:

Manufacturing	:	Manufacturing and marketing of automotive parts and accessories, and moulds and dies.
Trading	:	Marketing, distribution and trading of automotive parts and accessories.
Investment	:	Investment holding.

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.

32. OPERATING SEGMENTS (continued)

(a) Business segments (continued)

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses, such as goodwill impairment.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude assets used primarily for corporate purposes.

Segment liabilities exclude deferred tax liabilities.

2015	Manufacturing RM'000	Trading RM'000	Investment RM'000	Other operating segments RM'000	Total RM'000
Revenue					
Total revenue	179,307	110,945	16,717	-	306,969
Inter-segment revenue	(82,743)	(283)	(16,717)	-	(99,743)
Revenue from external customers	96,564	110,662	-	-	207,226
Interest income	54	85	4	-	143
Finance costs	(141)	(753)	-	-	(894)
Net finance expenses	(87)	(668)	4	-	(751)
Depreciation of property, plant and equipment	(22,276)	(2,940)	-	-	(25,216)
Amortisation of intangible assets	(104)	(19)	-	-	(123)
Segment profit/(loss) before income tax	31,814	(6,198)	11,764	(5)	37,375
Tax expense	(4,159)	(314)	(2,847)	-	(7,320)
Other material non-cash items:					
- Gain on disposal of property, plant and equipment	5	133	-	-	138
- Impairment losses on trade receivables	-	(264)	-	-	(264)
- Inventories written down	(53)	(606)	-	-	(659)
Additions to non-current assets other than financial instruments	31,607	2,976	10	-	34,593
Segment assets	171,553	117,694	108,661	36	397,944
Segment liabilities	20,529	23,620	1,132	2	45,283

32. OPERATING SEGMENTS (continued)

(a) Business segments (continued)

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)
Revenue from external customers	78,468	122,128	-	-	200,596
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	(21,488)	(3,064)	-	-	(24,552)
Amortisation of intangible assets	(469)	(26)	-	-	(495)
Segment profit/(loss) before income tax	**20,955**	**(5,036)**	**8,846**	**(5)**	**24,760**
Tax expense	(4,113)	317	(2,130)	-	(5,926)
Other material non-cash items:					
- 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
Additions to non-current assets other than financial instruments	26,011	1,636	25	-	27,672
Segment assets	**140,446**	**106,720**	**122,125**	**41**	**369,332**
Segment liabilities	**12,030**	**20,992**	**777**	**2**	**33,801**

32. 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:

	2015 RM'000	2014 RM'000
Profit for the financial year		
Total profit for reportable segments	**37,375**	24,760
Elimination of inter-segment profits	**(10,805)**	(6,860)
Profit before tax	**26,570**	17,900
Tax expense	**(7,320)**	(5,926)
Profit for the financial year/per consolidated statement of profit or loss and other comprehensive income	**19,250**	11,974

Liabilities	2015 RM'000	2014 RM'000
Total liabilities for reportable segments	**45,283**	33,801
Deferred tax liabilities	**22,614**	20,702
Group's liabilities/per consolidated statement of financial position	**67,897**	54,503

(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, non-current assets and capital expenditure by geographical segment:

	Revenue		Non-current assets		Capital expenditure	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	**100,505**	114,290	**263,818**	253,952	**34,404**	27,558
Asean	**30,575**	26,859	**22,632**	21,088	**188**	74
Non Asean	**76,146**	59,447	**248**	351	**1**	40
	207,226	200,596	**286,698**	275,391	**34,593**	27,672

33. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns whilst maximising 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 2015 and 31 December 2014.

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	
		2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Borrowings		**28,656**	19,470	**-**	-
Employment benefit obligation		**32**	26	**-**	-
Trade and other payables		**15,819**	13,769	**242**	3,471
Current tax liabilities		**776**	536	**153**	110
Total liabilities		**45,283**	33,801	**395**	3,581
Less: Cash and bank balances		**(23,669)**	(13,486)	**(164)**	(3,996)
Net debt/(cash)		**21,614**	20,315	**231**	(415)
Total equity		**330,047**	314,829	**134,125**	139,802
Net debt/(cash)	(A)	**21,614**	20,315	**231**	(415)
Total equity plus, net debt/(cash)	(B)	**351,661**	335,144	**134,356**	139,387
Gearing ratio	(A)/(B)	**6.15%**	6.06%	**0.17%**	N/A

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 December 2015.

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

33. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments

Group	Loans and receivables RM'000	Available-for-sale RM'000	Total RM'000
31 December 2015			
Financial assets			
Investments	-	130	130
Trade and other receivables	40,036	-	40,036
Cash and bank balances	23,669	-	23,669
	63,705	130	63,835

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Borrowings	28,656	28,656
Trade and other payables	15,819	15,819
	44,475	44,475

Company	Loans and receivables RM'000	Total RM'000
31 December 2015		
Financial assets		
Trade and other receivables	97,882	97,882
Cash and bank balances	164	164
	98,046	98,046

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Trade and other payables	242	242

33. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

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

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Borrowings	19,470	19,470
Trade and other payables	13,769	13,769
	33,239	33,239

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

	Other financial liabilities RM'000	Total RM'000
Financial liabilities		
Trade and other payables	3,471	3,471

33. 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 membership

The fair value of club membership is estimated by reference to current available quotation of the same investment.

(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 2015 (continued)

33. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

As at 31 December 2015, 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:

		Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value				Total fair value	Carrying amount
Group	Note	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	RM'000	RM'000
Financial assets											
Available-for-sale financial asset											
- Club membership, unquoted	10	-	-	130	130	-	-	-	-	130	130
Financial liabilities											
Other financial liabilities											
- Bankers' acceptances	17	-	-	-	-	-	25,300	-	25,300	25,300	25,300
- Hire purchase creditors	18	-	-	-	-	-	8	-	8	8	8
- Term loans	17	-	-	-	-	-	3,331	-	3,331	3,331	3,348
		-	-	-	-	-	28,639	-	28,639	28,639	28,656
Company											
Financial assets											
Loans and receivables											
- Other receivables											
- Amounts owing by subsidiaries	12	-	-	-	-	-	-	90,475	90,475	90,475	90,475

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015 (continued)

33. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

As at 31 December 2014, 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:

		Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value				Total fair value	Carrying amount
Group	**Note**	**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**	**RM'000**	**RM'000**
Financial assets											
Available-for-sale financial asset											
- Club membership, unquoted	10	-	-	130	130	-	-	-	-	130	130
Financial liabilities											
Other financial liabilities											
- Bankers' acceptances	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
Company											
Financial assets											
Loans and receivables											
- Other receivables											
- Amounts owing by subsidiaries	12	-	-	-	-	-	-	92,652	92,652	92,652	92,652

33. FINANCIAL INSTRUMENTS (continued)

(e) The following table shows a reconciliation of Level 3 fair values:

	Group 2015 RM'000	Group 2014 RM'000
Financial assets		
At 1 January	**130**	130
Addition	**-**	-
At 31 December	**130**	130

(f) In view of the insignificant financial effect on the Group's profit with the possible change in assumptions used, the Group did not separately disclose the effect of these sensitivities in the financial statements.

34. 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.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Foreign currency risk (continued)

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:

	2015 RM'000	2014 RM'000
US Dollar ("USD")	**14,058**	2,298
Chinese Renminbi ("RMB")	**183**	97
Indonesian Rupiah ("IDR")	**387**	165
	14,628	2,560

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.

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	
	2015 RM'000	2014 RM'000
Profit after tax		
USD/RM		
- strengthen by 5% (2014: 5%)	**752**	386
- weaken by 5% (2014: 5%)	**(752)**	(386)

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.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Liquidity and cash flow risks (continued)

As at 31 December 2015 Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities				
Trade and other payables	**15,819**	**-**	**-**	**15,819**
Borrowings	**28,716**	**307**	**-**	**29,023**
Total undiscounted financial liabilities	**44,535**	**307**	**-**	**44,842**
Company				
Financial liabilities				
Trade and other payables	**242**	**-**	**-**	**242**
Total undiscounted financial liabilities	**242**	**-**	**-**	**242**
As at 31 December 2014 **Group**				
Financial liabilities				
Trade and other payables	13,769	-	-	13,769
Borrowings	16,945	2,997	-	19,942
Total undiscounted financial liabilities	30,714	2,997	-	33,711
Company				
Financial liabilities				
Trade and other payables	3,471	-	-	3,471
Total undiscounted financial liabilities	3,471	-	-	3,471

(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 three (3) 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.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Credit risk (continued)

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.

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% (2014: 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 12 to the financial statements. Deposits with licensed 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 12 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 2015, 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 RM214,846 (2014: RM146,013) 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 RM214,846 (2014: RM146,013) 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.

34. 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
At 31 December 2015								
Fixed rates								
Bankers' acceptances	17	**3.99%**	**25,300**	**-**	**-**	**-**	**-**	**25,300**
Floating rates								
Term loans	17	**5.25%**	**3,045**	**303**	**-**	**-**	**-**	**3,348**
At 31 December 2014								
Fixed rates								
Bankers' acceptances	17	4.00%	12,000	-	-	-	-	12,000
Floating rates								
Term loans	17	5.11%	4,552	2,619	299	-	-	7,470

34. 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
At 31 December 2015								
Fixed rates								
Amounts owing by subsidiaries	12(c)	**3.26%**	**7,403**	**7,300**	**7,500**	**8,500**	**67,175**	**97,878**
At 31 December 2014								
Fixed rates								
Amounts owing by subsidiaries	12(c)	3.11%	10,258	10,302	8,500	9,000	64,850	102,910
Amount owing to subsidiaries	21(c)	3.11%	3,245	-	-	-	-	3,245

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:

	2015		2014	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
Total retained earnings before consolidation adjustments				
- Realised	**303,334**	**54,758**	273,471	60,435
- Unrealised	**(19,340)**	**-**	(12,038)	-
	283,994	**54,758**	261,433	60,435
Less: Consolidation adjustments	**(72,109)**	**-**	(61,314)	-
Total Group/Company retained earnings as per consolidated financial statements	**211,885**	**54,758**	200,119	60,435

LIST OF PROPERTIES
as at 31 December 2015

SENARAI HARTANAH
pada 31 Disember 2015

Location ***Lokasi***	**Description / Existing Use** ***Keterangan / Kegunaan***	**Land Area / Built-Up Area** ***Keluasan Tanah / Luas Kawasan Terbina***	**Tenure / Approximate Age of Building** ***Jenis Hakmilik / Anggaran Usia Bangunan***	**Date of Last Revaluation or Acquisition** ***Tarikh Penilaian Semula atau Pembelian***	**Net Book Value (RM'000)** ***Nilai Buku Bersih (RM'000)***
HS(M) 22101 No. PT 29778 & GM 1827 (Lot 5026 - Lot 5028) Mukim of Kapar District of Klang Selangor	Industrial land and building/ Office and factory *Tanah perindustrian dan bangunan/ Pejabat dan kilang*	31,240 sq m/ 28,545 sq m	Freehold/ 17 - 24 years *Pegangan bebas/ 17 - 24 tahun*	03.02.12	27,135
GM 3890 Lot 5043 Mukim of Kapar District of Klang Selangor	Industrial land and building/ Office and warehouse *Tanah perindustrian dan bangunan/ Pejabat dan gudang*	10,918 sq m/ 9,486 sq m	Freehold/ 13 years *Pegangan bebas/ 13 tahun*	03.02.12	10,177
GM 1672 Lot 5044 Mukim of Kapar District of Klang Selangor	Industrial land and building/ Warehouse *Tanah perindustrian dan bangunan/ Gudang*	10,031 sq m/ 19,037 sq m	Freehold/ 13 years *Pegangan bebas/ 13 tahun*	03.02.12	13,667
HS(M) 35401 No. PT 54723 (Lot 5045) Mukim of Kapar District of Klang Selangor	Industrial land and building/ Factory *Tanah perindustrian dan bangunan/ Kilang*	10,085 sq m/ 7,269 sq m	Freehold/ 15 years *Pegangan bebas/ 15 tahun*	03.02.12	8,488
GM 1859 Lot 5046 Mukim of Kapar District of Klang Selangor	Industrial land and building/ Office and factory *Tanah perindustrian dan bangunan/ Pejabat dan kilang*	10,669 sq m/ 8,527 sq m	Freehold/ 13 years *Pegangan bebas/ 13 tahun*	03.02.12	9,165

LIST OF PROPERTIES
as at 31 December 2015 (continued)

SENARAI HARTANAH
pada 31 Disember 2015 (sambungan)

Location ***Lokasi***	**Description / Existing Use** ***Keterangan / Kegunaan***	**Land Area / Built-Up Area** ***Keluasan Tanah / Luas Kawasan Terbina***	**Tenure / Approximate Age of Building** ***Jenis Hakmilik / Anggaran Usia Bangunan***	**Date of Last Revaluation or Acquisition** ***Tarikh Penilaian Semula atau Pembelian***	**Net Book Value (RM'000)** ***Nilai Buku Bersih (RM'000)***
HS(M) 36093 No. PT 56761 (Lot 5047 - 5048) Mukim of Kapar District of Klang Selangor	Industrial land and building/ Factory *Tanah perindustrian dan bangunan/ Kilang*	20,109 sq m/ 12,447 sq m	Freehold/ 5 years *Pegangan bebas/* *5 tahun*	03.02.12	17,483
GM 5108 Lot 5060 Mukim of Kapar District of Klang Selangor	Vacant agricultural land *Tanah pertanian kosong*	12,141 sq m/ -	Freehold/ - *Pegangan bebas/ -*	14.08.12	3,383
GM 5105 Lot 5061 Mukim of Kapar District of Klang Selangor	Vacant agricultural land *Tanah pertanian kosong*	12,141 sq m/ -	Freehold/ - *Pegangan bebas/ -*	14.08.12	3,383
GM 5592 Lot 5062 Mukim of Kapar District of Klang Selangor	Vacant agricultural land *Tanah pertanian kosong*	12,141 sq m/ -	Freehold/ - *Pegangan bebas/ -*	14.08.12	3,625
GM 5582 Lot 5065 Mukim of Kapar District of Klang Selangor	Vacant industrial land *Tanah perindustrian kosong*	12,141 sq m/ -	Freehold/ - *Pegangan bebas/ -*	03.02.12	4,000
Pajakan Negeri (WP) 26293 - 26295 Lot 47051 - 47053 Mukim Batu District of Kuala Lumpur Wilayah Persekutuan KL	Industrial land and building/ Rented out as office and warehouse *Tanah perindustrian dan bangunan/ Disewa sebagai pejabat dan gudang*	4,425 sq m/ 2,334 sq m	Leasehold of 99 years expiring on 16.06.2067/ 42 years *Pajakan 99 tahun berakhir 16.06.2067/* *42 tahun*	24.12.14	9,500

LIST OF PROPERTIES
as at 31 December 2015 (continued)

SENARAI HARTANAH
pada 31 Disember 2015 (sambungan)

Location ***Lokasi***	**Description / Existing Use** ***Keterangan / Kegunaan***	**Land Area / Built-Up Area** ***Keluasan Tanah / Luas Kawasan Terbina***	**Tenure / Approximate Age of Building** ***Jenis Hakmilik / Anggaran Usia Bangunan***	**Date of Last Revaluation or Acquisition** ***Tarikh Penilaian Semula atau Pembelian***	**Net Book Value (RM'000)** ***Nilai Buku Bersih (RM'000)***
Pajakan Negeri (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 *Tanah perindustrian dan bangunan/ Disewa sebagai pejabat dan gudang*	2,839 sq m/ 2,726 sq m	Leasehold of 99 years expiring on 16.06.2067/ 42 years *Pajakan 99 tahun berakhir 16.06.2067/ 42 tahun*	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 *Tanah perindustrian dan bangunan/ Pejabat dan gudang*	4,590 sq m/ 4,932 sq m	Leasehold of 99 years expiring on 16.06.2067/ 3 years *Pajakan 99 tahun berakhir 16.06.2067/ 3 tahun*	09.02.12	14,233
Pajakan Negeri CL015413797 Miles 5 ½ Tuaran Road District of Kota Kinabalu Sabah	Industrial land and building/ Office and warehouse *Tanah perindustrian dan bangunan/ Pejabat dan gudang*	3,565 sq m/ 1,812 sq m	Leasehold of 60 years expiring on 31.12.2072/ 9 years *Pajakan 60 tahun berakhir 31.12.2072/ 9 tahun*	10.02.12	2,558
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 *Tanah perindustrian dan bangunan/ Pejabat dan gudang*	11,830 sq m/ 7,540 sq m	Leasehold of 30 years expiring on 07.01.2043/ 27 years *Pajakan 30 tahun berakhir 07.01.2043/ 27 tahun*	30.01.13	22,052

ANALYSIS OF SHAREHOLDINGS
as at 18 March 2016

ANALISA PEGANGAN SAHAM
pada 18 Mac 2016

Authorised Share Capital / *Modal Saham Dibenarkan*	: RM100,000,000.00
Issued and Paid-Up Share Capital / *Modal Saham Terbitan dan Berbayar*	: RM75,156,600.00
Class of Shares / *Kelas Saham*	: Ordinary shares of RM1.00 each / *Saham biasa RM1.00 sesaham*
No. of Shareholders / *Bilangan Pemegang Saham*	: 1,234
Voting Rights / *Hak Mengundi*	: One vote per ordinary share / *Satu undi bagi setiap saham biasa*

DISTRIBUTION OF SHAREHOLDINGS / *PENGAGIHAN PEGANGAN SAHAM*
(Based on the Record of Depositors / *Berdasarkan Rekod Depositori*)

Size of Shareholdings / *Saiz Pegangan Saham*	**Shareholders / *Pemegang Saham***	**%**	**Shareholdings / *Pegangan Saham***	**%**
1 – 99	43	3.48	451	0.00
100 – 1,000	218	17.67	171,362	0.23
1,001 – 10,000	715	57.94	3,032,400	4.04
10,001 – 100,000	199	16.13	6,714,125	8.93
100,001 – less than 5% of issued shares / *kurang dari 5% terbitan saham*	56	4.54	25,030,375	33.30
5% and above of issued shares / *5% dan keatas terbitan saham*	3	0.24	40,207,887	53.50
TOTAL / *JUMLAH*	1,234	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*)**

	No. of Shares Held / *Bilangan Saham Dipegang*			
Name / *Nama*	**Direct / *Langsung***	**%**	**Indirect / *Tidak Langsung***	**%**
Kam Foong Keng	25,620,942	34.09	-	-
Wong Ah Moy @ Wong Yoke Len	10,036,945	13.35	720,000[1]	0.96
Yeoman 3-Rights Value Asia Fund	4,550,000	6.05	-	-
Yeoman Capital Management Pte Ltd	115,000	0.15	4,635,000[2]	6.17
Yeo Seng Chong	420,000	0.56	4,750,000[3]	6.32
Lim Mee Hwa	-	-	5,170,000[4]	6.88

Note / *Nota:*

[1] Deemed interested in the shares held by L F Kim Holdings Sdn Bhd in which she is a substantial shareholder and director.
Dianggap mempunyai kepentingan dalam saham yang dipegang oleh L F Kim Holdings Sdn Bhd dimana beliau adalah pemegang saham utama dan pengarah.

[2] 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 keatas semua saham tersebut.

[3] 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.

[4] 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)

	No. of Shares Held / *Bilangan Saham Dipegang*			
Name / *Nama*	**Direct / *Langsung***	**%**	**Indirect / *Tidak Langsung***	**%**
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	-	-	-	-

ANALYSIS OF SHAREHOLDINGS
as at 18 March 2016 (continued)

ANALISA PEGANGAN SAHAM
pada 18 Mac 2016 (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* Yeoman 3-Rights Value Asia Fund (PTSL)	4,550,000	6.05
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	1,629,925	2.17
8. Wong Fong Ngoh	1,439,600	1.92
9. Kam Foong Sim	1,132,425	1.51
10. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for/ *untuk* Chan Chong Soon (E-KPG)	900,000	1.20
11. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for/ *untuk* Teo Siew Lai (Margin)	850,000	1.13
12. Chin Jit Sin	838,200	1.12
13. Wong Fong Ngoh	744,000	0.99
14. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for/ *untuk* Teo Kwee Hock (STA 1)	723,600	0.96
15. L F Kim Holdings Sdn Bhd	720,000	0.96
16. Kam Foong Sim	675,000	0.90
17. AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for/ *untuk* Lim Pei Tiam @ Liam Ahat Kiat (SMART)	550,000	0.73
18. Lien, Li-Yu	458,800	0.61
19. Lim Pin Kong	445,500	0.59
20. Lim Khuan Eng	440,000	0.59
21. Lim Ying Ying	427,100	0.57
22. Lin, Chih-Chun	419,000	0.56
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. CIMB Group Nominees (Asing) Sdn. Bhd. Exempt An for/ *untuk* DBS Bank Ltd (SFS)	380,000	0.51
27. Koay Keng Ling	354,000	0.47
28. HK Wong Holdings Sdn Bhd	346,000	0.46
29. Tseng Wan-I	306,000	0.41
30. Goh Beng Choo	280,300	0.37
TOTAL / *JUMLAH*	**60,642,762**	**80.71**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth (19th) 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 Thursday, 2 June 2016 at 10.00 a.m. for the following purposes:

A G E N D A

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon.

2. To approve a final single tier dividend of eight (8) sen per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2015. **Resolution 1**

3. To re-elect the following Directors who are retiring by rotation pursuant to Article 78 of the Company's Articles of Association, and who being eligible, offer themselves for re-election:

   (i) Mr Danny Ng Siew L'Leong **Resolution 2**
   (ii) Ms Kam Foong Sim **Resolution 3**

4. To approve the Directors' Fees of RM195,000 for the financial year ended 31 December 2015. **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**
   RE-APPOINTMENT OF DATUK DR. ANIS BIN AHMAD AS DIRECTOR PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT, 1965

   "THAT Datuk Dr. Anis bin Ahmad who is over the age of seventy (70) years and retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting." **Resolution 6**

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

   "THAT, subject to the passing of the Resolution 2 above, and in accordance with the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"), Mr Danny Ng Siew L'Leong be and is hereby retained as Independent Non-Executive Director of the Company and 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. **ORDINARY RESOLUTION**
   RETENTION OF DATUK DR. ANIS BIN AHMAD AS INDEPENDENT DIRECTOR

   "THAT, subject to the passing of the Resolution 6 above, and in accordance with the MCCG 2012, Datuk Dr. Anis Bin Ahmad be and is hereby retained as Independent Non-Executive Director of the Company and be designated as such until the conclusion of the next Annual General Meeting, subject to the provisions of the relevant regulatory authorities." **Resolution 8**

9. To transact any other business for which due notice has been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

FURTHER NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Nineteenth (19th) Annual General Meeting of the Company, a final single tier dividend of eight (8) sen per ordinary share of RM1.00 each for the financial year ended 31 December 2015 will be paid on 14 July 2016 to Depositors whose names appear in the Record of Depositors on 15 June 2016.

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 2016 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
26 April 2016

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 26 May 2016 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.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 6

Datuk Dr. Anis bin Ahmad ("Datuk Dr. Anis"), the Director who has attained the age of seventy (70) years, shall be re-appointed as Director pursuant to Section 129(6) of the Companies Act, 1965. If this resolution 6 is passed, he shall hold office until the conclusion of the next AGM.

Resolution 7

Mr Danny Ng Siew L'Leong ("Mr Ng"), who has served the Board as Independent Non-Executive Director for a tenure of exceeding nine (9) years, will be retained as Independent Director if this resolution 7 is passed. In observing the recommendation under the MCCG 2012 in relation to tenure of an Independent Director, the Board, 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 8

Datuk Dr. Anis, who has served the Board as Independent Non-Executive Director for a tenure of exceeding nine (9) years, will be retained as Independent Director if this resolution 8 is passed. In observing the recommendation under the MCCG 2012 in relation to tenure of an Independent Director, the Board, 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 and re-appointment 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-Sembilanbelas (19) akan diadakan di Bilik Banyan & Casuarina, Tingkat Bawah, Pusat Konvensyen Sime Darby, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, pada hari Khamis, 2 Jun 2016, pada pukul 10.00 pagi bagi tujuan-tujuan berikut:*

A G E N D A

URUSAN BIASA

1. *Menerima Penyata-penyata Kewangan yang telah diaudit bagi tahun kewangan berakhir pada 31 Disember 2015 bersama dengan Laporan-laporan Pengarah dan Juruaudit.*

2. *Meluluskan dividen akhir satu peringkat sebanyak lapan (8) sen sesaham biasa berharga RM1.00 bagi tahun kewangan berakhir pada 31 Disember 2015.* ***Resolusi 1***

3. *Melantik semula Pengarah-pengarah berikut yang bersara selaras dengan Artikel 78 Tataurus Syarikat, dan oleh kerana layak, menawarkan diri mereka untuk dilantik semula:*

   (i) Encik Danny Ng Siew L'Leong ***Resolusi 2***
   (ii) Cik Kam Foong Sim ***Resolusi 3***

4. *Meluluskan yuran Pengarah sebanyak RM195,000 bagi tahun kewangan berakhir 31 Disember 2015.* ***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***
   PELANTIKAN SEMULA DATUK DR. ANIS BIN AHMAD SEBAGAI PENGARAH MENURUT SEKSYEN 129(6) AKTA SYARIKAT, 1965

   "BAHAWA Datuk Dr. Anis bin Ahmad yang telah melebihi umur tujuh puluh (70) tahun dan bersara menurut Seksyen 129 Akta Syarikat, 1965 adalah dan dengan ini dilantik semula sebagai Pengarah Syarikat untuk memegang jawatan sehingga berakhirnya Mesyuarat Agung Tahunan yang seterusnya." ***Resolusi 6***

7. ***RESOLUSI BIASA***
   PENGEKALAN ENCIK DANNY NG SIEW L'LEONG SEBAGAI PENGARAH BEBAS

   "BAHAWA, tertakluk kepada kelulusan Resolusi 2 di atas, dan selaras dengan Kod Tadbir Urus Korporat Malaysia 2012 ("MCCG 2012"), Encik Danny Ng Siew L'Leong dikekalkan sebagai Pengarah Bebas Bukan Eksekutif Syarikat dan pelantikannya kekal sehingga berakhirnya Mesyuarat Agung Tahunan yang seterusnya, tertakluk kepada peruntukan-peruntukan pihak berkuasa yang berkaitan." ***Resolusi 7***

8. ***RESOLUSI BIASA***
   PENGEKALAN DATUK DR. ANIS BIN AHMAD SEBAGAI PENGARAH BEBAS

   "BAHAWA, tertakluk kepada kelulusan Resolusi 6 di atas, dan selaras dengan MCCG 2012, Datuk Dr. Anis Bin Ahmad dikekalkan sebagai Pengarah Bebas Bukan Eksekutif Syarikat dan pelantikannya kekal sehingga berakhirnya Mesyuarat Agung Tahunan yang seterusnya, tertakluk kepada peruntukan-peruntukan pihak berkuasa yang berkaitan." ***Resolusi 8***

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

NOTIS BERKELAYAKAN DIVIDEN DAN BAYARAN

DENGAN INI JUGA DIMAKLUMKAN BAHAWA *tertakluk kepada kelulusan dari pemegang-pemegang saham pada Mesyuarat Agung Tahunan Syarikat yang ke-Sembilanbelas (19), dividen akhir satu peringkat sebanyak lapan (8) sen sesaham biasa berharga RM1.00 bagi tahun kewangan berakhir 31 Disember 2015 akan dibayar pada 14 Julai 2016 kepada pendeposit sepertimana yang terdapat di dalam Rekod Pendeposit pada 15 Jun 2016.*

Pendeposit hanya layak untuk menerima dividen berhubung dengan:

(a) *Sekuriti yang dipindahkan ke dalam Akaun Sekuriti Pendeposit sebelum 4.00 petang pada 15 Jun 2016 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
26 April 2016

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 26 Mei 2016 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 PENERANGAN BERKENAAN URUSAN KHAS

Resolusi 6
Datuk Dr. Anis bin Ahmad ("Datuk Dr. Anis"), seorang Pengarah yang telah mencapai umur tujuh puluh (70) tahun, boleh dilantik semula sebagai Pengarah Syarikat menurut Seksyen 129(6) Akta Syarikat, 1965. Jika resolusi 6 ini diluluskan, beliau akan memegang jawatan sehingga berakhirnya Mesyuarat Agung Tahunan yang seterusnya.

Resolusi 7
Encik Danny Ng Siew L'Leong ("Encik Ng") yang telah berkhidmat sebagai Pengarah Bebas Bukan Eksekutif dalam Lembaga Pengarah Syarikat bagi tempoh melebihi had terma sembilan (9) tahun akan dikekalkan sebagai Pengarah Bebas jika resolusi 7 ini diluluskan. Dalam pematuhan kepada cadangan di bawah MCCG 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 8
Datuk Dr. Anis yang telah berkhidmat sebagai Pengarah Bebas Bukan Eksekutif dalam Lembaga Pengarah Syarikat bagi tempoh melebihi had terma sembilan (9) tahun akan dikekalkan sebagai Pengarah Bebas jika resolusi 8 ini diluluskan. Dalam pematuhan kepada cadangan di bawah MCCG 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 dipilih dan 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 Nineteenth (19th) 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 Thursday, 2 June 2016 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:

	AGENDA	FOR	AGAINST
Resolution 1	Approval of a final single tier dividend of 8 sen		
Resolution 2	Re-election of Mr Danny Ng Siew L'Leong as Director		
Resolution 3	Re-election of Ms Kam Foong Sim as Director		
Resolution 4	Approval of Directors' Fees of RM195,000		
Resolution 5	Re-appointment of Auditors and to authorise Directors to fix their remuneration		
Resolution 6	Re-appointment of Datuk Dr. Anis bin Ahmad pursuant to Section 129(6) of the Companies Act, 1965		
Resolution 7	Retention of Mr Danny Ng Siew L'Leong as Independent Director		
Resolution 8	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 ………………………. 2016

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 26 May 2016 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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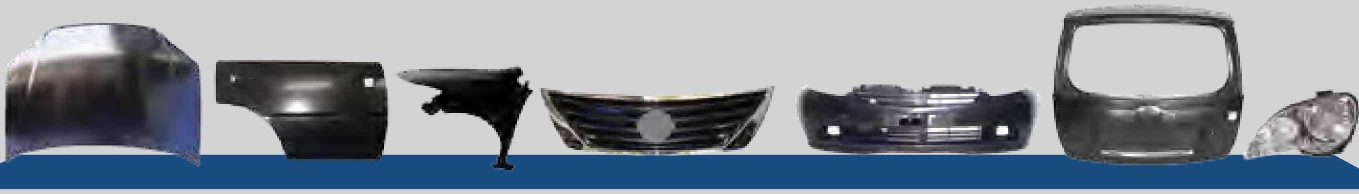
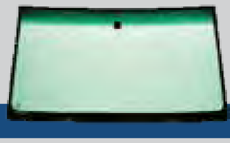
新鴻發集團有限公司

NEW HOONG FATT HOLDINGS BERHAD

(425709-K)

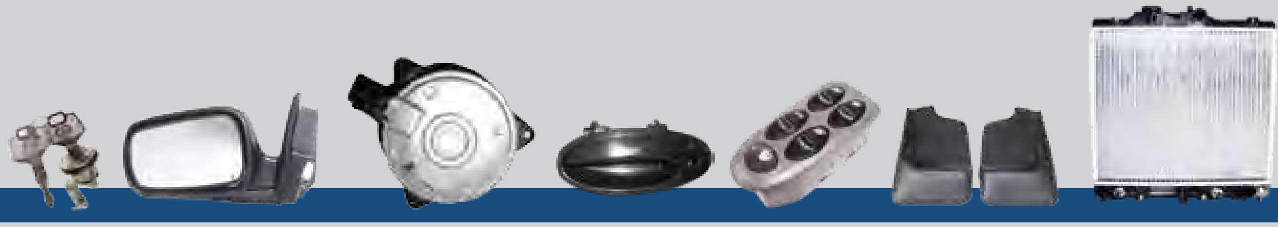


BODY PARTS | Hood, Door, Fender, Grille, Bumper, Trunk Lid, Tail Gate, Lamp



WINDSCREEN

ACCESSORIES | LED Lamp, Light Bar, Grille



MAINTENANCE/ WEAR & TEAR | Weather Strip, Lock, Mirror, Fan Motor, Bracket, Striker, Gear, Handle, Motor, Switch, Mudflap, Radiator

SERVICE ITEM | Lubricants, Spark Plug, Oil Filter, Air Filter, Wiper, Sealant

LOCAL & IMPORTED CAR MODELS

QUALITY REPLACEMENT AUTOMOTIVE PARTS SPECIALIST

HEAD OFFICE	SEGAMBUT	KOTA KINABALU
Lot 5043, Jalan Teratai, Meru, 41050 Klang, Selangor Darul Ehsan. Tel : 603-3377 8308 / 8288 Fax : 603-3377 8301 / 8259	No. 1 & 3, Jalan Segambut Bawah, 51200 Segambut, Kuala Lumpur. Tel : 603-6243 6655 Fax : 603-6179 4411	No. 28, Lorong Burong Keleto, 5 ½ Miles Off Jalan Tuaran Bypass, Likas Industrial Estate, 88450 Kota Kinabalu, P.O.Box 603, 88856 Likas, Sabah. Tel : 6088-38 8686 Fax : 6088-38 8683

New Hoong Fatt Holdings Berhad (425709-K)
Lot 5043, Jalan Teratai, Meru, 41050 Klang, Selangor, Malaysia
Tel: 603 3392 6818 Fax: 603 3392 6808
Email: enquiries@newhoongfatt.com.my
Website: www.newhoongfatt.com.my