



NEW HOONG FATT HOLDINGS BERHAD
(425709-K)



Seizing Opportunities

Annual Report 2009

BOARD OF DIRECTORS FOR 2009



From top left, clockwise :

Kam Foong Keng, Datuk Dr Anis bin Ahmad, Chin Jit Sin, Danny Ng Siew L'Leong,
Wong Yoke Nyen, Wong Kwan @ Wong Kwong Kwan, Kam Foong Sim

Our deepest appreciation to
the late Mr. Wong Kwan @ Wong Kwong Kwan who departed on 3 April 2010

COVER RATIONALE / RASIONAL MUKA DEPAN

Seizing Opportunities

The cover signifies a vehicle of growth shining its lights on the world. This depicts the New Hoong Fatt Group's ability to identify and seize new opportunities.

Improving global and local economic conditions presented opportunities for those who were able to weather through the uncertainties and upheavals in the global financial market previously. Throughout the challenging year, New Hoong Fatt Group's core business which involves alternative automotive replacement body parts, proved to be sustainable. With its prudent and pragmatic approach, together with the availability of resources, the Group was able to seize new markets and also increase its share in existing markets by expanding its product range and its distribution network both domestically and overseas.

Merebut Peluang-Peluang

Muka depan menunjukkan satu medium perkembangan menyinarakan cahayanya ke atas dunia. Ini menggambarkan kemampuan Kumpulan New Hoong Fatt untuk mengenal pasti dan merebut peluang-peluang baru.

Keadaan ekonomi di dunia dan tempatan yang semakin baik telah memberi peluang-peluang kepada mereka yang mampu mengharungi ketidakpastian dan pergolakan-pergolakan di pasaran kewangan seluruh dunia sebelumnya. Di sepanjang tahun yang mencabar ini, perniagaan teras Kumpulan New Hoong Fatt, yang melibatkan alat-alat ganti automotif alternatif, telah membuktikan kekukuhannya. Dengan pendekatan berhati-hati dan pragmatik serta kesediaan sumber, Kumpulan New Hoong Fatt dapat menakluki pasaran-pasaran baru dan turut meningkatkan bahagian dalam pasaran sedia ada dengan memperluaskan rangkaian produk dan pengedarannya di dalam dan luar negeri.



13TH ANNUAL GENERAL MEETING

MESYUARAT AGUNG TAHUNAN KE-13

Venue / Tempat : Dewan Berjaya, Bukit Kiara Equestrian & Country Resort
Jalan Bukit Kiara, Off Jalan Damansara
60000 Kuala Lumpur

Date & Time : Thursday, 13 May 2010
at 9.30 a.m

Tarikh & Masa : Khamis, 13 Mei 2010
9.30 pagi

MISSION

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

MISI

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

CONTENTS

KANDUNGAN

2	Company's Profile <i>Profil Syarikat</i>	19	Statement on Corporate Governance <i>Penyata Tadbir Urus Korporat</i>
3	Group Structure <i>Struktur Kumpulan</i>	27	Audit Committee Report <i>Laporan Jawatankuasa Audit</i>
4	Corporate Information <i>Maklumat Korporat</i>	33	Statement on Internal Control <i>Penyata Kawalan Dalam</i>
5	Letter to Shareholders <i>Surat Kepada Pemegang Saham</i>	35	Financial Statements <i>Penyata Kewangan</i>
9	Five-Year Group Financial Summary <i>Ringkasan Kewangan Lima Tahun Kumpulan</i>	99	List of Properties <i>Senarai Hartanah</i>
11	Financial Calendar <i>Takwim Kewangan</i>	102	Analysis of Shareholdings <i>Analisa Pegangan Saham</i>
12	Directors' Profile <i>Profil Pengarah</i>	105	Notice of Annual General Meeting <i>Notis Mesyuarat Agung Tahunan</i>
18	Calendar of Events 2009 <i>Takwim Peristiwa 2009</i>		Proxy Form <i>Borang Proksi</i>



COMPANY'S PROFILE

PROFIL SYARIKAT

Established in 1977, the NEW HOONG FATT Group was first established as a trading company, providing **Automotive Parts Solutions** to the local replacement market. It grew to become a major distributor of genuine and alternative replacement body parts, with an extensive distribution channel of more than 1,400 wholesalers and retailers, as well as vehicle repair shops throughout Malaysia.

Subsequent upstream diversification led the Group 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 be the leader in the distribution of alternative replacement body parts in Malaysia. Besides local market, these parts are distributed overseas, to more than 40 countries in the ASEAN, Middle East, Pakistan, Central and South America, Europe, Taiwan, India, Africa and Russia. For growth opportunity, the Group will further expand on its product range and marketing network.

***Ditubuhkan pada tahun 1977**, Kumpulan New Hoong Fatt pada mulanya ditubuhkan sebagai syarikat pemasaran, membekalkan **Penyelesaian Alat-Alat Ganti Automotif** kepada pasaran gantian tempatan. Ia berkembang menjadi pembekal utama alat-alat gantian automotif yang tulen dan alternatif dengan rangkaian yang melebihi 1,400 pemborong dan peruncit serta bengkel membaiki kenderaan di seluruh Malaysia.*

Untuk mencapai tujuan ini, Kumpulan ini telah menceburi dalam sektor pengeluaran alat-alat ganti automotif besi dan plastik seperti pintu, bonet depan, fender, bonet belakang, bumper, gril dan lampu. Penubuhan perkilangan ini telah mendorong Kumpulan menjadi pembekal utama dalam pengedaran alat-alat ganti automotif yang alternatif di Malaysia. Selain daripada pasaran tempatan, alat-alat ganti ini juga diedarkan ke luar negeri, melebihi 40 negara di ASEAN, Timur Tengah, Pakistan, Amerika Tengah dan Selatan, Eropah, Taiwan, India, Afrika dan Rusia. Untuk peluang pembangunan, Kumpulan ini akan terus mempelbagaikan keluaran dan memperluaskan jaringan pemasarannya.

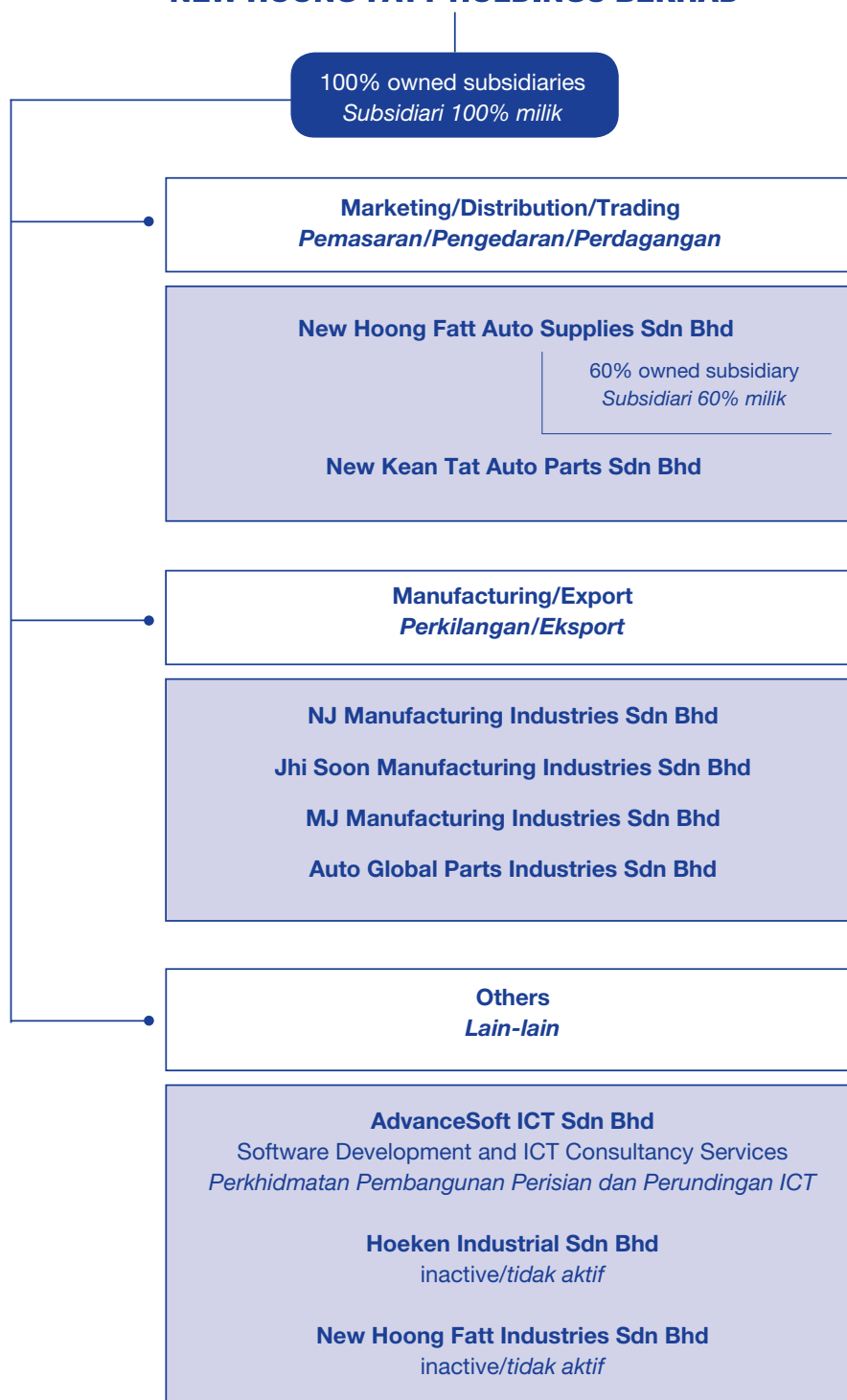


GROUP STRUCTURE

STRUKTUR KUMPULAN



NEW HOONG FATT HOLDINGS BERHAD





CORPORATE INFORMATION

MAKLUMAT KORPORAT

BOARD OF DIRECTORS / LEMBAGA PENGARAH

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

Note: The late Wong Kwan @ Wong Kwong Kwan, an Independent Non-Executive Director, departed on 3 April 2010.

Nota: Mendiang Wong Kwan @ Wong Kwong Kwan, seorang Pengarah Bebas Bukan Eksekutif, telah meninggal dunia pada 3 April 2010.

SECRETARIES / SETIAUSAHA - SETIAUSAHA

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

AUDITORS / JURUAUDIT

BDO
Chartered Accountants / *Akauntan Bertauliah*

REGISTERED OFFICE / PEJABAT BERDAFTAR

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

PRINCIPAL BANKERS / BANK-BANK UTAMA

Citibank Berhad
EON Bank Berhad
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad

REGISTRAR / PENDAFTAR

Tricor Investor Services Sdn Bhd
(formerly known as / *dahulu dikenali sebagai*
Tenaga Koperat Sdn Bhd)
Level 17, The Gardens North Tower
Mid Valley City
Lingkar Syed Putra
59200 Kuala Lumpur
Tel/Tel : (603) 2264 3883
Fax/Faks : (603) 2282 1886

STOCK EXCHANGE LISTING / PENYENARAIAAN BURSA SAHAM

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



LETTER TO SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of New Hoong Fatt Holdings Berhad for the financial year ended 31 December 2009.

INDUSTRY OVERVIEW

The year 2009 proved to be a challenging year for the world with an economic crisis of gargantuan proportions and a health scare in the form of AH1N1 virus.

Despite difficulties faced by the American and European automotive industry, the automotive industry in Asia was not as badly affected due to its heavy dependence on the ASEAN domestic market. According to the Malaysian Automotive Association ("MAA"), the Malaysian automotive industry was badly hit by the global economic downturn in the first half of 2009 but the situation began to improve, particularly during the last quarter of the year. The total industry volume ("TIV") of new motor vehicles for 2009 registered a total of 536,905 units, representing only a marginal decline of 2% compared to 548,115 units in 2008.

In 2010, the MAA expects the automotive industry's TIV to grow by 2.4% to 550,000 units on improving global economic outlook and rising consumer sentiments. Furthermore, the Government's stimulus packages would boost economy and create demand for new vehicles.

As the United States of America and Europe has yet to recover from the financial crisis, the respective automotive industry will continue to suffer. Asia, especially China and India, remains the spark in world automotive market. New Hoong Fatt hopes to benefit from its location within South East Asia and Malaysia's various free trade agreements, to seize opportunities to export its replacement body parts to such countries.

FINANCIAL REVIEW

For the financial year under review, the Group's consolidated revenue jumped by 20.4% to RM203.3 million as compared to 2008's revenue of RM168.9 million. The growth in revenue was mainly attributed to the revenue contributed by New Kean Tat Auto Parts Sdn Bhd, a subsidiary subscribed for in the first quarter of 2009.

The Group recorded a profit before taxation of RM25.7 million compared with RM21.6 million posted in the previous financial year, representing an increase of 19.0%. Net Profit after Minority Interest rose by 20.2% to RM22.0 million when compared to the amount of RM18.3 million achieved in 2008. The increase in profit is mainly due to increase in revenue and lower manufacturing costs compared to previous financial year.

Earnings per share recorded for the current financial year was 29.24 sen compared to 24.32 sen in the previous financial year.

As such, net assets per share attributable to the ordinary equity holders increased to RM3.08 from RM2.90 in the previous financial year.

DIVIDENDS

In respect of the financial year under review, an interim single tier dividend of 3 sen per share amounted to approximately RM2.3 million had already been paid on 17 December 2009. In addition, the Board further recommends a final single tier dividend of 8 sen plus a special final single tier dividend of 1 sen per share, amounting to approximately RM6.8 million for approval of the shareholders at the forthcoming Annual General Meeting. This brings a total single tier dividend proposed and declared to 12 sen for the financial year under review.

These dividends are paid and recommended in concurrence with New Hoong Fatt's policy to create value for its shareholders through consistent dividend payments.

BUSINESS REVIEW

Considering the challenges in 2009, Malaysia's economy had held up relatively well. It is against a backdrop of a challenging socio-economic environment that the Group continued to entrench its position domestically and expand its business beyond Malaysian shores.



Letter To Shareholders (continued)

New Hoong Fatt has presented itself to its customers a premise based on reliability and trust. During the financial year under review, the Group has expanded significantly its customer base with an extensive distribution channel of more than 1,400 wholesalers, retailers and vehicle repair shops throughout Malaysia. These customers in turn provide their services to millions of end-users.

On the international front, our “Buatan Malaysia” or “Malaysian Made” products are widely accepted as they are being exported to more than 40 countries around the world, covering ASEAN, the Middle East, Pakistan, Central and South America, Europe, Russia, Taiwan, India and Africa. The outstanding performance by the export division reaffirmed our strategy to expand into overseas market with greater potential for growth. The management sees great potential in the Asian giants like China and India, where there is a strong evidence of rapid expansion in the automotive industry. In 2009, our exports had increased by 10% compared to the previous financial year.

In our efforts to provide auto parts solution to Malaysians and people worldwide, New Hoong Fatt is committed to the stakeholders, and to the government who has made every effort to shore up the industry. Needless to say, we believe this is encouraging and we look forward to proactively growing and contributing to the sector even more.

FUTURE PROSPECTS

New Hoong Fatt remains upbeat about the automotive replacement parts industry. Low interest rates, rising consumer sentiment and improvement in business confidence are expected to provide support to the local automotive industry in 2010. The Group will leverage on greater market opportunities under the ASEAN Free Trade Area which came into full effect on 1 January 2010 with zero import duties for all automotive replacement parts among ASEAN countries. Towards this end, we will intensify our marketing efforts and become more technologically equipped to cater to the 1.3 million vehicles in the ASEAN market.

The New Hoong Fatt group has been in business for over 30 years, and has weathered many storms in the tough years, and grown exponentially in the good years. The group is poised to meet any challenges that the next financial year will bring. As always, these challenges will be met head on. The group will look to its core values which are “Excellence, Discipline, Perseverance, Change Ready, Customer Focus”. These core values represent key attributes that drive New Hoong Fatt to remain a key player in the Malaysian automotive replacement parts industry and to ensure that its commitment to enhance return to shareholders is realised.

CORPORATE SOCIAL RESPONSIBILITY

New Hoong Fatt Holdings Berhad is committed to playing a positive role in the community. Towards this end, we have embarked on various corporate social responsibility programmes throughout the year. During the school holidays in 2009, for three (3) weeks, twenty-five (25) students from two (2) schools in the Klang area were given the opportunity to experience working life and to learn of the responsibilities that goes with it.

As part of our ongoing initiative, we organised a blood donation campaign together with free health checks. This was done with the collaboration of Hospital Tengku Ampuan Rahimah, Klang in April 2009. This year, we saw an increase of 20% in blood donor registration to 120 people. This campaign attracted 263 participants for health checks, which consisted New Hoong Fatt employees and their family members, staffs from companies in the neighbourhood and the general public.

As we move into the new decade, New Hoong Fatt plans to further strengthen its commitment to corporate social responsibility, and to the community in which we operate.

ACKNOWLEDGEMENT

To all our shareholders, suppliers, partners, the authorities, customers and financiers, our grateful thanks for your faith and unending support, without which we could not have come this far. Personally, a heartfelt thanks to the Board of Directors for their valuable contribution; their insights and wise counsel have helped steer the Group to greater heights of achievement and success.

On behalf of the Board of Directors, I wish to express our deepest condolences to the family of the late Mr Wong Kwan @ Wong Kwong Kwan, our Independent Non-Executive Director, who departed on 3 April 2010. We appreciate his valuable contributions and advices rendered to the Board over the years.

I would also like to take this opportunity and make special mention of the 950 wonderful people that made up the management and staff of New Hoong Fatt for their unwavering commitment and dedication. Thank you for believing in us and joining us on this journey.

KAM FOONG KENG
Executive Chairman



SURAT KEPADA PEMEGANG SAHAM

Pemegang saham sekalian,

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan New Hoong Fatt Holdings Berhad bagi tahun kewangan berakhir 31 Disember 2009.

Tinjauan Industri

Tahun 2009 telah terbukti tahun yang mencabar di seluruh dunia dengan wujudnya krisis ekonomi yang amat serius dan ancaman kesihatan dalam bentuk virus AH1N1.

Walaupun industri automotif Amerika dan Eropah menghadapi kesukaran, namun industri automotif di Asia tidak terjejas teruk kerana ia banyak bergantung kepada pasaran domestik ASEAN. Menurut Persatuan Automotif Malaysia ("MAA"), industri automotif di Malaysia terjejas teruk akibat daripada kemerosotan ekonomi dunia pada setengah tahun pertama 2009 tetapi situasi tersebut mulai pulih, terutamanya pada suku terakhir tahun tersebut. Jumlah jualan industri bagi kenderaan bermotor baru untuk tahun 2009 telah mendaftarkan sebanyak 536,905 unit, di mana ianya mewakili penurunan yang sedikit iaitu sebanyak 2% berbanding dengan 548,115 unit pada tahun 2008.

Pada tahun 2010, MAA menjangkakan bahawa jumlah jualan industri automotif akan meningkat sebanyak 2.4% ke 550,000 unit berdasarkan tinjauan ekonomi dunia yang semakin bertambah baik dan peningkatan sentimen pengguna. Tambahan pula, pakej-pakej rangsangan Kerajaan juga akan mempertingkatkan lagi ekonomi dan mewujudkan permintaan untuk kenderaan-kenderaan baru.

Selagi Amerika Syarikat dan Eropah masih belum pulih daripada krisis ekonomi, industri automotif akan terus menderita. Asia, terutamanya Negara China dan India, masih terus kekal sebagai tumpuan dalam pasaran automotif dunia. New Hoong Fatt berhasrat untuk mendapat manfaat dari lokasinya yang terletak di dalam Asia Tenggara serta melalui perjanjian-perjanjian perdagangan bebas Malaysia, untuk merebut peluang mengeksport alat-alat ganti ke negara-negara tersebut.

Tinjauan Kewangan

Bagi tahun kewangan yang ditinjau, hasil konsolidasi Kumpulan telah melonjak sebanyak 20.4% ke RM203.3 juta berbanding dengan hasil bagi tahun 2008 yang berjumlah RM168.9 juta. Pertumbuhan dalam hasil pendapatan ini kebanyakannya disumbangkan oleh New Kean Tat Auto Parts Sdn Bhd, sebuah anak syarikat yang dilanggan dalam suku pertama tahun 2009.

Kumpulan telah mencatatkan keuntungan sebelum cukai sebanyak RM25.7 juta berbanding dengan RM21.6 juta yang dicatatkan dalam tahun kewangan sebelumnya, di mana ia menunjukkan peningkatan sebanyak 19.0%. Keuntungan bersih selepas Kepentingan Minoriti telah meningkat sebanyak 20.2% ke RM22.0 juta jika dibandingkan dengan jumlah sebanyak RM18.3 juta yang dicapai pada tahun 2008. Peningkatan dalam keuntungan adalah disebabkan oleh peningkatan dalam hasil dan kos-kos pembuatan yang lebih rendah berbanding dengan tahun kewangan sebelumnya.

Perolehan sesaham yang dicatatkan bagi tahun kewangan semasa adalah sebanyak 29.24 sen berbanding dengan 24.32 sen pada tahun kewangan sebelumnya.

Oleh itu, aset bersih sesaham yang boleh diagihkan kepada pemegang-pemegang ekuiti biasa telah meningkat ke RM3.08 dari RM2.90 pada tahun kewangan sebelumnya.

Dividen-dividen

Sehubungan dengan tahun kewangan yang ditinjau, dividen interim satu peringkat sebanyak 3 sen sesaham yang berjumlah kira-kira RM2.3 juta telah dibayar pada 17 Disember 2009. Sebagai tambahan, Lembaga Pengarah juga telah mencadangkan dividen akhir satu peringkat sebanyak 8 sen, bersama dengan dividen akhir satu peringkat khas sebanyak 1 sen sesaham, berjumlah kira-kira RM6.8 juta untuk diluluskan oleh pemegang saham dalam Mesyuarat Agung Tahunan yang akan datang. Ini membawa kepada jumlah dividen satu peringkat yang dicadangkan dan diisytiharkan kepada 12 sen bagi tahun kewangan yang ditinjau.

Dividen-dividen ini adalah dibayar dan dicadangkan sejajar dengan polisi New Hoong Fatt untuk mewujudkan nilai bagi para pemegang sahamnya melalui pembayaran dividen yang berterusan.

Tinjauan Perniagaan

Memandangkan cabaran-cabaran yang berlaku dalam tahun 2009, namun ekonomi Malaysia telah bertahan dengan baik. Bertentangan dengan latar belakang persekitaran sosio-ekonomi yang mencabar, Kumpulan ini terus memperkukuhkan kedudukannya di peringkat domestik dan mengembangkan perniagaannya ke luar negeri.



Surat Kepada Pemegang Saham (sambungan)

New Hoong Fatt telah memperkenalkan dirinya kepada pelanggan-pelanggannya satu premis berdasarkan kebolehppercayaan dan amanah. Dalam tahun kewangan yang ditinjau, Kumpulan telah meluaskan pangkalan pelanggannya melalui saluran pengagihan yang luas yang merangkumi 1,400 pemborong, peruncit dan kedai-kedai membaiki kenderaan di seluruh Malaysia. Pelanggan-pelanggan ini pula memberikan perkhidmatan kepada berjuta-juta pengguna akhir.

Pada peringkat antarabangsa, produk-produk "Buatan Malaysia" kami telah diterima dengan meluas apabila dieksport ke lebih daripada 40 negara di seluruh dunia, merangkumi ASEAN, Timur Tengah, Pakistan, Amerika Tengah dan Amerika Selatan, Eropah, Rusia, Taiwan, India dan Afrika. Prestasi cemerlang daripada bahagian eksport telah mengesahkan strategi kami untuk mengembang ke pasaran luar negara yang mempunyai lebih potensi untuk pertumbuhan. Pihak pengurusan dapat melihat potensi yang besar melalui gergasi Asian seperti China dan India, di mana terdapatnya bukti yang kukuh dalam perkembangan pesat di dalam industri automotif. Pada tahun 2009, eksport kami telah meningkat sebanyak 10% berbanding dengan tahun kewangan sebelumnya.

Dalam usaha kami untuk memberikan penyelesaian berkenaan alat-alat ganti automotif kepada rakyat Malaysia dan semua orang di seluruh dunia, New Hoong Fatt adalah komited kepada pihak-pihak yang berkepentingan, dan juga kepada kerajaan yang telah berusaha untuk memberi pelbagai bentuk sokongan kepada industri. Dengan itu, kami percaya bahawa keadaan ini adalah menggalakkan dan kami berharap untuk berkembang dengan proaktifnya dan memberi lebih sumbangan kepada sektor ini.

Prospek Masa Depan

New Hoong Fatt kekal optimis mengenai industri alat-alat ganti automotif. Kadar faedah yang rendah, peningkatan sentimen pengguna dan peningkatan keyakinan dalam perniagaan dijangka akan memberi sokongan kepada industri automotif tempatan pada tahun 2010. Kumpulan akan mengambil kesempatan di atas peluang-peluang pasaran yang lebih besar di bawah ASEAN Free Trade Area yang telah berkuatkuasa pada 1 Januari 2010 dengan wujudnya duti import sifar untuk semua alat-alat ganti automotif di kalangan negara-negara ASEAN. Berdasarkan ini, kami akan memperhebatkan lagi usaha pemasaran dan melengkapkan diri kami dengan pengetahuan teknologi untuk memberi perkhidmatan kepada 1.3 juta kenderaan yang sedia ada di dalam pasaran ASEAN.

Kumpulan New Hoong Fatt telah wujud dalam perniagaan melebihi 30 tahun, dan telah menempuh pelbagai halangan dalam tahun-tahun yang mencabar, dan telah berkembang pesat dalam tahun-tahun yang baik. Kumpulan telah bersedia untuk menghadapi apa jua cabaran dalam tahun kewangan yang akan datang. Seperti biasa, cabaran-cabaran ini akan dihadapi secara terus. Kumpulan akan bertumpu kepada nilai-nilai terasnya iaitu "Kecemerlangan, Disiplin, Kecekalan, Sedia Berubah, Fokus Pada Pelanggan". Nilai-nilai teras ini melambangkan sifat-sifat utama yang mendorong New Hoong Fatt untuk kekal sebagai pemain utama di dalam industri alat-alat

ganti automotif di Malaysia dan untuk memastikan bahawa komitmennya untuk meningkatkan pulangan kepada para pemegang saham tercapai.

Tanggungjawab Korporat Sosial

New Hoong Fatt Holdings Berhad adalah komited untuk memainkan peranan yang positif di dalam masyarakat. Dengan itu, kami telah menyertai berbagai program tanggungjawab korporat sosial di sepanjang tahun. Semasa musim cuti sekolah pada tahun 2009, dua-puluh lima (25) orang murid dari dua (2) buah sekolah di kawasan Klang telah diberi peluang selama tiga (3) minggu untuk mengalami pengalaman bekerja dan juga belajar tanggungjawab-tanggungjawab yang wujud bersamanya.

Sebagai sebahagian dari inisiatif berterusan, kami telah menganjurkan kempen derma darah bersama dengan pemeriksaan kesihatan secara percuma. Ini telah dijalankan dengan kerjasama Hospital Tengku Ampuan Rahimah, Klang pada April 2009. Tahun ini, kami telah melihat peningkatan sebanyak 20% dalam pendaftaran penderma darah ke 120 orang. Kempen ini juga telah menarik perhatian 263 peserta untuk pemeriksaan kesihatan, yang merangkumi pekerja-pekerja New Hoong Fatt dan ahli keluarga mereka, pekerja-pekerja dari syarikat di sekeliling dan juga orang-orang awam.

Selangkah kita ke dekad baru, New Hoong Fatt bercadang untuk memperkukuhkan lagi komitmennya untuk tanggungjawab korporat sosial, dan untuk masyarakat di mana kami berfungsi.

Penghargaan

Kepada semua pemegang saham, pembekal-pembekal, rakan-rakan kongsi, pihak berkuasa, pelanggan-pelanggan dan pembiaya kewangan, kami mengucapkan terima kasih ke atas kepercayaan dan sokongan kamu yang berterusan; kami mungkin tidak akan sampai sejauh ini tanpanya. Secara peribadi, saya mengucapkan terima kasih dengan tulus ikhlas kepada Lembaga Pengarah di atas sumbangan mereka yang berharga dan berwawasan, dan tunjuk ajar mereka yang telah membantu membawa Kumpulan ini ke arah kejayaan dan pencapaian yang lebih tinggi.

Bagi pihak Lembaga Pengarah, saya ingin menyampaikan ucapan takziah kami setulusnya kepada keluarga mendiang Encik Wong Kwan @ Wong Kwong Kwan, Pengarah Bebas Bukan Eksekutif kami, dimana beliau telah meninggal dunia pada 3 April 2010. Kami menghargai segala sumbangan dan nasihat beliau yang amat bernilai yang telah diberikan kepada Lembaga pada tahun-tahun yang lalu.

Saya juga ingin mengambil kesempatan ini untuk merakamkan penghargaan kepada 950 orang yang istimewa, yang merupakan pihak pengurusan dan pekerja-pekerja New Hoong Fatt di atas komitmen dan juga dedikasi mereka yang tidak berbelah bagi. Terima kasih kerana mempercayai kami dan menyertai kami di dalam perjalanan ini.

Kam Foong Keng
Pengerusi Eksekutif

FIVE – YEAR GROUP FINANCIAL SUMMARY

RINGKASAN KEWANGAN LIMA TAHUN KUMPULAN

	2009	2008	2007	2006	2005
Revenue (RM'000) <i>Hasil (RM'000)</i>	203,315	168,902	156,757	156,904	154,157
Profit Before Taxation (RM'000) <i>Keuntungan Sebelum Cukai (RM'000)</i>	25,730	21,601	24,891	30,688	25,131
Profit After Taxation (RM'000) <i>Keuntungan Selepas Cukai (RM'000)</i>	21,973*	18,281	23,003	26,900	20,785
Total Assets (RM'000) <i>Jumlah Aset (RM'000)</i>	305,547	295,210	278,914	260,878	258,439
Total Borrowings (RM'000) <i>Jumlah Pinjaman (RM'000)</i>	38,011	51,665	41,278	39,982	46,133
Shareholders' Fund (RM'000) <i>Dana Pemegang Saham (RM'000)</i>	231,368	217,663	207,649	192,322	166,772
Basic Earnings Per Share <i>Perolehan Asas Sesaham</i>	29.24 sen	24.32 sen	30.61 sen	35.79 sen	27.73 sen
Net Assets Per Share <i>Aset Bersih Sesaham</i>	RM3.08	RM2.90	RM2.76	RM2.56	RM2.22
Dividend Per Share <i>Dividen Sesaham</i>	12 sen¹	11 sen ¹	11 sen ²	3 sen ² and/ <i>dan</i> 11 sen ³	11 sen ²

¹ Single tier dividend / *Dividen satu peringkat*

² Tax exempt dividend / *Dividen dikecualikan cukai*

³ Dividend less 27% tax / *Dividen tolak 27% cukai*

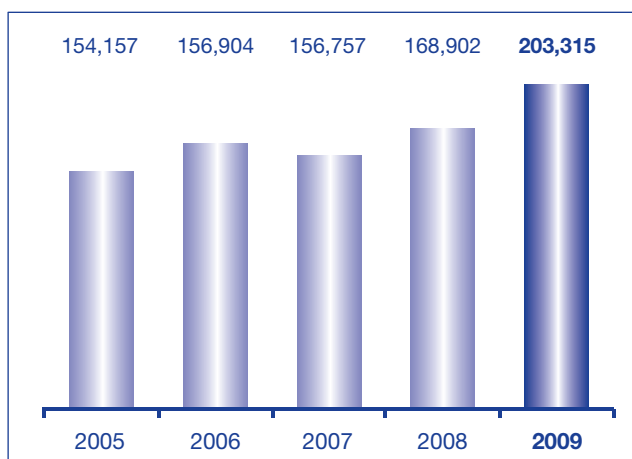
* After minority interest / *Selepas kepentingan minoriti*



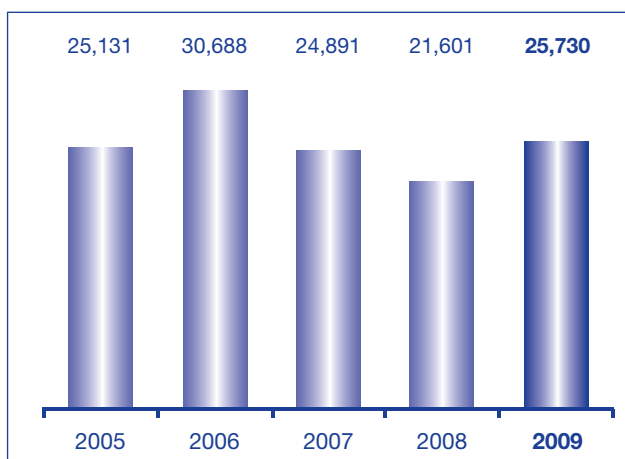
Five – Year Group Financial Summary (continued)

Ringkasan Kewangan Lima Tahun Kumpulan (sambungan)

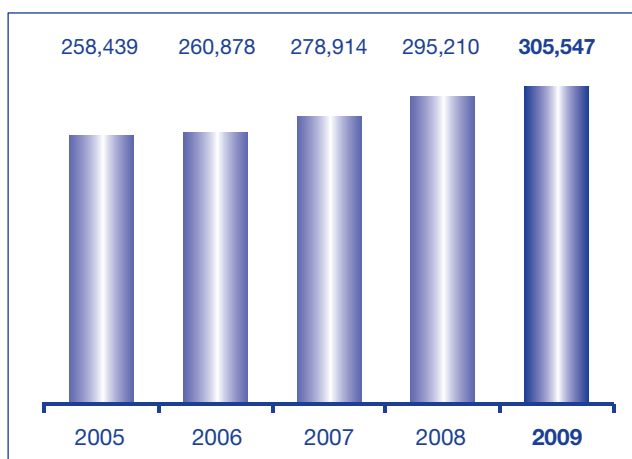
Revenue (RM'000)
Hasil (RM'000)



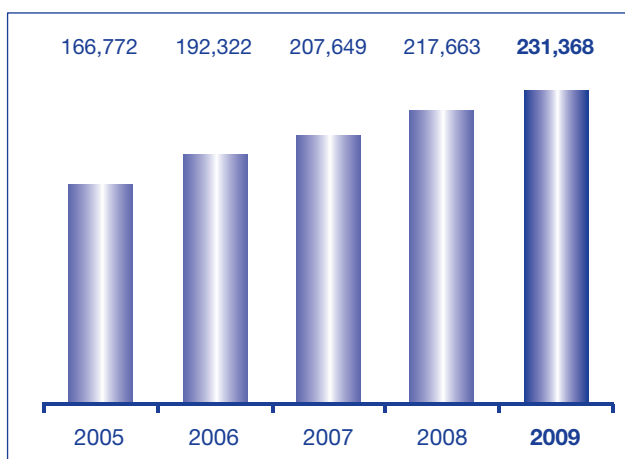
Profit Before Tax (RM'000)
Keuntungan Sebelum Cukai (RM'000)



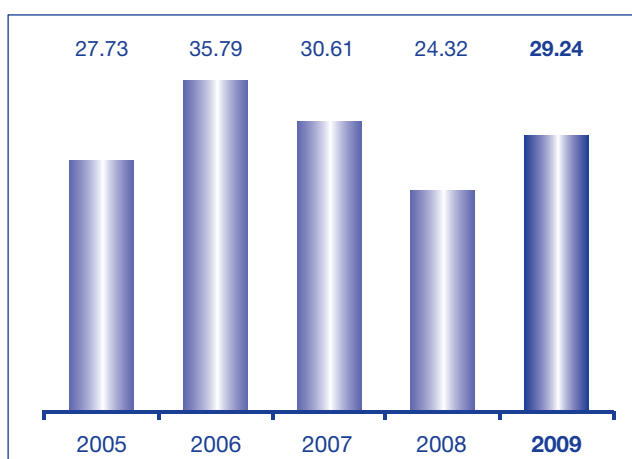
Total Assets (RM'000)
Jumlah Aset (RM'000)



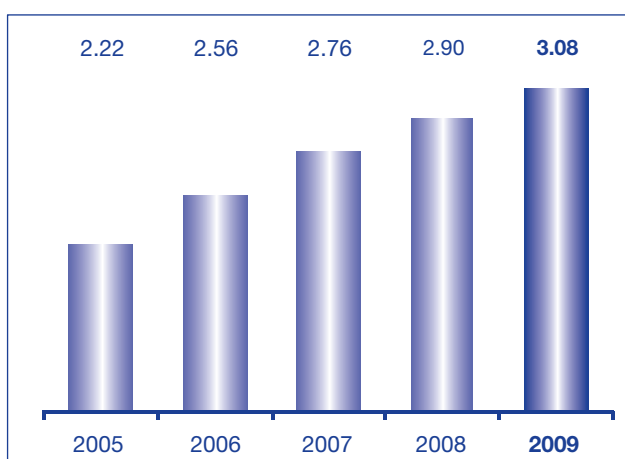
Shareholders' Fund (RM'000)
Dana Pemegang Saham (RM'000)



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



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





FINANCIAL CALENDAR / TAKWIM KEWANGAN

For The Financial Year Ended 31 December 2009 / Untuk Tahun Kewangan Berakhir 31 Disember 2009

Activities / Aktiviti-Aktiviti	Date / Tarikh
Announcement of Results Pengumuman Keputusan	
Unaudited results for first quarter ended 31 March 2009 <i>Keputusan belum diaudit bagi suku pertama berakhir 31 Mac 2009</i>	14 May 2009 14 Mei 2009
Unaudited results for second quarter ended 30 June 2009 <i>Keputusan belum diaudit bagi suku kedua berakhir 30 Jun 2009</i>	23 July 2009 23 Julai 2009
Unaudited results for third quarter ended 30 September 2009 <i>Keputusan belum diaudit bagi suku ketiga berakhir 30 September 2009</i>	28 October 2009 28 Oktober 2009
Audited results for fourth quarter ended 31 December 2009 <i>Keputusan diaudit bagi suku ke-empat berakhir 31 Disember 2009</i>	25 February 2010 25 Februari 2010
Interim Dividend Dividen Interim	
- Declaration <i>Pengisytiharan</i>	28 October 2009 28 Oktober 2009
- Entitlement <i>Kelayakan</i>	20 November 2009 20 November 2009
- Payment <i>Pembayaran</i>	17 December 2009 17 Disember 2009
Final Dividend Dividen Akhir	
- Recommendation <i>Cadangan</i>	25 February 2010 25 Februari 2010
- Entitlement <i>Kelayakan</i>	20 May 2010 20 Mei 2010
- Payment <i>Pembayaran</i>	17 June 2010 17 Jun 2010
Issue of Annual Report 2009 Penerbitan Laporan Tahunan 2009	21 April 2010 21 April 2010
Thirteenth (13th) Annual General Meeting Mesyuarat Agung Tahunan yang ke Tigabelas (13)	13 May 2010 13 Mei 2010



DIRECTORS' PROFILE

PROFIL PENGARAH

Kam Foong Keng

Aged 46, Executive Chairman

Madam Kam was appointed on 8 April 1998, as Executive Director of the Group and was re-designated as Deputy Managing Director on 25 October 2007 and finally 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 and that the operations are managed in line with the Company's mission and vision. Currently, she sits on the Boards of the subsidiaries of the New Hoong Fatt ("NHF") Group.

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

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

Berusia 46 tahun, Pengerusi Eksekutif

Puan Kam telah dilantik sebagai Pengarah Eksekutif Kumpulan pada 8 April 1998 dan ditukarkan jawatan kepada Timbalan Pengarah Urusan pada 25 Oktober 2007 dan seterusnya sebagai Pengerusi Eksekutif pada 15 Mei 2008. Beliau juga merupakan ahli Jawatankuasa bagi 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 serta operasinya adalah dikendalikan sejajar dengan misi dan visi Syarikat. Ketika ini, beliau merupakan ahli Lembaga Pengarah bagi subsidiari-subsidiari Kumpulan New Hoong Fat ("NHF").

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

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



Directors' Profile (continued)

Profil Pengarah (sambungan)

Chin Jit Sin

Aged 48, Managing Director

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

Prior to joining NHF, he worked in Malayan Banking Berhad. His experience covers a variety of industries including banking and financial institutions, manufacturing and trading. As the Managing Director of NHF, he also oversees the strategic planning and operational management of the Group, particularly in operational effectiveness and efficiency and ensuring adherence to the Group's policies and procedures. Currently, he sits on the Board of the subsidiaries of the NHF Group. He is also a director in another public company, namely the Malaysian Automotive Component Parts Manufacturers.

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

Berusia 48 tahun, Pengarah Urusan

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

Sebelum menyertai NHF, beliau berkhidmat di Malayan Banking Berhad. Pengalaman beliau merangkumi pelbagai industri termasuk perbankan dan institusi kewangan, perkilangan dan perdagangan. Sebagai Pengarah Urusan NHF, beliau turut mengawasi rancangan strategik dan pengurusan operasi Kumpulan terutamanya dalam keberkesanan dan kecekapan operasi dan memastikan pematuhan terhadap polisi dan prosedur Kumpulan. Ketika ini, beliau merupakan ahli Lembaga Pengarah bagi subsidiari- subsidiari Kumpulan NHF. Beliau juga merupakan Pengarah di sebuah syarikat awam yang lain, iaitu "Malaysian Automotive Component Parts Manufacturers".

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



Directors' Profile (continued)

Profil Pengarah (sambungan)

Kam Foong Sim

Aged 45, 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 daughter of Wong Ah Moy @ Wong Yoke Len, sibling of Kam Foong Keng and sibling-in-law of Chin Jit Sin, who are Directors and/or major shareholders of the Company. She has no direct conflict of interest with the Group.

Berusia 45 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 berkeelayakan serta ahli Certified Practising Accountants Australia dan Institut Akauntan Malaysia.

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

Cik Kam adalah anak kepada Wong Ah Moy @ Wong Yoke Len, adik kepada Kam Foong Keng dan adik ipar kepada Chin Jit Sin, yang merupakan Pengarah-Pengarah dan/atau pemegang saham utama Syarikat. Beliau tidak mempunyai percanggahan kepentingan yang terus dengan Kumpulan ini.



Directors' Profile (continued)

Profil Pengarah (sambungan)

Wong Yoke Nyen

Aged 51, Independent Non-Executive Director

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

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

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

He holds directorships in another public listed company, namely XiDeLang Holdings Ltd and several private limited companies. He is also an Honorary Advisor to the Master Builders Association Malaysia.

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 51 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 di lantik sebagai Pengerusi Jawatankuasa Audit.

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

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

Beliau merupakan Pengarah bagi syarikat awam yang lain, iaitu, XiDeLang Holdings Ltd serta beberapa buah syarikat swasta. Beliau juga merupakan Penasihat Kehormat kepada "Master Builders Association Malaysia".

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



Directors' Profile (continued)

Profil Pengarah (sambungan)

Datuk Dr. Anis bin Ahmad

Aged 64, Independent Non-Executive Director

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

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

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

Currently, Datuk Dr. Anis acts as the Chairman of the Board of Directors of Y.S.P. Southeast Asia Holding Berhad, and a Director of several private 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 64 tahun, Pengarah Bebas Bukan Eksekutif

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

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

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

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

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



Directors' Profile (continued)

Profil Pengarah (sambungan)

Danny Ng Siew L'Leong

Aged 51, Independent Non-Executive Director

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

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

He holds directorships in other public companies, namely, SMIS Corporation Berhad and AHB Holdings Berhad, and 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 51 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 1982. Beliau memulakan kerjayanya dalam bidang perbankan dan kewangan di United Malayan Banking Corporation Berhad [sekarang dikenali sebagai RHB Bank Berhad] dari 1982 hingga 1994.

Beliau juga merupakan Pengarah syarikat awam lain iaitu, SMIS Corporation Berhad dan AHB Holdings Berhad serta beberapa buah syarikat swasta.

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

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

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



CALENDAR OF EVENTS 2009

TAKWIM PERISTIWA 2009

Date	Events
11 January	NHF Family Day Carnival 2008/2009
11-13 February	Division Strategic Business Planning Review
1 March	Bowling Tournament
10 April	Customers' Visit to NHF Headquarters and Introduction of NHFi2U, a business-to-consumer (B2C) Web Portal
22-28 April	Participation in the 13 th Shanghai International Automobile Industry Exhibition
26 April	Blood Donation and Health Check Campaign
14 May	Twelfth (12 th) Annual General Meeting
24 May	Official Launching of NHFi2U, B2C Web Portal
5 July	Badminton Tournament
6-9 August	Participation in Specialised Marketing Mission for Automobile related products and services to Dhaka, Bangladesh
3-6 September	Participation in Specialised Marketing Mission on Automotive Sector to Ho Chi Minh City, Vietnam
6-7 October	Participation in Specialised Marketing Mission for Automobile related products and services to Tehran, Iran
9 October	DeepaRaya Festival celebration cum Video Show at NHF Welfare Centre
8 November	Futsal Tournament
22-27 November	Participation in Specialised Marketing Mission for Automotive Parts and Components to Chennai, India
23 November	NHF's Industrial Training programme III for Form 4 students from 23 November 2009 to 10 December 2009

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of New Hoong Fatt Holdings Berhad ("NHF" or "the Company") is fully committed to apply the principles and best practices as set out in Part 1 and Part 2 of the Malaysian Code on Corporate Governance (revised 2007) ("the Code"). The Board is pleased to report on how the Company and the Group have complied with the Code throughout the financial year ended 31 December 2009.

A. THE BOARD OF DIRECTORS

1. Board Balance and its Role

The Board retains effective control of the NHF Group and is responsible for reviewing and adopting a strategic plan for the Group. The Board takes full responsibility in overseeing the conduct of the Group's business, identifying and managing the Group's risks, the succession planning, remuneration of the Board, developing and implementing an investor relations programme, and reviewing the adequacy and integrity of the Group's internal control systems and management information systems.

For the financial year ended 31 December 2009, the Board has reviewed the Board size of seven (7) members, comprising three (3) executive members, including the Executive Chairman, and four (4) independent non-executive members. The number of independent directors represent more than half (1/2) of the Board. The Directors with their wide and varied range of expertise provide a collective mix of skills and experience required for the successful direction of the Group. A brief description on the background of each Director is presented in the Directors' Profile in this Annual Report. Despite the demise of the late Mr Wong Kwan @ Wong Kwong Kwan on 3 April 2010, the Board is of the opinion that the current size of the Board constitutes an effective Board, with a non-executive participation which fairly reflect the investment of the minority shareholders.

The roles of the Chairman and Managing Director are separated, thus reflecting a balance of power and authority.

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

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

As in the previous year, after a 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.

2. Re-election

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

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

3. Board Meetings and Supply of Information to the Board

The Board meetings are scheduled in advance to maximize attendance by Directors. During the financial year ended 31 December 2009, four (4) Board meetings were conducted and the attendance at the meetings are as follows:

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

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

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



Statement On Corporate Governance (continued)

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

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

All Directors have full access to the advice and services of the Company Secretary who ensures compliance with statutory and regulatory requirements. The Directors may also obtain external professional advice if so required by them at the Company's expense.

4. Board Committees

The Board has established the following Board Committees:

a. Audit Committee

The Audit Committee consist of the following:

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

The Audit Committee Report for 2009 is set out separately in this Annual Report.

b. Nomination Committee

The Nomination Committee comprises the following members:

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

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

- the candidate's skills, knowledge, expertise, experience, professionalism and integrity;

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

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

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

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

The Nomination Committee is made up entirely of Independent Non-Executive Directors, who meets as and when required, at least once a year. All assessments and evaluations carried out at the meetings are properly minuted and documented and are reported to the Board after each meeting.

c. Remuneration Committee

The composition of the Remuneration Committee is as follows:

- (a) Datuk Dr. Anis bin Ahmad (Chairman)
- (b) Wong Kwan @ Wong Kwong Kwan (Demised)
- (c) Danny Ng Siew L'Leong
- (d) Wong Yoke Nyen
- (e) Kam Foong Keng

The Remuneration Committee meets as and when required, at least once a year, to recommend to the Board the remuneration of the Executive Directors. The determination of the remuneration of Non-Executive Directors is a matter for the Board as a whole with the Director concerned abstaining from participation in deliberations and decisions

Statement On Corporate Governance (continued)

regarding their own remuneration packages. In making its recommendation, the Remuneration Committee also seeks comparative information on the remuneration of the Directors.

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

	Salaries and Other Emoluments (RM)	Fees (RM)	Attendance Fees (RM)
Executive Directors	1,210,240	263,000	15,000
Non-Executive Directors	-	150,000	39,000

The estimated monetary value of benefits-in-kind received by the Executive Directors of the Company amounted to RM48,080.

Range of Remuneration per annum	Executive Directors	Non-Executive Directors
Below RM50,000	-	4
RM200,000 to RM250,000	1	-
RM450,000 to RM500,000	1	-
RM500,000 to RM550,000	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.)

5. Continuing Education of Directors

The Board acknowledges that continuous education is necessary for the Board members to keep themselves abreast on the latest regulatory updates, changes in the market and business environment and the state of the local and global economy. In compliance with the Main Market Listing Requirements, all Directors had attended the Mandatory Accreditation Programme prescribed by Bursa Securities. In addition, the Directors identify and

determine their training needs on an ongoing basis to enable themselves to be better equipped to discharge their duties as Directors.

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

No.	Type of Training	Title	Duration
1	Seminar	Financial Reporting During Financial Turbulence	½ day
2	Seminar	Cash Management, Dual Currency Investment and Global Market Updates 2009	3 hours
3	Seminar	Financial Reporting Standards – Convergence & Impact, Director's Perspective	1 day
4	Course	Global Credit Crunch – How it affects your Company?	2 days
5	Course	Awareness Training for ISO 9001:2008	½ day
6	Course	A Personal Odyssey : Neuro-Linguistic Programming	8 days
7	Course	Understanding the Great Depression & the Lesson Learnt	1 day
8	Workshop	Directors and Officers Face High Risk under the Amended Companies Act, 1965	1 day

B. SHAREHOLDERS

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

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

- (i) the Annual Report, which contains information such as a review of the Group's business, financial statements, and various reports on the Audit Committee, Corporate Governance and Internal Control;
- (ii) various announcements made to Bursa Securities, which include timely release of financial results on a quarterly basis. Concurrently with these releases, the Company practices a policy to issue public announcements to major newspapers and public media;



Statement On Corporate Governance (continued)

- (iii) regular dialogues with analysts and fund managers representing individual and institutional shareholders; and
- (iv) the Company's website at www.newhoongfatt.com.my.

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

C. ACCOUNTABILITY AND AUDIT

1. Audit Committee and Financial Reporting

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

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

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

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

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

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

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

3. Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's operations and assets in compliance with the relevant laws and regulations as well as internal procedures and guidelines. Further information is presented in the Group's Statement of Internal Control set out separately in this Annual Report.

4. Relationship with Auditors

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

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

D. COMPLIANCE WITH THE CODE

The Board considers the Group is in substantial compliance with the Best Practices of the Code on Corporate Governance. The Board is committed and will continue to enhance compliance with the best practices in corporate governance.

E. OTHER INFORMATION

1. Material Contracts involving Directors and/or Major Shareholders

Other than those disclosed in the financial statements of the Group and of the Company for the financial year ended 31 December 2009, there were no material contracts entered into or subsisting between the Company and/or its subsidiaries involving Directors and major shareholders' interest during the financial year.

2. Non-Audit Fees

The non-audit fees incurred for services rendered to the Company or its subsidiaries paid to a firm or the affiliated company of the external auditors, for the financial year ended 31 December 2009 amounted to RM2,000.

PENYATA TADBIR URUS KORPORAT

Lembaga Pengarah ("Lembaga") New Hoong Fatt Holdings Berhad ("NHF" atau "Syarikat ini") adalah komited sepenuhnya untuk mengguna pakai prinsip-prinsip dan amalan-amalan terbaik yang termaktub di dalam Bahagian 1 dan Bahagian 2 dalam Kod Tadbir Urus Korporat Malaysia (pindaan 2007) ("Kod ini"). Dengan sukacitanya, Lembaga melaporkan bagaimana Syarikat dan Kumpulan ini telah memenuhi Kod ini sepanjang tahun kewangan berakhir 31 Disember 2009.

A. LEMBAGA PENGARAH

1. Keseimbangan Lembaga Dan Peranannya

Lembaga mengekalkan kawalan yang berkesan terhadap Kumpulan NHF dan bertanggungjawab untuk menyemak dan memiliki satu rancangan strategik untuk Kumpulan. Lembaga bertanggungjawab sepenuhnya dalam mengawasi pengendalian perniagaan Kumpulan, mengenal pasti dan menguruskan risiko Kumpulan, rancangan penggantian berturut-turut dan ganjaran Lembaga Pengarah, memperkembangkan dan melaksanakan satu program perhubungan pelabur dan menilai kecukupan dan integriti sistem kawalan dalaman Kumpulan dan sistem pengurusan informasi.

Pada tahun kewangan berakhir 31 Disember 2009, Lembaga ini telah menilai saiz Lembaga seramai tujuh (7) ahli, yang terdiri daripada tiga (3) ahli eksekutif, termasuk Pengerusi Eksekutif, dan empat (4) ahli bebas bukan eksekutif. Jumlah Pengarah Bebas mewakili lebih daripada separuh (1/2) ahli Lembaga Pengarah. Pengarah-pengarah ini dengan kepakaran mereka yang meluas dan dalam pelbagai bidang membekalkan gabungan kemahiran dan pengalaman yang diperlukan untuk menuju ke arah yang berjaya untuk Kumpulan. Huraian ringkas mengenai latar belakang setiap Pengarah dibentangkan di dalam Profil Pengarah dalam Laporan Tahunan ini. Walaupun mendiang Encik Wong Kwan @ Wong Kwong Kwan telah meninggal dunia pada 3 April 2010, Lembaga ini berpendapat bahawa saiz Lembaga kini merupakan suatu Lembaga yang berkesan, bersama dengan penyertaan bukan eksekutif yang menggambarkan dengan adil pelaburan pemegang saham minoriti.

Peranan Pengerusi dan Pengarah Urusan adalah berasingan, dengan demikian mencerminkan keseimbangan kuasa dan autoriti.

Ahli Eksekutif Lembaga Pengarah adalah bertanggungjawab terhadap pengurusan perniagaan dan operasi, pelaksanaan polisi dan mengawasi prestasi perniagaan Kumpulan dan justeru itu, prestasi kewangan yang dihasilkan.

Pengarah-pengarah Bebas adalah bebas dari pihak Pengurusan dan pemegang saham utama. Mereka merupakan orang yang berkaliber dan berkepujian tinggi dan memiliki kemahiran dan pengalaman yang diperlukan untuk memberi pertimbangan yang bebas dalam pertimbangan

mengenai isu-isu strategi, prestasi dan sumber, termasuk perlantikan utama dan kelakuan yang berpiawai.

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

2. Pemilihan semula

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

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

3. Mesyuarat Lembaga Pengarah dan Penyampaian Maklumat kepadanya

Mesyuarat Lembaga Pengarah adalah dijadualkan terlebih dahulu untuk memaksimumkan kehadiran Pengarah-pengarah. Semasa tahun kewangan berakhir 31 Disember 2009, empat (4) Mesyuarat Lembaga telah diadakan dan kehadiran mesyuarat adalah seperti berikut:

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

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

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



Penyata Tadbir Urus Korporat (sambungan)

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

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

Semua Pengarah mempunyai akses sepenuhnya terhadap nasihat dan perkhidmatan Setiausaha Syarikat yang memastikan pematuhan keperluan-keperluan statutori dan peraturan. Pengarah-pengarah boleh juga mendapat nasihat profesional luaran, sekiranya diperlukan, atas tanggungan Syarikat.

4. Jawatankuasa Lembaga

Lembaga Pengarah telah menubuhkan Jawatankuasa Lembaga berikut:

a. Jawatankuasa Audit

Ahli-ahli Jawatankuasa Audit terdiri daripada yang berikut:

- (a) Wong Yoke Nyen (Pengerusi)
- (b) Wong Kwan @ Wong Kwong Kwan (Mendiang)
- (c) Danny Ng Siew L'Leong
- (d) Datuk Dr. Anis bin Ahmad

Laporan Jawatankuasa Audit untuk 2009 adalah terbentang secara berasingan dalam Laporan Tahunan ini.

b. Jawatankuasa Pencalonan

Jawatankuasa Pencalonan terdiri daripada ahli-ahli yang berikut:

- (a) Danny Ng Siew L'Leong (Pengerusi)
- (b) Wong Kwan @ Wong Kwong Kwan (Mendiang)
- (c) Datuk Dr. Anis bin Ahmad
- (d) Wong Yoke Nyen

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

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

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

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

Jawatankuasa ini mengawasi dan menyelia rancangan penggantian berturut-turut. Tugas-tugas yang lain termasuk penilaian tahunan berkenaan dengan gabungan kemahiran dan pengalaman serta lain-lain kebolehan Lembaga Pengarah semasa dan menilai prestasi Pengarah-pengarah yang akan bersara dan tertakluk kepada pemilihan semula.

Setiap tahun, Jawatankuasa ini juga menilai keberkesanan Lembaga Pengarah secara menyeluruh dan sumbangan dari Pengarah individu. Ia mengkaji saiz Lembaga Pengarah selaras dengan saiz Kumpulan dan kesulitan perniagaannya untuk menentukan impak bilangannya terhadap keberkesanan Lembaga.

Jawatankuasa Pencalonan seluruhnya terdiri daripada Pengarah Bebas Bukan Eksekutif yang akan bermesyuarat apabila perlu, sekurang-kurangnya setahun sekali. Semua penganggaran dan penilaian yang dijalankan semasa mesyuarat adalah diminitkan dan didokumenkan dengan betul dan dilaporkan kepada Lembaga Pengarah selepas setiap mesyuarat.

c. Jawatankuasa Ganjaran

Komposisi Jawatankuasa Ganjaran adalah seperti berikut:

- (a) Datuk Dr. Anis bin Ahmad (Pengerusi)
- (b) Wong Kwan @ Wong Kwong Kwan (Mendiang)
- (c) Danny Ng Siew L'Leong
- (d) Wong Yoke Nyen
- (e) Kam Foong Keng

Jawatankuasa Ganjaran bermesyuarat apabila perlu, sekurang-kurangnya setahun sekali untuk mengesyorkan ganjaran Pengarah Eksekutif kepada Lembaga Pengarah. Penentuan ganjaran bagi Pengarah Bukan Eksekutif adalah urusan Lembaga Pengarah secara seluruh dengan Pengarah yang terlibat mengecualikan diri dari mengambil bahagian dalam pertimbangan dan keputusan mengenai pakej ganjaran mereka sendiri. Dalam membuat cadangan, Jawatankuasa Ganjaran juga akan meminta maklumat perbandingan yang berkenaan dengan ganjaran bagi Pengarah-pengarah.

Penyata Tadbir Urus Korporat (sambungan)

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

	Gaji dan Lain-lain Emolumen (RM)	Yuran (RM)	Yuran Kehadiran (RM)
Pengarah Eksekutif	1,210,240	263,000	15,000
Pengarah Bukan Eksekutif	-	150,000	39,000

Anggaran nilai kewangan untuk manfaat yang diterima oleh Pengarah Eksekutif untuk Syarikat bernilai sebanyak RM48,080.

Lingkungan bagi Ganjaran Setahun	Pengarah Eksekutif	Pengarah Bukan Eksekutif
Di bawah RM50,000	-	4
RM200,000 ke RM250,000	1	-
RM450,000 ke RM500,000	1	-
RM500,000 ke RM550,000	1	-

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

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

5. Pendidikan Berterusan bagi Pengarah

Lembaga Pengarah mengiktirafkan bahawa pendidikan berterusan bagi ahli-ahli Lembaga Pengarah adalah diperlukan untuk memastikan diri mereka berpengetahuan mengenai kemaskini peraturan-peraturan yang terkini, perubahan dalam persekitaran pasaran dan perniagaan serta keadaan ekonomi tempatan dan seluruh dunia. Untuk memenuhi Syarat-Syarat Penyenaraian Pasaran Utama, kesemua Pengarah telah menghadiri Program Akreditasi Wajib ("Mandatory Accreditation Programme") yang ditentukan oleh Bursa Securities. Di samping itu, Pengarah-pengarah mengenal pasti dan menentukan keperluan latihan mereka secara berterusan supaya mereka lebih bersedia untuk melaksanakan tanggungjawab mereka sebagai Pengarah.

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

No.	Jenis Latihan	Tajuk	Tempoh Masa
1	Seminar	Laporan Kewangan Semasa Pergolakan Kewangan	½ hari
2	Seminar	Pengurusan Wang Tunai, Pelaburan Dua Bahagian Dalam Sistem Mata Wang dan Kemaskini Pasaran Seluruh Dunia 2009	3 jam
3	Seminar	Piawaian Laporan Kewangan - Pendapat-Pendapat yang Bertemu & Impak, Tinjauan Pengarah	1 hari
4	Kursus	Kehancuran Kredit di Seluruh Dunia – Bagaimana ianya mempengaruhi Syarikat Anda?	2 hari
5	Kursus	Latihan Kesedaran mengenai ISO 9001:2008	½ hari
6	Kursus	Pengembaraan Peribadi – Program "Neuro-Linguistic"	8 hari
7	Kursus	Memahami Kemelesetan yang Besar dan Pengajaran yang Dipelajari	1 hari
8	Bengkel	Pengarah dan Pegawai menghadapi Risiko Tinggi di bawah Pindaan Akta Syarikat, 1965.	1 hari

B. PEMEGANG SAHAM

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

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

- Laporan Tahunan, yang mengandungi maklumat seperti penilaian atas perniagaan, penyata kewangan Kumpulan, dan pelbagai laporan mengenai Jawatankuasa Audit, Tadbir Urus Korporat serta Kawalan Dalaman;
- pelbagai pengumuman kepada Bursa Securities, termasuk pengumuman yang tepat waktunya mengenai keputusan kewangan setiap suku tahun. Pada masa yang sama, Syarikat mengamalkan polisi untuk mengeluarkan pengumuman awam kepada suratkhbar utama dan media awam;
- dialog kerap dengan penganalisis dan pengurus dana yang mewakili pemegang saham individu atau institusi; dan
- laman web Syarikat pada www.newhoongfatt.com.my.



Penyata Tadbir Urus Korporat (sambungan)

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

C. AKAUNTABILITI DAN AUDIT

1. Jawatankuasa Audit dan Pelaporan Kewangan

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

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

2. Penyata Tanggungjawab Pengarah-Pengarah berhubung dengan Penyata Kewangan

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

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

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

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

3. Kawalan Dalaman

Lembaga mengenal pasti tanggungjawab keseluruhan untuk mengekalkan sistem kawalan dalaman yang kukuh

untuk melindungi pelaburan pemegang saham serta operasi dan aset Kumpulan yang mematuhi undang-undang dan peraturan-peraturan yang berkenaan serta prosedur dan panduan dalaman.

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

4. Hubungan dengan Juruaudit

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

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

D. PEMATUHAN KEPADA KOD

Lembaga berpendapat bahawa Kumpulan ini telah, pada dasarnya, memenuhi pematuan kepada Amalan Terbaik bagi Kod berkenaan dengan Tadbir Urus Korporat. Lembaga adalah komited dan akan terus mempertingkatkan pematuan dengan amalan terbaik dalam tadbir urus korporat.

E. MAKLUMAT LAIN

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

Selain daripada yang dikemukakan di penyata-penyata kewangan Kumpulan dan Syarikat untuk tahun kewangan 31 Disember 2009, Syarikat dan/atau anak-anak syarikatnya tidak meterai sebarang kontrak mustahak yang melibatkan kepentingan Pengarah-pengarah dan pemegang saham utama.

2. Yuran bukan Audit

Bagi tahun kewangan berakhir 31 Disember 2009, yuran bukan audit yang berpunca dari perkhidmatan kepada Syarikat atau anak syarikatnya oleh firma atau pertubuhan yang berkaitan dengan Juruaudit Luaran, adalah sebanyak RM2,000.

AUDIT COMMITTEE REPORT

The Board of Directors of New Hoong Fatt Holdings Berhad is pleased to present the report of Audit Committee for the financial year ended 31 December 2009.

1. MEMBERSHIP AND MEETINGS

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

Name	Designation	No. of Meetings Attended
Wong Yoke Nyen (Audit Committee Chairman)	Independent Non-Executive Director	4/4
Wong Kwan @ Wong Kwong Kwan (Demised on 3 April 2010)	Independent Non-Executive Director	4/4
Danny Ng Siew L'Leong	Independent Non-Executive Director	4/4
Datuk Dr. Anis bin Ahmad	Independent Non-Executive Director	4/4

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

2. SUMMARY OF ACTIVITIES

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

- reviewed the external audit plan, scope and nature of statutory audit of the Group's financial statements;
- reviewed the external audit reports and the results of the External Auditors' examination;
- reviewed the External Auditors' recommendations and Management responses in relation thereto;
- reviewed the quarterly financial results of the Group;

- reviewed the audited financial statements of the Company with the External Auditors;
- reviewed the risk assessment of the Group;
- reviewed the internal audit plan, internal audit report and internal controls of the Group, together with issues and recommendations arising from each audit cycle and assessed the performance of the Internal Auditors;
- reviewed on quarterly basis related party transactions and conflict of interest situations that may arise within the Group;
- reviewed the Group's financial results against the budget;
- considered the appointment of Internal and External Auditors and their respective audit fees;
- met twice with the External Auditors without any executives and senior management present except the Company Secretary; and
- the Chairman of the Audit Committee met twice with senior management in order to be kept informed of operational matters affecting the Group.

3. INTERNAL AUDIT FUNCTION

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

During the financial year ended 31 December 2009, the Audit Committee reviewed the internal audit plan and internal audit reports generated by the Internal Auditors in connection with the audit works conducted. The Audit Committee also ensured that appropriate actions were taken on the recommendations arose from the audits and implementations were carried out by Management.



Audit Committee Report (continued)

4. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

4.1 Composition

- (a) The Committee shall be appointed from amongst the Board and shall comprise of not less than three (3) members who fulfils the following requirements:
 - (i) all the audit committee members must be non-executive directors, with a majority of them being independent directors; and
 - (ii) have at least one (1) member who is a member of the Malaysian Institute of Accountants or who complies with paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- (b) The Chairman, who shall be elected by the Audit Committee, shall be an Independent Director.
- (c) In the event of any vacancy resulting in non-compliance with the terms of reference hereof, the vacancy must be filled within three (3) months.
- (d) The term of office and performance of the Audit Committee and each of its members must be reviewed by the Board of Directors at least once in every three (3) years in order to determine whether the Audit Committee and members have carried out their duties in accordance with their terms of reference.

4.2 Functions and Duties

- (a) To review with the External Auditors on:
 - (i) the audit plan, its scope and nature;
 - (ii) the audit report;
 - (iii) the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
 - (iv) the problems and reservations arising from the interim and final audits, and any matter the Auditors may wish to discuss (in the absence of Management, where necessary).

- (b) To review with Management on:
 - (i) audit reports and management letter issued by the External Auditors and the implementation of audit recommendations;
 - (ii) interim financial information; and
 - (iii) the assistance given by the officers of the Company to the External Auditors.
- (c) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:
 - (i) changes in or implementation of major accounting policy and practices;
 - (ii) significant adjustments arising from the audit;
 - (iii) the going concern assumption; and
 - (iv) compliance with accounting standards and other legal requirements.
- (d) To consider the appointment (or re-appointment as the case may be) of the Internal and External Auditors, the audit fee and any question of resignation or dismissal.
- (e) To do the following, in relation to the internal audit function:
 - (i) review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - (ii) review the internal audit plan and the results of the internal audit process and, where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
 - (iii) review any appraisal or assessment of the performance of members of the internal audit function; and



Audit Committee Report (continued)

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

- (f) To consider the major findings of internal audit and Management's response.
- (g) To review any related party transaction and conflict of interest that may arise within the Company or the Group.
- (h) To submit to the Board a report on the summary of activities of the Audit Committee in the discharge of its functions and duties in respect of each financial year.

4.3 Rights

The Audit Committee shall:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Group;
- (d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity;
- (e) have the right to obtain independent professional or other advice at the Company's expense;
- (f) have the right to convene meetings with the Internal and External Auditors, without the attendance of the other Directors or employees of the Group, whenever deemed necessary; and

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

4.4 Meetings

- (a) The Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.
- (b) The Company Secretary shall be the Secretary of the Committee.
- (c) The Chairman shall upon request of the Internal and External Auditors convene a meeting of the Audit Committee to consider any matter the Auditors believe should be brought to the attention of the Directors or Shareholders.
- (d) The External Auditors, the head of finance and the head of Internal Audit have the right to appear at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee.
- (e) The Committee should meet with the External Auditors without Executive Directors present at least twice a year.
- (f) The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the Chairman of the Board, the Managing Director, the head of finance, the head of internal audit and the External Auditors in order to be kept informed of matters affecting the Company.



LAPORAN JAWATANKUASA AUDIT

Lembaga Pengarah New Hoong Fatt Holdings Berhad dengan sukacitanya membentangkan Laporan Jawatankuasa Audit untuk tahun kewangan berakhir 31 Disember 2009.

1. KEAHLIAN DAN MESYUARAT

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

Nama	Jawatan	Bilangan Mesyuarat Dihadiri
Wong Yoke Nyen (Pengerusi Jawatankuasa Audit)	Pengarah Bebas Bukan Eksekutif	4/4
Wong Kwan @ Wong Kwong Kwan (Meninggal dunia pada 3 April 2010)	Pengarah Bebas Bukan Eksekutif	4/4
Danny Ng Siew L'Leong	Pengarah Bebas Bukan Eksekutif	4/4
Datuk Dr. Anis bin Ahmad	Pengarah Bebas Bukan Eksekutif	4/4

Komposisi Jawatankuasa Audit adalah memenuhi Perenggan 15.09 dari Syarat-Syarat Penyenaian Pasaran Utama, Bursa Securities.

2. RINGKASAN KEGIATAN

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

- menyemak perancangan audit luaran, skop dan dasar audit berkanun ke atas penyata kewangan Kumpulan;
- menyemak laporan audit dari Juruaudit Luaran dan keputusan pemeriksaan Juruaudit Luaran;
- menyemak saranan dari Juruaudit Luaran dan tindak balas dari pihak Pengurusan sehubungan dengan itu;
- menyemak keputusan kewangan Kumpulan setiap suku tahun;
- menyemak bersama dengan Juruaudit Luaran pernyataan kewangan yang diaudit;

- menyemak penilaian risiko Kumpulan;
- menyemak perancangan audit dalaman, laporan Juruaudit Dalaman dan kawalan dalaman Kumpulan bersama dengan isu-isu dan saranan yang timbul dari setiap audit kitaran dan menilai prestasi Juruaudit Dalaman;
- setiap suku tahun, menyemak urus niaga pihak berkaitan dan percanggahan faedah yang mungkin timbul dalam Kumpulan;
- menyemak keputusan kewangan Kumpulan berbanding dengan belanjawan;
- mempertimbangkan perlantikan Juruaudit-juruaudit Dalaman dan Luaran serta yuran audit mereka;
- bertemu dengan Juruaudit Luaran dua kali tanpa kehadiran eksekutif-eksekutif dan pengurusan kanan kecuali Setiausaha Syarikat; dan
- pengerusi bagi Jawatankuasa Audit bertemu dengan pengurusan kanan dua (2) kali untuk dimaklumkan perkara-perkara operasi yang mempengaruhi Syarikat.

3. FUNGSI AUDIT DALAMAN

Juruaudit Dalaman bertanggungjawab untuk mengkaji proses fungsi kawalan dalaman secara teratur serta mempertingkatkan kecekapan dan keberkesanan sistem kawalan dalaman Kumpulan dengan memberi saranan yang membina dan menambah nilai. Juruaudit Dalaman melapor terus kepada Jawatankuasa Audit dan memberi Jawatankuasa laporan yang bebas dan objektif mengenai keadaan kawalan dalaman di bahagian-bahagian operasi Kumpulan, dan tahap pematuhan oleh bahagian-bahagian tersebut kepada polisi dan prosedur yang ditubuhkan oleh Kumpulan serta syarat-syarat berkanun berkaitan. Fungsi Audit Dalaman adalah sumber luaran, oleh itu, ia adalah bebas dari aktiviti-aktiviti yang mereka mengaudit. Audit dijalankan secara adil, cekap dan dengan perhatian berprofesional yang wajar.

Sepanjang tahun kewangan berakhir 31 Disember 2009, Jawatankuasa Audit menyemak rancangan audit dalaman dan laporan audit dalaman yang diterbitkan oleh Juruaudit Dalaman yang berkaitan dengan kerja audit yang dijalankan. Jawatankuasa Audit juga memastikan bahawa tindakan yang sesuai telah diambil ke atas saranan yang timbul dari audit dan pelaksanaan telah dijalankan oleh pihak Pengurusan.



Laporan Jawatankuasa Audit (sambungan)

4. TERMA-TERMA RUJUKAN JAWATANKUASA AUDIT

4.1 Komposisi

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

- (i) kesemua ahli jawatankuasa audit mestilah pengarah bukan eksekutif; dengan majoriti ahlinya mestilah pengarah bebas; dan
- (ii) sekurang-kurangnya seorang ahli adalah ahli Institut Akauntan Malaysia atau beliau mestilah seorang yang mematuhi Perenggan 15.09 dari Syarat-Syarat Penyenaraian Pasaran Utama, Bursa Malaysia Securities Berhad atau memenuhi syarat-syarat lain atau yang diluluskan oleh Bursa Malaysia Securities Berhad.

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

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

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

4.2 Fungsi dan Tugas

(a) Untuk menyemak bersama dengan Juruaudit Luaran perkara-perkara berikut:

- (i) perancangan audit, skop dan dasarnya;
- (ii) laporan audit;
- (iii) keputusan daripada penilaian terhadap polisi perakaunan dan sistem kawalan dalaman perakaunan dalam Kumpulan; dan
- (iv) masalah-masalah dan perkara-perkara yang tidak selesai yang timbul dari audit perantaraan dan audit yang terakhir, dan sebarang perkara yang Juruaudit ingin bincangkan (dengan ketidakhadiran pihak Pengurusan, dimana perlu).

(b) Untuk menyemak bersama dengan pihak Pengurusan perkara-perkara berikut:

- (i) laporan audit dan surat pihak Pengurusan yang dikeluarkan oleh Juruaudit Luaran dan pelaksanaan saranan audit;
- (ii) maklumat interim kewangan; dan
- (iii) bantuan yang diberi oleh pegawai Syarikat kepada Juruaudit Luaran.

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

- (i) perubahan atau pelaksanaan polisi perakaunan yang utama dan amalannya;
- (ii) penyelerasan utama yang timbul dari audit;
- (iii) andaian kemajuan; dan
- (iv) pematuhan terhadap piawaian perakaunan dan lain-lain tuntutan undang-undang.

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

(e) Untuk membuat perkara mengenai fungsi audit dalaman seperti berikut:

- (i) menyemak kecukupan skop, fungsi, kecekapan dan sumber untuk fungsi audit dalaman, dan sama ada ia mempunyai kuasa yang diperlukan untuk menjayakan kerjanya;
- (ii) menyemak perancangan audit dalaman dan keputusan dari proses audit dalaman dan, dimana perlu, memastikan tindakan yang sesuai diambil ke atas saranan fungsi audit dalaman;
- (iii) menyemak sebarang penilaian atau penaksiran ke atas prestasi ahli-ahli fungsi audit dalaman; dan
- (iv) dimana fungsi audit dalaman adalah dibawah pengurusan sendiri, meluluskan segala perantikan atau penamatan ahli pegawai kanan dan mengambil perhatian dalam perletakan jawatan ahli pekerjaanya, sementara memberi mereka peluang untuk menjelaskan alasan perletakan jawatan.



Laporan Jawatankuasa Audit (sambungan)

- (f) Untuk mempertimbangkan hasil utama dari audit dalaman dan tindak balas pihak Pengurusan.
- (g) Untuk menyemak sebarang urusan pihak berkaitan dan percanggahan faedah yang mungkin timbul dalam Syarikat atau Kumpulan.
- (h) Untuk menyerahkan kepada Lembaga Pengarah laporan mengenai ringkasan kegiatan Jawatankuasa Audit di dalam pelaksanaan fungsi dan tugas mereka untuk setiap tahun kewangan.

4.3 Hak-Hak

Jawatankuasa Audit seharusnya:

- (a) mempunyai kuasa untuk menyiasat sebarang perkara di dalam terma-terma rujukannya;
- (b) mempunyai sumber-sumber yang diperlukan untuk menjalankan tugasnya;
- (c) mempunyai akses sepenuhnya kepada semua maklumat mengenai Kumpulan;
- (d) mempunyai saluran komunikasi terus dengan Juruaudit Luaran dan orang-orang yang menjalankan fungsi atau aktiviti audit dalaman;
- (e) berhak untuk mendapatkan sebarang nasihat profesional atau selain daripadanya di atas perbelanjaan Syarikat;
- (f) berhak untuk mengadakan mesyuarat dengan Juruaudit-juruaudit Dalaman dan Luaran, tanpa kehadiran Pengarah-pengarah yang lain atau pekerja Kumpulan, bila diperlukan; dan
- (g) melaporkan segera kepada Bursa Malaysia Securities Berhad sebarang urusan yang belum diselesaikan dengan memuaskan oleh Lembaga Pengarah, menyebabkan pengabaian terhadap Syarat-Syarat Penyenaraian Pasaran Utama, Bursa Malaysia Securities Berhad.

4.4 Mesyuarat

- (a) Jawatankuasa ini mesti mengadakan mesyuarat sekurang-kurangnya empat (4) kali setiap tahun kewangan. Koram mesyuarat mestilah terdiri daripada dua (2) orang ahli, dimana kebanyakan ahli yang menghadiri mesyuarat tersebut mestilah pengarah bebas.
- (b) Setiausaha Syarikat akan menjadi Setiausaha Jawatankuasa.
- (c) Atas permintaan Juruaudit-juruaudit Dalaman dan Luaran, Pengerusi Jawatankuasa Audit akan mengadakan mesyuarat Jawatankuasa Audit untuk mempertimbangkan sebarang perkara yang Juruaudit fikir perlu dimaklumkan kepada para Pengarah atau pemegang saham.
- (d) Juruaudit Luaran, ketua bahagian kewangan dan ketua bahagian audit dalaman berhak untuk hadir di mana-mana mesyuarat Jawatankuasa Audit dan mesti hadir apabila dikehendaki oleh Jawatankuasa.
- (e) Jawatankuasa ini sepatutnya bertemu dengan Juruaudit Luaran tanpa kehadiran Pengarah Eksekutif sekurang-kurangnya dua (2) kali setahun.
- (f) Pengerusi Jawatankuasa Audit sepatutnya menumpukan perhatian berterusan dengan pengurusan kanan, seperti Pengerusi Lembaga Pengarah, Pengarah Urusan, ketua bahagian kewangan, ketua bahagian audit dalaman dan Juruaudit Luaran supaya dimaklumkan perkara-perkara yang mempengaruhi Syarikat.



STATEMENT ON INTERNAL CONTROL

The Board of Directors is pleased to present its Statement on Internal Control for the financial year ended 31 December 2009, which is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements and in accordance with the “Standard on Internal Control – Guideline for Directors of Public Listed Companies” issued by the Institute of Internal Auditors and adopted by Bursa Malaysia Securities Berhad.

The Board of Directors is committed to maintaining a sound system internal controls and risk management practices within its operations. The Board acknowledges and reaffirms its responsibility for the Group’s system of internal controls and for reviewing its adequacy and integrity. The system covers financial, budgetary, operational and compliance controls.

It should be noted that the system of internal controls is designed to manage rather than eliminate risks. The process can only provide reasonable but not absolute assurance against material misstatement or loss, or fraud. The Executive Directors and Management’s role in this is to enable the implementation and compliance of those internal control procedures at the operational level.

The New Hoong Fatt Group has adopted a risk management framework which was established to enable a systematic and on-going process of identification, evaluation and management of the key risks affecting the Group’s ability to achieve its business objectives. Management is responsible for the identification and evaluation of the significance of each risk applicable to their business together with the implementation of suitable internal controls.

The Group had out-sourced the Internal Audit function to a professional firm of consultants, which is independent of the activities it audits. The Internal Auditors review the audit areas based on the internal audit plan approved by the Board of Directors on the recommendation of the Audit Committee. The review provides an independent assessment of its adequacy and integrity in managing the significant risks. The Internal Audit function reports directly to the Audit Committee, which receives reports of issues and recommendations arising from each review. The Group’s annual professional fee for services rendered by the out-sourced internal auditors to manage the internal audit function was RM30,240.

The External Auditors have reviewed this Statement on Internal Control for the inclusion in the Annual Report of the Group for the financial year ended 31 December 2009. Based on their review, nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls of the Group.

The Board of Directors
New Hoong Fatt Holdings Berhad



PENYATA KAWALAN DALAMAN

Dengan sukacitanya, Lembaga Pengarah mengemukakan Penyata Kawalan Dalaman bagi tahun kewangan berakhir 31 Disember 2009, yang dibuat menurut Perenggan 15.26(b), Syarat-Syarat Penyeneraian Pasaran Utama dan selaras dengan “Piawai Kawalan Dalaman – Garis Panduan untuk Pengarah-Pengarah Syarikat Awam Tersenarai” yang dikeluarkan oleh Institut Juruaudit Dalaman dan diamalkan oleh Bursa Malaysia Securities Berhad.

Lembaga Pengarah bertanggungjawab untuk mengekalkan suatu sistem kawalan dalaman serta amalan pengurusan risiko yang kukuh dalam operasinya. Lembaga mengakui dan menegaskan lagi tanggungjawabnya ke atas sistem kawalan dalaman Kumpulan dan penilaian kecukupan dan integriti sistemnya. Sistem ini meliputi kawalan-kawalan kewangan, urusan belanjawan, operasi dan pematuhan.

la sepatutnya diperhatikan bahawa sistem kawalan dalaman ini adalah direka untuk mengurus risiko-risiko dan bukan untuk menghapuskannya. Proses tersebut hanya dapat memberi jaminan yang munasabah dan bukan jaminan yang menyeluruh terhadap sebarang salah pernyataan atau kerugian ketara, mahupun penipuan. Peranan Pengarah-pengarah Eksekutif dan Pihak Pengurusan disini adalah membolehkan penubuhan dan kepatuhan urusan kawalan dalaman pada taraf operasi.

Kumpulan New Hoong Fatt telah mengamalkan suatu rangka kerja pengurusan risiko yang didirikan untuk membolehkan proses yang sistematik dan yang berterusan bagi pengenalpastian, penilaian dan pengurusan bagi risiko-risiko utama yang mempengaruhi keupayaan Kumpulan untuk mencapai objektif-objektif perniagaannya. Pihak Pengurusan bertanggungjawab ke atas mengenal pasti dan menilai kepentingan setiap risiko ke atas perniagaan mereka bersama dengan penubuhan kawalan dalaman yang sesuai.

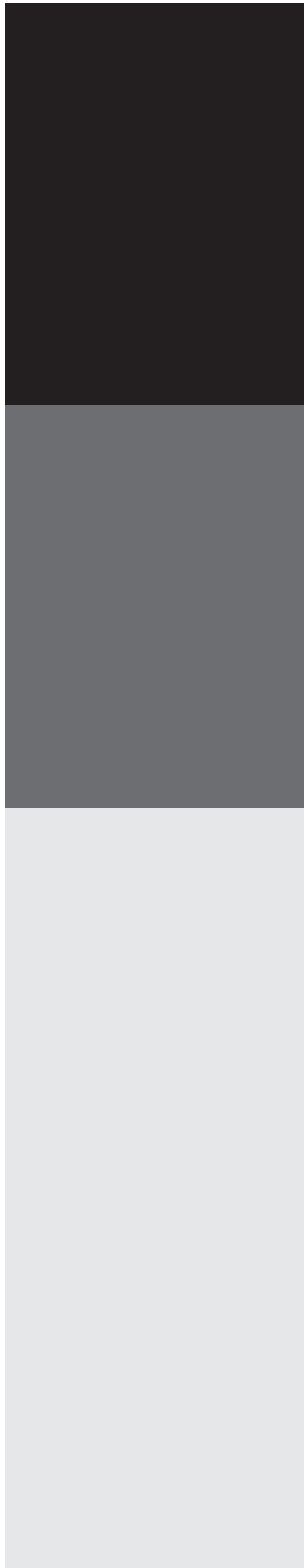
Kumpulan telah menyerahkan fungsi Audit Dalaman kepada suatu firma penasihat profesional, yang bebas dari aktiviti-aktiviti yang diaudit. Audit Dalaman ini menyemak bahagian audit menurut rancangan audit yang telah diluluskan oleh Lembaga Pengarah atas cadangan dari Jawatankuasa Audit. Penyemakan ini memberi penilaian berkecuali mengenai kecukupan dan integriti sistemnya dari segi pengurusan risiko utama. Fungsi Audit Dalaman melapor terus kepada Jawatankuasa Audit, yang menerima laporan mengenai perkara-perkara dan cadangan-cadangan yang timbul dari setiap audit. Yuran tahunan bagi penasihat profesional untuk perkhidmatan mengurus fungsi audit dalaman bagi Kumpulan adalah sebanyak RM30,240.

Juruaudit Luaran telah menyemak Penyata Kawalan Dalaman ini untuk dimasukkan ke dalam Laporan Tahunan Kumpulan bagi tahun kewangan berakhir 31 Disember 2009. Menurut penyemakan, mereka tidak menjumpai apa-apa yang menyebabkan mereka untuk mempercayai yang Penyata ini adalah tidak konsisten dengan pemahaman mereka terhadap proses yang diamalkan oleh Lembaga dalam mengkaji kecukupan dan integriti sistem kawalan dalaman Kumpulan.

Lembaga Pengarah
New Hoong Fatt Holdings Berhad



FINANCIAL STATEMENTS



36	Directors' Report
40	Statement By Directors
40	Statutory Declaration
41	Independent Auditors' Report
43	Balance Sheets
44	Income Statements
45	Statements of Changes In Equity
47	Cash Flow Statements
49	Notes To The Financial Statements



DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM	Company RM
Profit for the financial year attributable to:		
Equity holders of the Company	21,972,885	9,160,905
Minority interest	272,595	-
	<hr/>	<hr/>
	22,245,480	9,160,905
	<hr/>	<hr/>

DIVIDENDS

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

	RM
In respect of the financial year ended 31 December 2008:	
Final single tier dividend of 8 sen per ordinary share, paid on 18 June 2009	6,012,528
In respect of the financial year ended 31 December 2009:	
An interim single tier dividend of 3 sen per ordinary share, paid on 17 December 2009	2,254,698
	<hr/>
	8,267,226
	<hr/>

The Directors also proposed a final single tier dividend of 8 sen and a special single tier dividend of 1 sen per ordinary share, amounting to RM6,764,094 in respect of the financial year ended 31 December 2009, which are subject to the approval of the members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

Directors' Report (continued)

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

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

In accordance with Article 78 of the Company's Articles of Association, Mr Danny Ng Siew L'Leong and Ms Kam Foong Sim retire from the Board by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Mr. Wong Kwan @ Wong Kwong Kwan retires in accordance with Section 129(2) of the Companies Act, 1965. The Board recommends that Mr. Wong Kwan @ Wong Kwong Kwan be re-appointed as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the conclusion of the next Annual General Meeting.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares in the Company and of its related corporations during the financial year ended 31 December 2009 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 1.1.2009	Bought	Sold
Shares in the Company			
Direct interests			
Kam Foong Keng	25,620,942	-	-
Chin Jit Sin	838,200	-	-
Wong Kwan @ Wong Kwong Kwan	24,000	-	-
Kam Foong Sim	1,807,425	-	-
Wong Yoke Nyen	10,000	-	-
Indirect interests			
Wong Kwan @ Wong Kwong Kwan [#]	2,000	-	-
Wong Yoke Nyen [#]	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 or ordinary shares, options over ordinary shares and debentures of its related corporations during the financial year.



Directors' Report (continued)

DIRECTORS' BENEFITS

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

- (a) 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 or executives 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 income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; and
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.



Directors' Report (continued)

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

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

(d) In the opinion of the Directors:

- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
- (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 15 January 2009, the Group subscribed 3,000,000 shares representing 60% of the total issued and paid-up share capital of New Kean Tat Auto Parts Sdn. Bhd. ('NKT'), a company incorporated in Malaysia, which is engaged in trading of motor vehicle parts and accessories for a cash consideration of RM3,000,000.
- (b) On 9 September 2009, the Company acquired the entire issued and paid-up ordinary share capital of MJ Manufacturing Industries Sdn. Bhd., a company incorporated in Malaysia, which intends to engage in manufacturing of tools and dies, moulds and dies, metal and plastic automotive parts, for a cash consideration of RM2.

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
25 February 2010



STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 43 to 98 have been drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Kam Foong Keng
Director

Chin Jit Sin
Director

Kuala Lumpur
25 February 2010



STATUTORY DECLARATION

I, Kam Foong Sim, being the Director primarily responsible for the financial management of New Hoong Fatt Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 43 to 98 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)
25 February 2010)

Kam Foong Sim

Before me:

S. Ideraju
W-451
Commissioner for Oaths



INDEPENDENT AUDITORS' REPORT

To The Members Of New Hoong Fatt Holdings Berhad

Report on the Financial Statements

We have audited the financial statements of New Hoong Fatt Holdings Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 98.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 judgment, 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 Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.



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, 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 have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other 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 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

Hiew Kim Loong

2858/08/10 (J)

Partner

Kuala Lumpur

25 February 2010

BALANCE SHEETS

AS AT 31 DECEMBER 2009

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	148,152,345	154,282,575	-	-
Investments in subsidiaries	8	-	-	80,751,951	80,751,949
Investment properties	9	5,866,360	-	-	-
Prepaid lease payments for land	10	4,591,527	9,617,217	-	-
Trade and other receivables	11	-	-	-	1,491,795
Other investments - at cost	12	83,000	83,000	-	-
Intangible asset - Goodwill	13	20,218,886	25,518,886	-	-
		178,912,118	189,501,678	80,751,951	82,243,744
Current assets					
Inventories	14	35,963,337	33,829,792	-	-
Trade and other receivables	11	56,108,677	43,750,402	2,409,375	15,714
Current tax assets		40,164	2,125	850	2,125
Cash and cash equivalents	15	34,522,842	28,126,325	186,945	263,687
		126,635,020	105,708,644	2,597,170	281,526
TOTAL ASSETS		305,547,138	295,210,322	83,349,121	82,525,270
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	16	75,156,600	75,156,600	75,156,600	75,156,600
Reserves	17	156,211,620	142,505,961	7,905,089	7,011,410
		231,368,220	217,662,561	83,061,689	82,168,010
Minority interest		2,272,595	-	-	-
TOTAL EQUITY		233,640,815	217,662,561	83,061,689	82,168,010
LIABILITIES					
Non-current liabilities					
Borrowings (interest bearing)	18	4,329,879	9,391,317	-	-
Deferred tax liabilities	21	14,247,749	14,222,958	-	-
		18,577,628	23,614,275	-	-
Current liabilities					
Trade and other payables	22	19,019,952	10,855,519	287,432	357,260
Borrowings (interest bearing)	18	33,680,939	42,273,837	-	-
Current tax liabilities		627,804	804,130	-	-
		53,328,695	53,933,486	287,432	357,260
TOTAL LIABILITIES		71,906,323	77,547,761	287,432	357,260
TOTAL EQUITY AND LIABILITIES		305,547,138	295,210,322	83,349,121	82,525,270

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



INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
Revenue	23	203,314,719	168,902,106	9,610,000	8,636,000
Cost of sales	24	(149,110,759)	(123,005,449)	-	-
Gross profit		54,203,960	45,896,657	9,610,000	8,636,000
Other operating income		6,314,798	6,923,810	-	-
Selling and distribution expenses		(7,207,175)	(7,100,111)	-	-
Administration expenses		(20,800,462)	(16,214,509)	(449,095)	(525,071)
Other operating expenses		(5,300,000)	(5,706,584)	-	-
Finance costs	25	(1,481,364)	(2,198,409)	-	-
Profit before tax	26	25,729,757	21,600,854	9,160,905	8,110,929
Tax expense	27	(3,484,277)	(3,320,033)	-	(26)
Profit for the financial year		22,245,480	18,280,821	9,160,905	8,110,903
Attributable to:					
Equity holder of the Company		21,972,885	18,280,821	9,160,905	8,110,903
Minority interest		272,595	-	-	-
		22,245,480	18,280,821	9,160,905	8,110,903
Basic earnings per ordinary share (sen)	28	29.24	24.32		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

Group	Share capital RM	Share premium RM	Revaluation reserve RM	Retained earnings RM	Total RM	Minority interest RM	Total equity RM
Balance as at 31 December 2007	75,156,600	4,210,070	13,512,861	114,769,435	207,648,966	-	207,648,966
Profit for the financial year	-	-	-	18,280,821	18,280,821	-	18,280,821
Tax exempt dividend for financial year ended 31 December 2007 (Note 29) - final dividend	-	-	-	(6,012,528)	(6,012,528)	-	(6,012,528)
Tax exempt dividend for financial year ended 31 December 2008 (Note 29) - interim dividend	-	-	-	(2,254,698)	(2,254,698)	-	(2,254,698)
Balance as at 31 December 2008	75,156,600	4,210,070	13,512,861	124,783,030	217,662,561	-	217,662,561
Profit for the financial year	-	-	-	21,972,885	21,972,885	272,595	22,245,480
Ordinary shares subscribed by minority shareholders of a subsidiary (Note 8)	-	-	-	-	-	2,000,000	2,000,000
Single tier dividend for financial year ended 31 December 2008 (Note 29) - final dividend	-	-	-	(6,012,528)	(6,012,528)	-	(6,012,528)
Single tier dividend for financial year ended 31 December 2009 (Note 29) - interim dividend	-	-	-	(2,254,698)	(2,254,698)	-	(2,254,698)
Balance as at 31 December 2009	75,156,600	4,210,070	13,512,861	138,488,689	231,368,220	2,272,595	233,640,815

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



STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2009 (continued)

Company	Share capital RM	Share premium RM	Retained earnings RM	Total RM
Balance as at 31 December 2007	75,156,600	4,210,070	2,957,663	82,324,333
Profit for the financial year	-	-	8,110,903	8,110,903
Tax exempt dividend for financial year ended 31 December 2007 (Note 29) - final dividend	-	-	(6,012,528)	(6,012,528)
Tax exempt dividend for financial year ended 31 December 2008 (Note 29) - interim dividend	-	-	(2,254,698)	(2,254,698)
Balance as at 31 December 2008	75,156,600	4,210,070	2,801,340	82,168,010
Profit for the financial year	-	-	9,160,905	9,160,905
Single tier dividend for financial year ended 31 December 2008 (Note 29) - final dividend	-	-	(6,012,528)	(6,012,528)
Single tier dividend for financial year ended 31 December 2009 (Note 29) - interim dividend	-	-	(2,254,698)	(2,254,698)
Balance as at 31 December 2009	75,156,600	4,210,070	3,695,019	83,061,689

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

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		25,729,757	21,600,854	9,160,905	8,110,929
Adjustments for:					
Allowance for doubtful debts		261,449	8,240	-	-
Allowance for doubtful debts no longer required		(25,140)	(18,900)	-	-
Amortisation of prepaid lease payments	10	220,775	220,775	-	-
Depreciation of property, plant and equipment	7	17,255,677	16,731,378	-	-
Dividend income		-	-	(9,250,000)	(8,300,000)
Gain on disposal of property, plant and equipment		(644,907)	(490,037)	-	-
Impairment loss on goodwill	13	5,300,000	5,706,584	-	-
Interest expense	25	1,481,364	2,198,409	-	-
Interest income		(496,037)	(820,730)	-	-
Property, plant and equipment written off	7	128,773	6,913	-	-
Unrealised loss on foreign exchange		37,780	24,441	-	-
Operating profit/(loss) before working capital changes		49,249,491	45,167,927	(89,095)	(189,071)
Increase in inventories		(2,133,545)	(9,354,096)	-	-
(Increase)/Decrease in trade and other receivables		(12,632,364)	659,729	1,498,134	2,381,608
Increase/(Decrease) in trade and other payables		8,164,433	(4,296,932)	(69,828)	(2,018,824)
Cash generated from operations		42,648,015	32,176,628	1,339,211	173,713
Dividend received		-	-	9,250,000	8,300,000
Interest paid		-	(5)	-	-
Tax (paid)/refunded		(3,673,851)	(3,129,856)	1,275	(2,854)
Net cash from operating activities		38,974,164	29,046,767	10,590,486	8,470,859

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



Cash Flow Statements

for the financial year ended 31 December 2009 (continued)

		Group	Company		
	Note	2009 RM	2008 RM	2009 RM	2008 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		1,917,429	2,600,822	-	-
Purchase of property, plant and equipment	7	(13,337,187)	(21,847,257)	-	-
Acquisition of a subsidiary		-	-	(2)	-
Dividend receivable from a subsidiary		-	-	(2,400,000)	-
Ordinary shares subscribed by minority shareholders of a subsidiary	8	2,000,000	-	-	-
Interest received		496,037	820,730	-	-
Net cash used in investing activities		(8,923,721)	(18,425,705)	(2,400,002)	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(1,481,364)	(2,198,404)	-	-
(Repayments)/Drawdown of banker's acceptances		(1,498,110)	13,000,000	-	-
Repayments of revolving credits		(5,000,000)	-	-	-
Dividend paid	29	(8,267,226)	(8,267,226)	(8,267,226)	(8,267,226)
Repayments of hire purchase		(50,229)	-	-	-
Repayments of term loans		(7,356,997)	(2,612,677)	-	-
Net cash used in financing activities		(23,653,926)	(78,307)	(8,267,226)	(8,267,226)
Net increase/(decrease) in cash and cash equivalents		6,396,517	10,542,755	(76,742)	203,633
Cash and cash equivalents at beginning of financial year		28,126,325	17,583,570	263,687	60,054
Cash and cash equivalents at end of financial year	15	34,522,842	28,126,325	186,945	263,687

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



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

1. CORPORATION INFORMATION

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

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

The principal place of business of the Company is located at Lot 5043, 5½ Mile, Jalan Meru, 41050 Klang, Selangor Darul Ehsan.

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

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 25 February 2010.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ('FRSs') in Malaysia and the provisions of the Companies Act, 1965.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

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

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

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the financial year using the purchase method of accounting.

Under the purchase method of accounting, the cost of a business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.



Notes To The Financial Statements

31 December 2009 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

At the acquisition date, the cost of business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill (see Note 4.7 to the financial statements on goodwill). If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

- (a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and
- (b) recognise immediately in profit or loss any excess remaining after that reassessment.

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

Subsidiaries are consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to control the subsidiaries. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently convertible or exercisable are taken into consideration.

Intragroup balances, transactions and unrealised gains and losses on intra-group transactions are eliminated in full. Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated income statement.

Minority interest is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group. It is measured at the minority's share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiaries' equity since that date.

Where losses applicable to the minority in a subsidiary exceed the minority's interest in the equity of that subsidiary, the excess and any further losses applicable to the minority are allocated against the Group's interest except to the extent that the minority has a binding obligation and is able to make additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

Minority interest is presented in the consolidated balance sheet within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to equity holders of the Company.

Minority interest in the results of the Group is presented in the consolidated income statement as an allocation of the total profit or loss for the financial year between minority interest and equity holders of the Company.

Transactions with minority interests are treated as transactions with parties external to the Group. Disposal to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Notes To The Financial Statements

31 December 2009 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Property, plant and equipment and depreciation

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

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

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

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

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

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

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

Buildings	10 - 50 years
Plant and machinery	12.5% - 20%
Tools, equipment and air-conditioners	10%
Moulds and dies	10% - 20%
Motor vehicles	20%
Furniture, fittings and office equipment	10% - 33%
Cabin containers	10%

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

At each balance sheet date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.8 to the financial statements on impairment of assets).

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



Notes To The Financial Statements

31 December 2009 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Property, plant and equipment and depreciation (continued)

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.

4.4 Leases and hire purchase

(a) Finance lease and hire purchase

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

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

(b) Operating lease

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

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.

Leasehold land that normally has an indefinite economic life and where the lease does not transfer substantially all the risk and rewards incidental to ownership is treated as an operating lease. The lump-sum upfront lease payments made on entering into or acquiring leasehold land are accounted for as prepaid lease payments and are amortised over the lease term on a straight line basis.

The buildings element is classified as finance or operating lease in accordance with Note 4.4(a) or Note 4.4(b) to the financial statements. If the lease payments cannot be allocated reliably between land and buildings, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Notes To The Financial Statements

31 December 2009 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Leases and hire purchase (continued)

(c) Leases of land and buildings (continued)

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

4.5 Investment properties

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

Fair value of investment properties are arrived at by reference to market evidence of transaction prices for similar properties.

A gain or loss 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.

4.6 Investments

(a) Subsidiaries

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

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(b) Other investments

Non-current investments other than investments in subsidiaries and investment properties are stated at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

All current investments are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments.

Upon disposal of such investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.



Notes To The Financial Statements

31 December 2009 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Goodwill

Goodwill acquired in a business combination is recognised as an asset at the acquisition date and is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

4.8 Impairment of assets

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

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

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

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

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

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

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

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

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



Notes To The Financial Statements

31 December 2009 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Inventories

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

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

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

4.10 Financial instruments

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

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

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

4.10.1 Financial instruments recognised on the balance sheets

Financial instruments are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distribution to holders of an equity instrument is debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

(a) Receivables

Trade and other receivables, including amounts owing by related parties, are classified as loans and receivables under *FRS 132 Financial Instruments: Disclosures and Presentation*.

Receivables are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

(b) Payables

Liabilities for trade and other amounts payable, including amounts owing to related parties are initially recognised at fair value of the consideration to be paid in the future for goods and services received.

(c) Interest-bearing loans and borrowings

All loans and borrowings are recognised at the fair value of the consideration received less directly attributable transaction costs.



Notes To The Financial Statements

31 December 2009 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

4.10.1 Financial instruments recognised on the balance sheets (continued)

(d) Cash and cash equivalents

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

(e) Equity instruments

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of share 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 benefits. Otherwise, they are charged to profit or loss.

Dividends to shareholders are recognised in equity in the period in which they are declared.

4.10.2 Financial instruments not recognised on the balance sheets

There is no financial instrument not recognised on the balance sheets in the financial statements.

4.11 Borrowing costs

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

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

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

4.12 Income taxes

Income taxes include all domestic taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes and real property gains taxes payable on disposal of properties.

Taxes in the income statement comprises current tax and deferred tax.

4.12.1 Current tax

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

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



Notes To The Financial Statements

31 December 2009 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Income taxes (continued)

4.12.2 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 balance sheet and its tax base.

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

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

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

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

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

4.13 Provisions

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

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

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

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



Notes To The Financial Statements

31 December 2009 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Contingent liabilities and contingent assets

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

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

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

4.15 Employee benefits

4.15.1 Short term employee benefits

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

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

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.

4.15.2 Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to statutory provident fund and recognise as a liability after deducting contributions already paid and as an expense in the financial period in which the employees render their services.

4.16 Foreign currencies

4.16.1 Functional and presentation currency

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

Notes To The Financial Statements

31 December 2009 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Foreign currencies (continued)

4.16.2 Foreign currency translation and balances

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

4.17 Revenue recognition

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

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

Company

- (i) Revenue from management fees for management services rendered to subsidiaries is recognised in profit or loss upon performance of services.
- (ii) Dividend income is recognised when right to receive payment is established.

Group

- (i) Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group retains neither continuing managerial involvement over the goods, which coincides with delivery of goods and acceptance by customers.
- (ii) Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as a reduction of rental income over the lease term on a straight line basis.
- (iii) Interest income is recognised as it accrues, using the effective interest method.

4.18 Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group enterprises within a single segment.



Notes To The Financial Statements

31 December 2009 (continued)

5. ADOPTION OF NEW FRS AND AMENDMENT TO FRS

5.1 Early adoption of new FRS

During the financial year, the Group early adopted FRS 4 *Insurance Contracts* in accordance with the transitional provisions in paragraphs 41 to 45 of FRS 4. These transitional provisions require the following:

- (a) Simultaneous adoption of *Financial Guarantee Contracts* (Amendments to IAS 39 and IFRS 4) issued by the International Accounting Standards Board ('IASB') in August 2005. This pronouncement permits the accounting policy choice of scoping financial guarantee contracts in accordance with FRS 139 *Financial Instruments: Recognition and Measurement*, or as insurance contracts in accordance with FRS 4; and
- (b) The disclosure requirements in FRS 4 need not apply to comparative information that relates to annual periods beginning before 1 January 2010.

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

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

Recognised insurance liabilities shall only be removed from the balance sheet when, and only when, it is extinguished via a discharge, cancellation or expiration.

The early adoption of FRS 4 does not result in any adjustment to recognised items of assets, liabilities, income and expenses of the Group in both, the current year and prior years.

5.2 New FRSs not adopted

- (a) FRS 8 *Operating Segments* and the consequential amendments resulting from FRS 8 are mandatory for annual financial periods beginning on or after 1 July 2009.

FRS 8 sets out the requirements for disclosure of information on an entity's operating segments, products and services, the geographical areas in which it operates and its customers.

The requirements of this Standard are based on the information about the components of the entity that management uses to make decisions about operating matters. The Standard requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

This Standard also requires the amount reported for each operating segment item to be the measure reported to the chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance. Segment information for prior years that is reported as comparative information for the initial year of application would be restated to conform to the requirements of this Standard.

However, the Group is in the process of assessing the impact of impairment on cash-generating units based on the new definition of operating segments and would only be able to provide further information in the interim financial statements followed by the next annual financial statements.



Notes To The Financial Statements

31 December 2009 (continued)

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

5.2 New FRSs not adopted (continued)

- (b) FRS 7 *Financial Instruments: Disclosures* and the consequential amendments resulting from FRS 7 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 7 replaces the disclosure requirements of the existing FRS 132 *Financial Instruments: Disclosure and Presentation*.

This Standard applies to all risks arising from a wide array of financial instruments and requires the disclosure of the significance of financial instruments for an entity's financial position and performance. By virtue of the exemption provided under paragraph 44AB of FRS 7, the impact of applying FRS 7 on the consolidated financial statements upon first adoption of the FRS as required by paragraph 30 (b) of FRS 108 is not disclosed.

- (c) FRS 123 *Borrowing Costs* and the consequential amendments resulting from FRS 123 are mandatory for annual periods beginning on or after 1 January 2010.

This Standard removes the option of immediately recognising as an expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. However, capitalisation of borrowing costs is not required for assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive basis, even if they take a substantial period of time to get ready for use or sale.

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

- (d) FRS 139 *Financial Instruments: Recognition and Measurement* and the consequential amendments resulting from FRS 139 are mandatory for annual financial periods beginning on or after 1 January 2010.

This Standard establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on the consolidated financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 is not disclosed.

- (e) Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations* are mandatory for annual financial periods beginning on or after 1 January 2010.

These amendments clarify that vesting conditions comprise service conditions and performance conditions only. Cancellations by parties other than the Group are accounted for in the same manner as cancellations by the Group itself and features of a share-based payment that are non-vesting conditions are included in the grant date fair value of the share-based payment.

These amendments are not relevant to the Group's operations.

- (f) Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* is mandatory for annual periods beginning on or after 1 January 2010.

These amendments allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The cost method of accounting for an investment has also been removed pursuant to these amendments.

The Group does not expect any impact on the consolidated financial statements arising from the adoption of these amendments.



Notes To The Financial Statements

31 December 2009 (continued)

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

5.2 New FRSs not adopted (continued)

- (g) IC Interpretation 9 *Reassessment of Embedded Derivatives* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the subsequent reassessment of embedded derivatives unless there is a change in the terms of the host contract that significantly modifies the cash flows that would otherwise be required by the host contract.

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

- (h) IC Interpretation 10 *Interim Financial Reporting and Impairment* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

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

- (i) IC Interpretation 11 FRS 2 – *Group and Treasury Share Transactions* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires share-based payment transactions in which the Company receives services from employees as consideration for its own equity instruments to be accounted for as equity-settled, regardless of the manner of satisfying the obligations to the employees.

This IC Interpretation is not relevant to the Group's operations.

- (j) IC Interpretation 13 *Customer Loyalty Programmes* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation requires the separation of award credits as a separately identifiable component of sales transactions involving the award of free or discounted goods or services in the future. The fair value of the consideration received or receivable from the initial sale shall be allocated between the award credits and the other components of the sale.

This IC Interpretation is not relevant to the Group's operations.

- (k) IC Interpretation 14 FRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* is mandatory for annual periods beginning on or after 1 January 2010.

This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits. This Interpretation clarifies that an economic benefit is available if the Group can realise it at some point during the life of the plan or when the plan liabilities are settled, and that it does not depend on how the Group intends to use the surplus.

A right to refund is available to the Group in stipulated circumstances and the economic benefit available shall be measured as the amount of the surplus at the balance sheet date less any associated costs. If there are no minimum funding requirements, the economic benefit available shall be determined as a reduction in future contributions as the lower of the surplus in the plan and the present value of the future service cost to the Group. If there is a minimum funding requirement for contributions relating to the future accrual of benefits, the economic benefit available shall be determined as a reduction in future contributions at the present value of the estimated future service cost less the estimated minimum funding required in each financial year.

This IC Interpretation is not relevant to the Group's operations.



Notes To The Financial Statements

31 December 2009 (continued)

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

5.2 New FRSs not adopted (continued)

- (l) FRS 101 *Presentation of Financial Statements* is mandatory for annual periods beginning on or after 1 January 2010.

FRS 101 sets out the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

This Standard introduces the titles 'statement of financial position' and 'statement of cash flows' to replace the current titles 'balance sheet' and 'cash flow statement' respectively. A new statement known as the 'statement of comprehensive income' is also introduced in this Standard whereby all non-owner changes in equity are required to be presented in either one statement of comprehensive income or in two statements (i.e. a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

This Standard also introduces a new requirement to present a statement of financial position as at the beginning of the earliest comparative period if there are applications of retrospective restatements that are defined in FRS 108, or when there are reclassifications of items in the financial statements.

Additionally, FRS 101 requires the disclosure of reclassification adjustments and income tax relating to each component of other comprehensive income, and the presentation of dividends recognised as distributions to owners together with the related amounts per share in the statement of changes in equity or in the notes to the financial statements.

This Standard introduces a new requirement to disclose information on the objectives, policies and processes for managing capital based on information provided internally to key management personnel as defined in FRS 124 *Related Party Disclosures*. Additional disclosures are also required for puttable financial instruments classified as equity instruments.

Apart from the new presentation and disclosure requirements described, the Group does not expect any other impact on the consolidated financial statements arising from the adoption of this Standard.

- (m) Amendments to FRS 139, FRS 7 and IC Interpretation 9 are mandatory for annual periods beginning on or after 1 January 2010.

These amendments permit reclassifications of non-derivative financial assets (other than those designated at fair value through profit or loss upon initial recognition) out of the fair value through profit or loss category in rare circumstances. Reclassifications from the available-for-sale category to the loans and receivables category are also permitted provided there is intention and ability to hold that financial asset for the foreseeable future. All of these reclassifications shall be subjected to subsequent reassessments of embedded derivatives.

These amendments also clarifies the designation of one-sided risk in eligible hedged items and streamlines the terms used throughout the Standards in accordance with the changes resulting from FRS 101.

By virtue of the exemptions provided under paragraphs 103AB of FRS 139 and 44AB of FRS 7, the impact of applying these amendments on the consolidated financial statements upon first adoption of the FRS 139 and FRS 7 respectively as required by paragraph 30(b) of FRS 108 are not disclosed. However, the Group does not expect any impact on the consolidated financial statements arising from the adoption of the amendment to IC Interpretation 9.



Notes To The Financial Statements

31 December 2009 (continued)

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

5.2 New FRSs not adopted (continued)

- (n) Amendments to FRS 132 *Financial Instruments: Presentation* is mandatory for annual periods beginning on or after 1 January 2010.

These amendments require certain puttable financial instruments, and financial instruments that impose an obligation to deliver to counterparties a pro rata share of the net assets of the entity only on liquidation to be classified as equity.

Puttable financial instruments are defined as financial instruments that give the holder the right to put the instrument back to the issuer for cash, or another financial asset, or are automatically put back to the issuer upon occurrence of an uncertain future event or the death or retirement of the instrument holder.

Presently, the Group does not expect any impact on the consolidated financial statements arising from the adoption of this Standard. However, the Group is in the process of assessing the impact of this Standard in conjunction with the implementation of FRS 139 and would only be able to provide further information in the interim financial statements followed by the next annual financial statements.

- (o) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010.

Amendment to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* clarifies that the disclosure requirements of this FRS specifically apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations. The Group does not expect any impact on the financial statements arising from the adoption of this amendment.

Amendment to FRS 8 clarifies the consistency of disclosure requirement for information about profit or loss, assets and liabilities. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 107 *Statement of Cash Flows* clarifies the classification of cash flows arising from operating activities and investing activities. Cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale, and the related cash receipts, shall be classified as cash flows from operating activities. Expenditures that result in a recognised asset in the statement of financial position are eligible for classification as cash flows from investing activities. Apart from the classification of cash flows as described, the Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 108 clarifies that only Implementation Guidance issued by the MASB that are integral parts of FRSs is mandatory. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 110 *Events after the Reporting Period* clarifies the rationale for not recognising dividends declared after the reporting date but before the financial statements are authorised for issue. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 116 *Property, Plant and Equipment* removes the definition pertaining the applicability of this Standard to property that is being constructed or developed for future use as investment property but do not yet satisfy the definition of 'investment property' in FRS 140 *Investment Property*. This amendment also replaces the term 'net selling price' with 'fair value less costs to sell', and clarifies that proceeds arising from routine sale of items of property, plant and equipment shall be recognised as revenue in accordance with FRS 118 *Revenue* rather than FRS 5. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.



Notes To The Financial Statements

31 December 2009 (continued)

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

5.2 New FRSs not adopted (continued)

- (o) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010 (continued).

Amendment to FRS 117 *Leases* removes the classification of leases of land and of buildings, and instead, requires assessment of classification based on the risks and rewards of the lease itself. The reassessment of land elements of unexpired leases shall be made retrospectively in accordance with FRS 108. As at the reporting date, the Group has carrying amount of prepaid lease payments for land of RM4,591,527 (see Note 10 to the financial statements). The Group expects to reclassify the prepaid lease payments for land as land held in accordance with FRS 116 upon adoption of this amendment and shall present a statement of financial position as at the beginning of the earliest comparative period in accordance with FRS 101.

Amendment to FRS 118 clarifies reference made on the term 'transaction costs' to the definition in FRS 139. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 119 *Employee Benefits* clarifies the definitions in this Standard by consistently applying settlement dates within twelve (12) months in the distinction between short-term employee benefits and other long-term employee benefits. This amendment also provides additional explanations on negative past service cost and curtailments. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 120 *Accounting for Government Grants and Disclosure of Government Assistance* streamlines the terms used in this Standard in accordance with the new terms used in FRS 101. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 123 clarifies that interest expense calculated using the effective interest rate method described in FRS 139 qualifies for recognition as borrowing costs. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 127 *Consolidated and Separate Financial Statements* clarifies that investments measured at cost shall be accounted for in accordance with FRS 5 when they are held for sale in accordance with FRS 5. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 128 *Investments in Associates* clarifies that investments in associates held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on the nature and extent of any significant restrictions on the ability of associates to transfer funds to the investor in the form of cash dividends, or repayment of loans or advances. This amendment also clarifies that impairment loss recognised in accordance with FRS 136 *Impairment of Assets* shall not be allocated to any asset, including goodwill, that forms the carrying amount of the investment. Accordingly, any reversal of that impairment loss shall be recognised in accordance with FRS 136. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 129 *Financial Reporting in Hyperinflationary Economies* streamlines the terms used in this Standard in accordance with the new terms used in FRS 101. This amendment also clarifies that assets and liabilities that are measured at fair value are exempted from the requirement to apply historical cost basis of accounting. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.



Notes To The Financial Statements

31 December 2009 (continued)

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

5.2 New FRSs not adopted (continued)

- (o) *Improvements to FRSs (2009)* are mandatory for annual periods beginning on or after 1 January 2010 (continued).

Amendment to FRS 131 *Interests in Joint Ventures* clarifies that venturers' interests in jointly controlled entities held by venture capital organisations, or mutual funds, unit trusts and similar entities shall make disclosures on related capital commitments. This amendment also clarifies that a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities shall be made. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 134 *Interim Financial Reporting* clarifies the need to present basic and diluted earnings per share for an interim period when the entity is within the scope of FRS 133 *Earnings Per Share*. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 136 clarifies the determination of allocation of goodwill to each cash-generating unit whereby each unit shall not be larger than an operating segment as defined in FRS 8 before aggregation. This amendment also requires additional disclosures if the fair value less costs to sell is determined using discounted cash flow projections. Presently, the Group does not expect any impact on the financial statements arising from the adoption of this amendment. However, the Group is in the process of assessing the impact of this Standard in conjunction with the implementation of FRS 8 and would only be able to provide further information in the interim financial statements followed by the next annual financial statements.

Amendment to FRS 138 *Intangible Assets* clarifies the examples provided in this Standard in measuring the fair value of an intangible asset acquired in a business combination. This amendment also removes the statement on the rarity of situations whereby the application of the amortisation method for intangible assets results in a lower amount of accumulated amortisation than under the straight line method. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this amendment.

Amendment to FRS 140 clarifies that properties that are being constructed or developed for future use as investment property are within the definition of 'investment property'. This amendment further clarifies that if the fair value of such properties cannot be reliably determinable but it is expected that the fair value would be readily determinable when construction is complete, the properties shall be measured at cost until either its fair value becomes reliably determinable or construction is completed, whichever is earlier. Upon adoption of this amendment, properties that are being constructed or developed for future use as investment property will be accounted as investment properties in accordance with FRS 140.

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

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

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

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

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



Notes To The Financial Statements

31 December 2009 (continued)

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

5.2 New FRSs not adopted (continued)

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

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

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

Acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred and the services are received. Consideration transferred in a business combination, including contingent consideration, shall be measured and recognised at fair value at acquisition date.

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

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

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

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

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

As at the reporting date, the Group reports minority interests of RM2,272,595. The Group expects to reclassify this as non-controlling interests and remeasure the non-controlling interests prospectively in accordance with the transitional provisions of FRS 127.



Notes To The Financial Statements

31 December 2009 (continued)

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

5.2 New FRSs not adopted (continued)

- (s) The following Amendments to FRSs are mandatory for annual periods beginning on or after 1 July 2010, except for Amendments to FRS 139 which is mandatory for annual periods beginning on or after 1 January 2010:

Amendments to FRS 2 *Share-based Payments* clarifies that transactions in which the Group acquired goods as part of the net assets acquired in a business combination or contribution of a business on the formation of a joint venture are excluded from the scope of this Standard. These amendments are not relevant to the Group's operations.

Amendments to FRS 5 clarifies that non-current asset classified as held for distribution to owners acting in their capacity as owners are within the scope of this Standard. The amendment also clarifies that in determining whether a sale is highly probable, the probability of shareholders' approval, if required in the jurisdiction, shall be considered. In a sale plan involving loss of control of a subsidiary, all assets and liabilities of that subsidiary shall be classified as held for sale, regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale. Discontinued operations information shall also be presented. Non-current asset classified as held for distribution to owners shall be measured at the lower of its carrying amount and fair value less costs to distribute. The Group does not expect any impact on the consolidated financial statements arising from the adoption of these amendments.

Amendments to FRS 138 clarifies that the intention of separating an intangible asset is irrelevant in determining the identifiability of the intangible asset. In a separate acquisition and acquisition as part of a business combination, the price paid by the Group reflects the expectations of the Group of an inflow of economic benefits, even if there is uncertainty about the timing or the amount of the inflow. Accordingly, the probability criterion is always considered to be satisfied for separately acquired intangible assets. The useful life of a reacquired right recognised as an intangible asset in a business combination shall be the remaining contractual period of the contract in which the right was granted, and do not include renewal periods. In the case of a reacquired right in a business combination, if the right is subsequently reissued to a third party, the related carrying amount shall be used in determining the gain or loss on reissue. The Group does not expect any impact on the consolidated financial statements arising from the adoption of these amendments.

Amendments to FRS 139 remove the scope exemption on contracts for contingent consideration in a business combination. Accordingly, such contracts shall be recognised and measured in accordance with the requirements of FRS 139. The Group does not expect any impact on the consolidated financial statements arising from the adoption of these amendments.

Amendments to IC Interpretation 9 clarifies that embedded derivatives in contracts acquired in a business combination, combination of entities or business under common controls, or the formation of a joint venture are excluded from this Interpretation. The Group does not expect any impact on the consolidated financial statements arising from the adoption of these amendments.

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

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



Notes To The Financial Statements

31 December 2009 (continued)

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

5.2 New FRSs not adopted (continued)

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

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

This IC Interpretation is not relevant to the Group's operations.

- (u) IC Interpretation 15 *Agreements for the Construction of Real Estate* is mandatory for annual periods beginning on or after 1 July 2010.

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

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

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

This IC Interpretation is not relevant to the Group's operations.

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

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

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

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

This Interpretation is not relevant to the Group's operations.



Notes To The Financial Statements

31 December 2009 (continued)

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

5.2 New FRSs not adopted (continued)

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

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

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

At the end of each reporting period, the carrying amount of the dividend payable shall be remeasured and any changes shall be recognised in equity. At the settlement date, any difference between the carrying amounts of the assets distributed and the carrying amount of the dividend payable shall be recognised in profit or loss. The Group does not expect any impact on the consolidated financial statements arising from the adoption of this Interpretation.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments used in preparing the financial statements are continually evaluated by the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

6.1 Critical judgements made in applying accounting policies

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

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

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

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

During the financial year, leasehold land and buildings with carrying amount of RM4,804,915 (2008: RMNil) and RM1,061,445 (2008: RMNil) respectively are reclassified from prepaid lease payments for land and property, plant and equipment to investment properties following the change in the management's intention for the usage of the properties.



Notes To The Financial Statements

31 December 2009 (continued)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

6.1 Critical judgements made in applying accounting policies (continued)

- (b) Operating lease commitments – the Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out as operating leases.

6.2 Key sources of estimation uncertainty

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

- (a) Impairment of goodwill

The Group determines whether goodwill on consolidation is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGU on which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in Note 13 to the financial statements.

- (b) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within the period as disclosed in Note 4.3 to the financial statements. These are common life expectancies applied in the industry the Group operates. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised.

- (c) Valuation of investment properties and property, plant and equipment - freehold land and buildings

Some judgements have been exercised in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year's value, market rental and other factors used in the valuation process. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

- (d) Allowance for doubtful debts

The Group makes allowances for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debts, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of allowance for doubtful debts. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.



Notes To The Financial Statements

31 December 2009 (continued)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

6.2 Key sources of estimation uncertainty (continued)

(e) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

(f) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

7. PROPERTY, PLANT AND EQUIPMENT

Group

	Balance at 1.1.2009 RM	Additions RM	Disposals RM	Depreciation charge for the financial year RM	Written off RM	Reclassi- fications RM	Balance at 31.12.2009 RM
Carrying amounts							
Freehold land							
- at 2006 valuation	29,862,141	-	-	-	-	-	29,862,141
Buildings							
- at 2006 valuation	39,487,085	-	-	(927,105)	-	(1,061,445)	37,498,535
- at cost	6,582,489	134,350	-	(211,512)	-	-	6,505,327
Leasehold land and building*	-	555,390	-	-	-	-	555,390
Plant and machinery	20,635,852	826,664	(5)	(4,788,083)	-	-	16,674,428
Tools, equipment and air-conditioners	1,694,259	381,997	-	(334,430)	(116,338)	-	1,625,488
Moulds and dies	49,415,729	4,131,256	(973,321)	(9,647,103)	-	4,430,676	47,357,237
Motor vehicles	1,634,159	1,836,302	(298,495)	(788,977)	-	-	2,382,989
Furniture, fittings and office equipment	1,224,771	448,920	(701)	(558,467)	(12,435)	-	1,102,088
Buildings under construction	162,492	55,321	-	-	-	-	217,813
Tools and dies development costs	3,583,598	5,217,987	-	-	-	(4,430,676)	4,370,909
	154,282,575	13,588,187	(1,272,522)	(17,255,677)	(128,773)	(1,061,445)	148,152,345

Notes To The Financial Statements

31 December 2009 (continued)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

	At 31.12.2009				
	Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment RM	Carrying amounts RM
Freehold land					
- at 2006 valuation	-	29,862,141	-	-	29,862,141
Buildings					
- at 2006 valuation	-	40,210,220	(2,711,685)	-	37,498,535
- at cost	7,044,247	-	(538,920)	-	6,505,327
Leasehold land and building*	555,390	-	-	-	555,390
Plant and machinery	60,197,511	-	(43,523,083)	-	16,674,428
Tools, equipment and air-conditioners	3,581,747	-	(1,956,259)	-	1,625,488
Moulds and dies	129,974,375	-	(82,299,149)	(317,989)	47,357,237
Motor vehicles	5,262,971	-	(2,879,982)	-	2,382,989
Furniture, fittings and office equipment	5,741,189	-	(4,639,101)	-	1,102,088
Buildings under construction	217,813	-	-	-	217,813
Tools and dies development costs	4,370,909	-	-	-	4,370,909
	216,946,152	70,072,361	(138,548,179)	(317,989)	148,152,345

* The lease payment for this property cannot be allocated reliably between land and building. Thus, the entire lease is classified as a finance lease.

	Balance at 1.1.2008 RM	Additions RM	Disposals RM	Depreciation charge for the financial year RM	Written off RM	Reclassi- fications RM	Balance at 31.12.2008 RM
Carrying amounts							
Freehold land							
- at 2006 valuation	29,862,141	-	-	-	-	-	29,862,141
Buildings							
- at 2006 valuation	40,414,190	-	-	(927,105)	-	-	39,487,085
- at cost	6,238,988	-	-	(196,536)	-	540,037	6,582,489
Plant and machinery	17,901,192	7,361,454	(9)	(4,814,681)	(4)	187,900	20,635,852
Tools, equipment and air-conditioners	1,868,121	144,197	-	(315,020)	(3,039)	-	1,694,259
Moulds and dies	48,301,519	6,143,938	(2,029,608)	(9,300,878)	-	6,300,758	49,415,729
Motor vehicles	1,799,990	529,847	(81,116)	(614,562)	-	-	1,634,159
Furniture, fittings and office equipment	1,248,277	542,530	(52)	(562,440)	(3,544)	-	1,224,771
Cabin containers	482	-	-	(156)	(326)	-	-
Buildings under construction	831,079	59,350	-	-	-	(727,937)	162,492
Tools and dies development costs	2,818,415	7,065,941	-	-	-	(6,300,758)	3,583,598
	151,284,394	21,847,257	(2,110,785)	(16,731,378)	(6,913)	-	154,282,575



Notes To The Financial Statements

31 December 2009 (continued)

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

	At 31.12.2008				
	Cost RM	Valuation RM	Accumulated depreciation RM	Accumulated impairment RM	Carrying amounts RM
Freehold land					
- at 2006 valuation	-	29,862,141	-	-	29,862,141
Buildings					
- at 2006 valuation	-	41,342,000	(1,854,915)	-	39,487,085
- at cost	6,909,897	-	(327,408)	-	6,582,489
Plant and machinery	59,891,530	-	(39,255,678)	-	20,635,852
Tools, equipment and air-conditioners	3,913,122	-	(2,218,863)	-	1,694,259
Moulds and dies	122,445,782	-	(72,712,064)	(317,989)	49,415,729
Motor vehicles	4,330,714	-	(2,696,555)	-	1,634,159
Furniture, fittings and office equipment	5,454,545	-	(4,229,774)	-	1,224,771
Cabin containers	-	-	-	-	-
Buildings under construction	162,492	-	-	-	162,492
Tools and dies development costs	3,583,598	-	-	-	3,583,598
	206,691,680	71,204,141	(123,295,257)	(317,989)	154,282,575

The land and buildings of the Company were revalued by the Directors in 2006 by reference to the indicative market value based on existing use method.

Had the revalued land and buildings been carried at cost less accumulated depreciation, the carrying amounts would have been RM22,914,738 (2008: RM22,914,738) and RM30,730,975 (2008: RM32,397,482) respectively.

During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group	
	2009 RM	2008 RM
Purchase of property, plant and equipment	13,588,187	21,847,257
Financed by hire purchase arrangements	(251,000)	-
Cash payments on purchase of property, plant and equipment	13,337,187	21,847,257

As at 31 December 2009, the net carrying amount of the Group's and the Company's property, plant and equipment under finance leases are as follows:

	Group	
	2009 RM	2008 RM
Motor vehicles	240,763	-

Details of the terms and conditions of the finance lease arrangements are disclosed in Notes 20 to the financial statements.

Notes To The Financial Statements

31 December 2009 (continued)

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009 RM	2008 RM
Unquoted shares - at cost	80,751,951	80,751,949

The details of the subsidiaries are as follows:

Company name	Interest in equity held by				
	Company 2009	2008	Subsidiaries 2009	2008	
New Hoong Fatt Auto Supplies Sdn. Bhd. (“NHFAS”)	100%	100%	-	-	Marketing, distribution and trading of automotive spare parts and accessories
NJ Manufacturing Industries Sdn. Bhd.	100%	100%	-	-	Manufacturing and marketing of automotive parts
Jhi Soon Manufacturing Industries Sdn. Bhd.	100%	100%	-	-	Manufacturing and marketing of automotive parts
Hoeken Industrial Sdn. Bhd.	100%	100%	-	-	Inactive
Advancesoft ICT Sdn. Bhd.	100%	100%	-	-	Dealing in computer software, consultancy and management services
New Hoong Fatt Industries Sdn. Bhd.	100%	100%	-	-	Inactive
MJ Manufacturing Industries Sdn. Bhd.#	100%	-	-	-	Manufacturing of tools and dies, moulds and dies, metal and plastic automotive parts
Subsidiary of New Hoong Fatt Auto Supplies Sdn. Bhd.					
New Kean Tat Auto Parts Sdn. Bhd.	-	-	60%	-	Trading of motor vehicle parts and accessories

All subsidiaries are audited by BDO.

MJ Manufacturing Industries Sdn. Bhd. ("MJ") is acquired during the financial year and it is dormant as at year end. The financial statements of MJ is not accounted for in the consolidated financial statements as the Directors are of the opinion that its effects is negligible.

During the financial year:

- (i) the Group subscribed 3,000,000 shares representing 60% of the total issued and paid-up share capital of New Kean Tat Auto Parts Sdn. Bhd. ('NKT'), a company incorporated in Malaysia, which is engaged in trading of motor vehicle parts and accessories.
- (ii) the Company acquired the entire issued and paid-up ordinary share capital of MJ Manufacturing Industries Sdn. Bhd., a company incorporated in Malaysia, which intends to engage in manufacturing of tools and dies, moulds and dies, metal and plastic automotive parts, for a cash consideration of RM2.



Notes To The Financial Statements

31 December 2009 (continued)

8. INVESTMENTS IN SUBSIDIARIES (continued)

The newly incorporated subsidiary has contributed the following results to the Group during the financial year:

	2009 RM
Revenue	45,758,334
Profit for the financial year	681,489

The summary of effects on incorporation of the subsidiary during the financial year are as follows:

	Fair value recognised on incorporation of subsidiary RM	Subsidiary's carrying amount RM
Cash and bank balances	5,000,000	5,000,000
Less: Minority interest	(2,000,000)	(2,000,000)
Total cost of subscription by the Group	3,000,000	3,000,000

The cash inflow on the incorporation of a new subsidiary is as follows:

	2009 RM
Subscription price settled in cash	3,000,000
Cash and cash equivalents of subsidiary	(5,000,000)
Ordinary shares subscribed by minority shareholders	(2,000,000)

9. INVESTMENTS PROPERTIES

Group	Note	Balance as at 1.1.2009 RM	Reclassifi- cations RM	Balance as at 31.12.2009 RM
Carrying amount				
Long term leasehold land	10	-	4,804,915	4,804,915
Leasehold buildings	7	-	1,061,445	1,061,445
		-	5,866,360	5,866,360

During the financial year, leasehold land and buildings with carrying amount of RM4,804,915 (2008: RMNil) and RM1,061,445 (2008: RMNil) respectively are reclassified from prepaid lease payments for land and property, plant and equipment to investment properties following the change in the management's intention for the usage of the properties.

Notes To The Financial Statements

31 December 2009 (continued)

9. INVESTMENTS PROPERTIES (continued)

The fair value of the investment properties are estimated by the Directors by reference to market evidence of transaction prices for similar properties.

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

	Group	
	2009 RM	2008 RM
Insurance	6,568	-
Quit rent and assessment	32,688	-

10. PREPAID LEASE PAYMENTS FOR LAND

<u>Group</u>	Balance as at 1.1.2009 RM	Reclassification (Note 9) RM	Amortisation charge for the financial year RM	Balance as at 31.12.2009 RM
Carrying amount				
Leasehold land	9,617,217	(4,804,915)	(220,775)	4,591,527

	At 31.12.2009		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Leasehold land	5,015,447	(423,920)	4,591,527

<u>Group</u>	Balance as at 1.1.2008 RM	Amortisation charge for the financial year RM	Balance as at 31.12.2008 RM
Carrying amount			
Leasehold land	9,837,992	(220,775)	9,617,217

	At 31.12.2008		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Leasehold land	10,149,822	(532,605)	9,617,217



Notes To The Financial Statements

31 December 2009 (continued)

10. PREPAID LEASE PAYMENTS FOR LAND (continued)

	Group	
	2009 RM	2008 RM
Analysed as:		
Long term leasehold land	2,987,193	7,928,071
Short term leasehold land	1,604,334	1,689,146
	4,591,527	9,617,217

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-current				
Amounts owing by subsidiaries	-	-	-	1,491,795
Current				
<u>Trade</u>				
Third parties	51,981,236	41,063,449	-	-
Less: Allowance for doubtful debts, net of bad debts written off of RMNil (2008: RM65,402)	(752,676)	(516,367)	-	-
	51,228,560	40,547,082	-	-
Amount owing by a subsidiary	-	-	2,400,000	-
<u>Non-trade</u>				
Other receivables	241,857	219,424	-	-
Deposits	1,346,401	155,460	2,500	2,500
Prepayments	3,291,859	2,828,436	6,875	13,214
	4,880,117	3,203,320	9,375	15,714
	56,108,677	43,750,402	2,409,375	15,714
Total	56,108,677	43,750,402	2,409,375	1,507,509

Company

Non-current

The amounts owing by subsidiaries arose mainly from advances, management fee receivable and payments made on behalf, which were interest-free, unsecured and were not receivable within the next twelve months except when the financial positions of the subsidiaries permitted repayment and that such repayments would not adversely affect the ability of the subsidiaries to carry on their operations as going concerns. The amounts are receivable in cash and cash equivalents.

Notes To The Financial Statements

31 December 2009 (continued)

11. TRADE AND OTHER RECEIVABLES (continued)

Current

The amount owing by a subsidiary represents dividend receivable in cash and cash equivalents.

Group

- (a) Included in trade receivables of the Group are amounts totalling RM53,635 (2008: RM14,927) owing by companies in which a sibling of certain Directors of the Company has substantial financial interest.

Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 days to 160 days (2008: 30 days to 160 days).

- (b) Included in deposits and prepayments are deposits and advance payments of RM3,709,452 (2008: RM2,393,430) paid to suppliers for the purchase of property, plant and equipment.

12. OTHER INVESTMENTS - AT COST

	Group	
	2009 RM	2008 RM
Unquoted shares in Malaysia	83,000	83,000

13. INTANGIBLE ASSET - GOODWILL

	Balance as at 1.1.2009 RM	Impairment loss for the financial year RM	Balance as at 31.12.2009 RM
Group			
Carrying amount			
Goodwill	25,518,886	(5,300,000)	20,218,886
	At 31.12.2009		
	Cost RM	Accumulated impairment RM	Carrying amount RM
Goodwill	31,225,470	(11,006,584)	20,218,886
	Balance as at 1.1.2008 RM	Impairment loss for the financial year RM	Balance as at 31.12.2008 RM
Group			
Carrying amount			
Goodwill	31,225,470	(5,706,584)	25,518,886



Notes To The Financial Statements

31 December 2009 (continued)

13. INTANGIBLE ASSET - GOODWILL (continued)

	At 31.12.2008		
	Cost RM	Accumulated impairment RM	Carrying amount RM
Goodwill	31,225,470	(5,706,584)	25,518,886

For the purpose of impairment testing, goodwill is allocated to the CGU, which represents the lowest level within the Group at which the goodwill is monitored for internal management purpose.

An impairment loss on goodwill amounting to RM5,300,000 has been recognised during the financial year due to declining economic benefits expected from the CGU of which the goodwill were allocated to. This is a result of reducing economic life of the products for which the business operation and assets acquired that can produce.

The recoverable amount was determined based on a value-in-use calculation using cash flow projections based on the management's estimation on revenue that can be generated from the products for which the business operation and assets acquired can produce. The remaining economic lives of the products are estimated for a period of 1 to 9 years and the discount rate applied to the cash flow projections were 11% based on weighted average cost of capital of the Group.

14. INVENTORIES

	Group	
	2009 RM	2008 RM
At cost		
Raw materials	11,211,973	17,453,006
Work-in-progress	1,132,769	1,123,016
Finished goods	22,219,868	14,308,365
Consumables	83,810	124,899
	34,648,420	33,009,286
At net realisable value		
Finished goods	1,314,917	820,506
	35,963,337	33,829,792

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash and bank balances	9,550,997	7,516,466	186,945	263,687
Short term placements	24,971,845	20,609,859	-	-
	34,522,842	28,126,325	186,945	263,687

(a) Information on financial risks of cash and cash equivalents are disclosed in Note 30 to the financial statements.

Notes To The Financial Statements

31 December 2009 (continued)

15. CASH AND CASH EQUIVALENTS (continued)

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Ringgit Malaysia	33,831,087	27,912,910	186,945	263,687
US Dollar	691,755	213,415	-	-
	34,522,842	28,126,325	186,945	263,687

16. SHARE CAPITAL

	Group/Company			
	2009 Number of shares	2008 RM	2008 Number of shares	2008 RM
Ordinary shares of RM1.00 each:				
Authorised	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
Balance as at 31 December	75,156,600	75,156,600	75,156,600	75,156,600

17. RESERVES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-distributable:				
Share premium	4,210,070	4,210,070	4,210,070	4,210,070
Revaluation reserve	13,512,861	13,512,861	-	-
Distributable:				
Retained earnings	138,488,689	124,783,030	3,695,019	2,801,340
	156,211,620	142,505,961	7,905,089	7,011,410

Subject to the agreement of the Inland Revenue Board, the Company has tax exempt income amounting to approximately RM12,015,000 (2008: RM3,315,000) available for distribution of tax exempt dividends.

Effective from 1 January 2008, the Company is given an option to make an irrevocable election to move to a single tier system or to continue to use its tax exempt account or tax credit under Section 108 of Income Tax Act, 1967 for purpose of dividend distribution until it is fully utilised or latest by, 31 December 2013.

The Company has made this election and as a result, there are no longer any restrictions on the Company to frank the payment of dividends out of its entire retained earnings as at the balance sheet date.



Notes To The Financial Statements

31 December 2009 (continued)

18. BORROWINGS (INTEREST BEARING)

	Group	
	2009 RM	2008 RM
Current – unsecured		
Bankers' acceptances	31,401,890	32,900,000
Revolving credits	-	5,000,000
Term loans (Note 19)	2,197,684	4,373,837
Hire purchase creditors (Note 20)	81,365	-
	33,680,939	42,273,837
Non-current – unsecured		
Term loans (Note 19)	4,210,473	9,391,317
Hire purchase creditors (Note 20)	119,406	-
	4,329,879	9,391,317
	38,010,818	51,665,154

	Group	
	2009 RM	2008 RM
Total borrowings		
Bankers' acceptances	31,401,890	32,900,000
Revolving credits	-	5,000,000
Term loans (Note 19)	6,408,157	13,765,154
Hire purchase creditors (Note 20)	200,771	-
	38,010,818	51,665,154

All borrowings are denominated in RM.

Information on financial risks of the borrowings are disclosed in Note 30 to the financial statements.

19. TERM LOANS - UNSECURED

	Group	
	2009 RM	2008 RM
Term loan III repayable by 36 equal monthly instalments of RM78,000 each commencing October 2007	-	1,644,225
Term loan IV repayable by 36 equal monthly instalments of RM61,000 each commencing January 2008	-	1,468,738
Term loan V repayable by 20 equal quarterly instalments of RM52,500 each commencing December 2007	577,500	787,500
Term loan VI repayable by 60 equal monthly instalments of RM35,954 each commencing June 2007	975,742	1,342,517

Notes To The Financial Statements

31 December 2009 (continued)

19. TERM LOANS - UNSECURED (continued)

	Group	
	2009 RM	2008 RM
Term loan VII repayable by 60 equal monthly instalments of RM57,303 each commencing May 2007	1,504,915	2,092,174
Term loan VIII repayable by 20 equal quarterly instalments of RM75,000 each commencing February 2008	900,000	1,200,000
Term loan IX repayable by 60 equal monthly instalments of RM46,667 each commencing October 2007	-	2,100,000
Term loan X repayable by 20 equal quarterly instalments of RM90,000 each commencing June 2008	1,170,000	1,530,000
Term loan XI repayable by 20 equal quarterly instalments of RM80,000 each commencing January 2009	1,280,000	1,600,000
	6,408,157	13,765,154
	Group	
	2009 RM	2008 RM
Repayable as follows:		
- within one (1) year (Note 18)	2,197,684	4,373,837
- one (1) to five (5) years (Note 18)	4,210,473	9,391,317
	6,408,157	13,765,154

Term loan III, IV and IX are fully settled by the Group in the current financial year.

20. HIRE PURCHASE CREDITORS

	2009 RM	2008 RM
Group		
Minimum hire purchase payments:		
- not later than one (1) year	92,724	-
- later than one (1) year but not later than five (5) years	129,692	-
Total minimum hire purchases payments	222,416	-
Less: Future interest charges	(21,645)	-
Present value of hire purchases payments	200,771	-
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	81,365	-
Non-current liabilities:		
- later than one (1) year but not later than five (5) years	119,406	-
	200,771	-



Notes To The Financial Statements

31 December 2009 (continued)

20. HIRE PURCHASE CREDITORS (continued)

Lease terms range from one (1) to three (3) years with options to purchase at the end of the lease term. Lease terms do not contain restrictions concerning dividends or additional debt. However, certain lease terms entered into by subsidiaries include restrictions on further leasing.

Information on financial risks of hire purchase creditors is disclosed in Note 30 to the financial statements.

21. DEFERRED TAX LIABILITIES

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

	Group	
	2009 RM	2008 RM
Balance as at 1 January	14,222,958	13,986,644
Transfer to/(from) income statement		
- current year (Note 27)		
- excess of capital allowances over corresponding depreciation	68,294	287,958
- crystallised from revaluation of property, plant and equipment	(45,334)	(45,334)
	22,960	242,624
- under/(over) provisions in prior year (Note 27)		
- excess of capital allowance over corresponding depreciation	1,831	(6,310)
Balance as at 31 December	14,247,749	14,222,958

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

	Group	
	2009 RM	2008 RM
Surplus arising from revaluation of property, plant and equipment	1,841,343	1,886,677
Excess of capital allowances over corresponding depreciation	12,406,406	12,336,281
	14,247,749	14,222,958

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current				
<u>Trade</u>				
Third parties	12,813,981	4,541,935	-	-
<u>Non-trade</u>				
Other payables	1,284,042	2,245,048	2	-
Dividend payables	114,430	206,910	114,430	206,910
Accruals	4,807,499	3,861,626	173,000	150,350
	6,205,971	6,313,584	287,432	357,260
Total	19,019,952	10,855,519	287,432	357,260

Notes To The Financial Statements

31 December 2009 (continued)

22. TRADE AND OTHER PAYABLES (continued)

Group

Included in trade payables of the Group are amounts totalling RM164,311 (2008: RM149,224) owing to companies in which a sibling of certain Directors of the Company has substantial financial interests.

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 days to 120 days (2008: 30 days to 120 days).

23. REVENUE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sale of goods	203,314,719	168,902,106	-	-
Management fee	-	-	360,000	336,000
Dividends income from subsidiaries	-	-	9,250,000	8,300,000
	203,314,719	168,902,106	9,610,000	8,636,000

24. COST OF SALES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Inventories sold	149,110,759	123,005,449	-	-

25. FINANCE COSTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest expense on:				
- bankers' acceptances	806,809	1,194,263	-	-
- bank overdrafts	-	5	-	-
- term loans	512,071	792,916	-	-
- revolving credits	157,031	211,225	-	-
- hire purchase	5,453	-	-	-
	1,481,364	2,198,409	-	-



Notes To The Financial Statements

31 December 2009 (continued)

26. PROFIT BEFORE TAX

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
This is arrived at after charging:					
Allowance for doubtful debts		261,449	8,240	-	-
Amortisation of prepaid lease payments	10	220,775	220,775	-	-
Auditors' remuneration:					
- statutory		82,500	69,500	13,000	13,000
- non-statutory		2,000	2,000	2,000	2,000
Depreciation of property, plant and equipment	7	17,255,677	16,731,378	-	-
Directors' remunerations					
- fees					
- payable by the Company		165,000	142,550	165,000	142,550
- payable by subsidiaries		248,000	198,500	-	-
- emoluments other than fees					
- payable by the Company		54,000	46,000	54,000	46,000
- payable by subsidiaries		1,210,240	1,025,001	-	-
Impairment loss on goodwill	13	5,300,000	5,706,584	-	-
Property, plant and equipment written off	7	128,773	6,913	-	-
Realised loss on foreign exchange		106,482	62,866	-	-
Rental of factory and premises		608,050	237,250	-	-
Unrealised loss on foreign exchange		37,780	24,441	-	-
And crediting:					
Allowance for doubtful debts no longer required		25,140	18,900	-	-
Dividend income from unquoted subsidiaries		-	-	9,250,000	8,300,000
Gain on disposal of property, plant and equipment		644,907	490,037	-	-
Interest income from:					
- short term placements		496,037	820,730	-	-
Management fee from subsidiaries		-	-	360,000	336,000
Rental income from investment properties		360,729	371,750	-	-

Notes To The Financial Statements

31 December 2009 (continued)

27. TAX EXPENSE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current tax expense based on profit for the financial year	3,436,429	3,109,058	-	-
Deferred tax liabilities (Note 21)	22,960	242,624	-	-
	3,459,389	3,351,682	-	-
Under/(Over) provision in prior years:				
- current tax expense	23,057	(25,339)	-	26
- deferred tax liabilities (Note 21)	1,831	(6,310)	-	-
	3,484,277	3,320,033	-	26

The Malaysian income tax is calculated at the statutory tax rate of 25% (2008: 26%) of the estimated taxable profits for the fiscal year. The Malaysian statutory tax rate has been reduced to 25% from the previous financial year's rate of 26% for the fiscal year of assessment 2009. The computation of deferred tax as at 31 December 2009 has reflected these changes.

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

	Group		Company	
	2009 %	2008 %	2009 %	2008 %
Average applicable tax rate	25.0	26.0	25.0	26.0
Tax effects in respect of:				
Double deduction of certain expenses	(0.1)	(0.1)	-	-
Non-taxable income	(0.2)	(0.9)	(25.3)	(26.6)
Non-allowable expenses	6.1	8.0	0.3	0.6
Reinvestment allowance incentives	(17.4)	(17.1)	-	-
Reduction in statutory tax rate on first RM500,000 chargeable income of certain subsidiaries	-	(0.4)	-	-
	13.4	15.5	-	-
Under/(Over) provision in prior years	0.1	(0.1)	-	-
Average effective tax rate	13.5	15.4	-	-



Notes To The Financial Statements

31 December 2009 (continued)

28. EARNINGS PER SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit after tax of RM21,972,885 (2008: RM18,280,821) by the number of ordinary shares in issue during the financial year of 75,156,600 (2008: 75,156,600).

Diluted earnings per ordinary share is not presented as there is no dilutive potential ordinary shares outstanding during the financial year.

29. DIVIDENDS PER SHARE

	Group / Company			
	2009		2008	
	Gross dividend per share sen	Amount of Dividend, net of tax RM	Gross dividend per share sen	Amount of dividend, net of tax RM
Interim dividend paid	3	2,254,698	3	2,254,698
Final dividend paid	8	6,012,528	8	6,012,528
	11	8,267,226	11	8,267,226

A final single tier dividend of 8 sen and a special single tier dividend of 1 sen per ordinary share in respect of the financial year ended 31 December 2009 amounting to RM6,764,094 have been proposed by the Directors after the balance sheet date for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current year do not reflect this proposed dividends. These dividends, if approved by shareholders, will be accounted for as an appropriation of retained earnings in the year ending 31 December 2010.

30. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instrument. Financial risk management is carried out through risk review programmes, internal control system, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to foreign currency risk, liquidity risk, interest rate risk and credit risk. Information on the management of the related exposures are detailed below.

Notes To The Financial Statements

31 December 2009 (continued)

30. FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

(i) Foreign currency risk

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 and the US Dollar. The Group also sells to customers in Egypt, Pakistan, Thailand, Taiwan, Middle East and South America. The currencies giving rise to this risk are primarily the US Dollar and New Taiwan Dollar. As the effect of the foreign currency risk is immaterial, the Group does not enter into any hedging contract as at the balance sheet date.

The net unhedged financial assets and liabilities of the Group and the Company that are not denominated in their functional currencies are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Financial assets and liabilities not held in functional currencies				
<u>Trade and other receivables</u>				
US Dollar	6,791,745	7,670,296	-	-
New Taiwan Dollar	1,178,293	1,260,844	-	-
	7,970,038	8,931,140	-	-
<u>Trade and other payables</u>				
US Dollar	1,800,442	1,695,706	-	-

(ii) Liquidity risk

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



Notes To The Financial Statements

31 December 2009 (continued)

30. FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

(iii) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's short-term bank borrowings and term loans. As the Group's income and operating cash flows are substantially independent of changes in market interest rates, the Group does not use derivative financial instruments to hedge its risk.

The following tables set out the carrying amounts, the effective interest rates as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

Group	Note	Effective interest rate per annum %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	5 years RM	Total RM
At 31 December 2009								
Floating rates								
Bankers' acceptances	18	2.45 - 3.30	31,401,890	-	-	-	-	31,401,890
Fixed rates								
Term loans	19	5.40 - 5.65	2,197,684	2,254,419	1,546,054	410,000	-	6,408,157
Hire purchase creditors	20	3.50 - 3.68	81,365	83,081	36,325	-	-	200,771
At 31 December 2008								
Floating rates								
Bankers' acceptances	18	3.87 - 4.05	32,900,000	-	-	-	-	32,900,000
Revolving credits	18	4.54	5,000,000	-	-	-	-	5,000,000
Fixed rates								
Term loans	19	5.40 - 5.75	4,373,837	4,202,738	2,814,520	1,964,059	410,000	13,765,154

(iv) Credit risk

Cash deposits and receivables may give rise to credit risk which require the loss to be recognised if a counter party fails to perform as contracted. In order to manage this risk, it is the Group's policy to monitor the financial standing of these counter parties and perform credit evaluation on customers requiring credit.

In respect of the deposits, cash and bank balances placed with major financial institutions in Malaysia, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

The Group has no significant concentration of credit risk as at the balance sheet date. The maximum exposures to credit risk are represented by the carrying amounts of the financial assets in the balance sheets.

Notes To The Financial Statements

31 December 2009 (continued)

30. FINANCIAL INSTRUMENTS (continued)

(b) Fair values

The carrying amounts of the financial instruments of the Group and of the Company as at balance sheet date approximate their fair values due to relatively short term maturity of these financial instruments except as set out below:

		Group		Company	
	Note	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
At 31 December 2009					
Investments	12	83,000	*	-	-
Term loans	19	6,408,157	6,330,449	-	-
Hire purchase creditors	20	200,771	208,622	-	-
At 31 December 2008					
Investments	12	83,000	*	-	-
Amount owing by subsidiaries	11	-	-	1,491,795	#
Term loans	19	13,765,154	13,575,701	-	-

* It is not practical to estimate the fair value of the long term unquoted investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. The Company believes that the carrying amount of the investments approximately their fair values based on their estimated net realisable value.

It is not practical to estimate the fair value of the amount owing by subsidiaries because of the lack of fixed repayment terms and the inability to estimate fair value without incurring excessive costs. The Group do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The following methods and assumptions are used to determine the fair values of financial instruments:

- The fair values of the term loans and hire purchase creditors are estimated by discounting future cash flows at the current market interest rate available to the Group for similar financial instruments.
- The carrying amounts of other financial assets and liabilities maturing within 12 months approximate their fair values due to the relatively short term maturity of these financial instruments.

31. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

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



Notes To The Financial Statements

31 December 2009 (continued)

31. RELATED PARTY DISCLOSURES (continued)

- (b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the year:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sales to:				
- Pong Codan Marketing Sdn. Bhd.	13,400	15,622	-	-
- Pong Codan Rubber (M) Sdn. Bhd.	57,977	198,503	-	-
Purchases from:				
- Pong Codan Marketing Sdn. Bhd.	1,156,814	1,312,668	-	-
- Pong Codan Rubber (M) Sdn. Bhd.	359,880	379,086	-	-
Rental paid to LF Kim Holdings Sdn. Bhd.	108,000	108,000	-	-
Management fee from:				
- New Hoong Fatt Auto Supplies Sdn. Bhd.	-	-	96,000	96,000
- NJ Manufacturing Industries Sdn. Bhd.	-	-	144,000	120,000
- Jhi Soon Manufacturing Industries Sdn. Bhd.	-	-	120,000	120,000
Dividend receivables from:				
- NJ Manufacturing Industries Sdn. Bhd.	-	-	2,400,000	4,000,000
- Jhi Soon Manufacturing Industries Sdn. Bhd.	-	-	6,300,000	4,300,000
- Hoeken Industrial Sdn. Bhd.	-	-	550,000	-

The related party transactions described above were entered into in the normal course of business and are based on negotiated and mutually agreed terms.

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

Identities of related parties	Relationship with the Group
Pong Codan Marketing Sdn. Bhd.	Companies in which siblings of two (2) executive directors of the Company have substantial financial interests.
Pong Codan Rubber (M) Sdn. Bhd.	
LF Kim Holdings Sdn. Bhd.	

Notes To The Financial Statements

31 December 2009 (continued)

31. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

The remuneration of key management personnel for the financial year was as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Directors' emoluments payable to:				
Executive Directors:				
- fees	278,000	213,500	15,000	15,000
- Directors' emoluments other than fees	1,563,400	910,677	15,000	15,000
- EPF contributions	217,368	129,324	-	-
Non-executive Directors:				
- fees	150,000	127,550	150,000	127,550
- Directors' emoluments other than fees	39,000	31,000	39,000	31,000
	2,247,768	1,412,051	219,000	188,550

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM91,646 (2008: RM65,847).

32. COMMITMENTS

(a) Operating lease commitments

(i) The Group as lessee

The Group had entered into non-cancellable lease agreements for certain premises and staff housing, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

	Group	
	2009 RM	2008 RM
Not later than one (1) year	446,700	180,150
Later than one (1) year and not later than five (5) years	378,200	-
	824,900	180,150



Notes To The Financial Statements

31 December 2009 (continued)

32. COMMITMENTS (continued)

(a) Operating lease commitments (continued)

(ii) The Group as lessor

The Group has entered into non-cancellable lease arrangements on certain properties for terms ranging from one (1) year to two (2) years. The leases include a clause to enable upward revision of the rental charge on an annual basis depending on prevailing market conditions.

	Group	
	2009 RM	2008 RM
Not later than one (1) year	360,000	150,729
Later than one (1) year and not later than five (5) years	150,000	-
	510,000	150,729

(b) Capital commitments

	Group	
	2009 RM	2008 RM
Capital expenditure in respect of property, plant and equipment: Contracted but not provided for	19,587,270	3,131,166
Capital expenditure in respect of an investment in a subsidiary: Contracted but not provided for	-	3,000,000
	19,587,270	6,131,166

33. CONTINGENT LIABILITIES - UNSECURED

	Company	
	2009 RM	2008 RM
Guarantee in favour of banks for banking facilities utilised by subsidiaries	37,810,047	51,665,154
Guarantee in favour of third parties for supply of goods to subsidiaries	349,493	483,896
	38,159,540	52,149,050

34. EMPLOYEES BENEFITS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Salaries, wages, overtime, bonuses, allowances and commissions	19,986,427	16,775,390	135,000	195,000
Contributions to defined contribution plan	2,018,608	1,606,297	-	-
Social security contributions	240,675	197,456	-	-
	22,245,710	18,579,143	135,000	195,000

Included in the employee benefits of the Group and of the Company are Executive Directors' emoluments amounting to RM1,780,768 (2008: RM1,040,001) and RM15,000 (2008: RM15,000) respectively.



Notes To The Financial Statements

31 December 2009 (continued)

35. SEGMENTAL INFORMATION

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and returns are affected predominantly by differences in the products and services it produces.

Secondary information is reported geographically.

(b) Business segments

The Group comprises the following main business segments:

(i) Manufacturing

Manufacturing and marketing of automotive parts.

(ii) Trading

Marketing, distribution and trading of automotive spare parts and accessories.

(iii) Investment

Investment holding.

(iv) Others

Comprise computer software, consultancy and management services.

(c) Geographical segments

The Group operates mainly in Malaysia, ASEAN and Non ASEAN (such as Middle East, Central and South America, Europe and Africa). The revenue disclosed in geographical segments are based on the geographical location of its customers. Segment assets and segment expenditure are based on the geographical location of assets. The composition of each geographical segment is as follows:

(i) Malaysia : Manufacture and sale of plastic and metal of automotive parts and accessories and computer software, consultancy and management service.

(ii) Asean : Manufacture and sale of plastic and metal of automotive parts and accessories.

(iii) Non Asean : Manufacture and sale of plastic and metal of automotive parts and accessories.



Notes To The Financial Statements

31 December 2009 (continued)

35. SEGMENTAL INFORMATION (continued)

(c) Geographical segments (continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

2009	Manufacturing RM'000	Trading RM'000	Investment RM'000	Others RM'000	Elimi- nations RM'000	Consolidated RM'000
Revenue						
Sales to external customers	44,811	158,504	-	-	-	203,315
Inter-segment sales	73,360	-	7,210	453	(81,023)	-
Total revenue	118,171	158,504	7,210	453	(81,023)	203,315
Results						
Segment results	21,944	5,378	6,761	(23)	(6,850)	27,210
Finance costs						(1,481)
Profit before tax						25,729
Tax expense						(3,484)
Profit for the financial year						22,245
Attributable to:						
Equity holder of the Company						21,973
Minority interest						272
						22,245
Segment assets	212,201	92,684	197	425	-	305,507
Unallocated assets:						
- current tax assets						40
Total assets						305,547
Segment liabilities	7,969	10,711	288	52	-	19,020
Unallocated liabilities:						52,886
- borrowings						38,011
- current tax liabilities						628
- deferred tax liabilities						14,247
Total liabilities						71,906
Other segment information						
Capital expenditure	10,546	3,036	-	6	-	13,588
Depreciation and amortisation	15,915	1,548	-	14	-	17,477
Other non-cash income and expenses	5,190	(139)	-	7	-	5,058

Notes To The Financial Statements

31 December 2009 (continued)

35. SEGMENTAL INFORMATION (continued)

(c) Geographical segments (continued)

2008	Manufacturing RM'000	Trading RM'000	Investment RM'000	Others RM'000	Elimi- nations RM'000	Consolidated RM'000
Revenue						
Sales to external customers	41,189	127,713	-	-	-	168,902
Inter-segment sales	76,494	-	8,636	498	(85,628)	-
Total revenue	117,683	127,713	8,636	498	(85,628)	168,902
Results						
Segment results	17,997	5,978	8,111	13	(8,300)	23,799
Finance costs						(2,198)
Profit before tax						21,601
Tax expense						(3,320)
Profit for the financial year						18,281
Segment assets	220,250	74,370	281	307	-	295,208
Unallocated assets:						
- current tax assets						2
Total assets						295,210
Segment liabilities	6,992	3,453	357	54	-	10,856
Unallocated liabilities:						66,692
- borrowings						51,665
- current tax liabilities						804
- deferred tax liabilities						14,223
Total liabilities						77,548
Other segment information						
Capital expenditure	21,061	781	-	5	-	21,847
Depreciation and amortisation	15,594	1,343	-	15	-	16,952
Other non-cash income and expenses	5,302	(65)	-	-	-	5,237



Notes To The Financial Statements

31 December 2009 (continued)

35. SEGMENTAL INFORMATION (continued)

(c) Geographical segments (continued)

The following table provides an analysis of the Group's revenue, segment assets and capital expenditure by geographical segment:

	Revenue		Segment assets		Capital expenditure	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Malaysia	159,031	128,487	300,782	288,623	13,337	21,847
Asean	12,000	8,060	749	794	-	-
Non Asean	32,284	32,355	4,016	5,793	-	-
	203,315	168,902	305,547	295,210	13,337	21,847

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 15 January 2009, the Group subscribed 3,000,000 shares representing 60% of the total issued and paid-up share capital of New Kean Tat Auto Parts Sdn. Bhd. ('NKT'), a company incorporated in Malaysia, which is engaged in trading of motor vehicle parts and accessories for a cash consideration of RM3,000,000.
- (b) On 9 September 2009, the Company acquired the entire issued and paid-up ordinary share capital of MJ Manufacturing Industries Sdn. Bhd., a company incorporated in Malaysia, which intends to engage in manufacturing of tools and dies, moulds and dies, metal and plastic automotive parts, for a cash consideration of RM2.

LIST OF PROPERTIES / SENARAI HARTANAH

AS AT 31 DECEMBER 2009 / PADA 31 DISEMBER 2009

Location	Description / Existing Use	Land Area / Built-Up Area	Tenure / Approximate Age of Building	Date of Last Revaluation or Acquisition	Net Book Value (RM'000)
<i>Lokasi</i>	<i>Keterangan / Kegunaan</i>	<i>Keluasan Tanah / Luas Kawasan Terbina</i>	<i>Jenis Hakmilik / Anggaran Usia Bangunan</i>	<i>Tarikh Penilaian Semula atau Pembelian</i>	<i>Nilai Buku Bersih (RM'000)</i>
GRN 28195 Lot 6342 Mukim of Setapak District of Kuala Lumpur Wilayah Persekutuan KL	3-storey shop house/ Office and warehouse <i>Rumah kedai 3 tingkat/ Pejabat dan gudang</i>	152 sq m/ 457 sq m	Freehold/ 41 years <i>Pegangan bebas/ 41 tahun</i>	21.12.06	552
HS(M) 22101 No. PT 29778 & GM 1827 (Lot 5026-5028) Mukim of Kapar District of Klang Selangor	Industrial land and building/ Office and factory <i>Tanah perindustrian dan bangunan/ Pejabat dan kilang</i>	31,240 sq m/ 29,034 sq m	Freehold/ 11 – 18 years <i>Pegangan bebas/ 11 - 18 tahun</i>	21.12.06	24,679
GM 3890 Lot 5043 Mukim of Kapar District of Klang Selangor	Industrial land and building/ Office and warehouse <i>Tanah perindustrian dan bangunan/ Pejabat dan gudang</i>	10,918 sq m/ 9,486 sq m	Freehold/ 7 years <i>Pegangan bebas/ 7 tahun</i>	21.12.06	8,415
GM 1672 Lot 5044 Mukim of Kapar District of Klang Selangor	Industrial land and building/ Warehouse <i>Tanah perindustrian dan bangunan/ Gudang</i>	10,031 sq m/ 17,756 sq m	Freehold/ 7 years <i>Pegangan bebas/ 7 tahun</i>	21.12.06	10,463
HS(M)35401 No. PT 54723 (Lot 5045) Mukim of Kapar District of Klang Selangor	Industrial land and building/ Factory <i>Tanah perindustrian dan bangunan/ Kilang</i>	10,085 sq m/ 6,786 sq m	Freehold/ 9 years <i>Pegangan bebas/ 9 tahun</i>	21.12.06	7,177



List Of Properties / *Senarai Hartanah*

As At 31 December 2009 / *Pada 31 Disember 2009* (continued / *sambungan*)

Location	Description / Existing Use	Land Area / Built-Up Area	Tenure / Approximate Age of Building	Date of Last Revaluation or Acquisition	Net Book Value (RM'000)
<i>Lokasi</i>	<i>Keterangan / Kegunaan</i>	<i>Keluasan Tanah / Luas Kawasan Terbina</i>	<i>Jenis Hakmilik / Anggaran Usia Bangunan</i>	<i>Tarikh Penilaian Semula atau Pembelian</i>	<i>Nilai Buku Bersih (RM'000)</i>
GM 1859 Lot 5046 Mukim of Kapar District of Klang Selangor	Industrial land and building/ Office and factory <i>Tanah perindustrian dan bangunan/ Pejabat dan kilang</i>	10,669 sq m/ 7,237 sq m	Freehold/ 7 years <i>Pegangan bebas/ 7 tahun</i>	21.12.06	7,366
HS(M) 36093 No. PT 56761 (Lot 5047-5048) Mukim of Kapar District of Klang Selangor	Industrial land and building/ Factory <i>Tanah perindustrian dan bangunan/ Kilang</i>	20,109 sq m/ 1,171 sq m	Freehold/ 7 years <i>Pegangan bebas/ 7 tahun</i>	21.12.06	5,882
GM 4325 Lot 4982 Mukim of Kapar District of Klang Selangor	Vacant land <i>Tanah kosong</i>	12,141 sq m/ -	Freehold/ - <i>Pegangan bebas/ -</i>	21.12.06	1,500
GM 593 Lot 4983 Mukim of Kapar District of Klang Selangor	Vacant agricultural land <i>Tanah pertanian kosong</i>	12,141 sq m/ -	Freehold/ - <i>Pegangan bebas/ -</i>	21.12.06	1,500
GM 2445 Lot 4984 Mukim of Kapar District of Klang Selangor	Vacant land <i>Tanah kosong</i>	12,141 sq m/ -	Freehold/ - <i>Pegangan bebas/ -</i>	21.12.06	1,500
GM 5582 Lot 5065 Mukim of Kapar District of Klang Selangor	Vacant industrial land <i>Tanah perindustrian kosong</i>	12,141 sq m/ -	Freehold/ - <i>Pegangan bebas/ -</i>	21.12.06	2,300

List Of Properties / *Senarai Hartanah*

As At 31 December 2009 / *Pada 31 Disember 2009* (continued / *sambungan*)

Location	Description / Existing Use	Land Area / Built-Up Area	Tenure / Approximate Age of Building	Date of Last Revaluation or Acquisition	Net Book Value (RM'000)
<i>Lokasi</i>	<i>Keterangan / Kegunaan</i>	<i>Keluasan Tanah / Luas Kawasan Terbina</i>	<i>Jenis Hakmilik / Anggaran Usia Bangunan</i>	<i>Tarikh Penilaian Semula atau Pembelian</i>	<i>Nilai Buku Bersih (RM'000)</i>
Pajakan Negeri (WP) 26293 – 26297 Lot-Lot 47051 – 47055 Mukim Batu District of Kuala Lumpur Wilayah Persekutuan KL	Industrial land and building/ Own use and partially rented out as office and warehouse <i>Tanah perindustrian dan bangunan/ Kegunaan sendiri dan separuh disewa sebagai pejabat dan gudang</i>	7,264 sq m/ 5,014 sq m	Leasehold of 99 years expiring on 16.06.2067/ 36 years <i>Pajakan 99 tahun berakhir 16.06.2067/ 36 tahun</i>	21.12.06	9,848
Pajakan Negeri CL015413797 Miles 5 ½ Tuaran Road District of Kota Kinabalu Sabah	Industrial land and building/ Office and warehouse <i>Tanah perindustrian dan bangunan/ Pejabat dan gudang</i>	3,565 sq m/ 1,780 sq m	Leasehold of 60 years expiring on 29.09.2028/ 3 years <i>Pajakan 60 tahun berakhir 29.09.2028/ 3 tahun</i>	16.05.07	3,015
PM 2525 Lot 40 Seksyen 19 Bandar Rawang District of Gombak Negeri Selangor	3-storey shop- office <i>Kedai pejabat 3 tingkat</i>	130 sq m/ 390 sq m	Leasehold of 99 years expiring on 13.12.2093/ 9 years <i>Pajakan 99 tahun berakhir 13.12.2093/ 9 tahun</i>	14.12.09	555



ANALYSIS OF SHAREHOLDINGS / ANALISA PEGANGAN SAHAM

AS AT 18 MARCH 2010 / PADA 18 MAC 2010

Authorised Share Capital / <i>Modal Saham Dibenarkan</i>	:	RM100,000,000.00
Issued and Paid-Up Share Capital / <i>Modal Saham Terbitan dan Berbayar</i>	:	RM75,156,600.00
Class of Shares / <i>Kelas Saham</i>	:	Ordinary shares of RM1.00 each / <i>Saham biasa RM1.00 sesaham</i>
No. of Shareholders / <i>Bilangan Pemegang Saham</i>	:	1,246
Voting Rights / <i>Hak Mengundi</i>	:	One vote per ordinary share / <i>Satu undi bagi setiap saham biasa</i>

DISTRIBUTION OF SHAREHOLDINGS / PENGAGIHAN PEGANGAN SAHAM

Size of Shareholdings / <i>Saiz Pegangan Saham</i>	Shareholders / <i>Pemegang Saham</i>	%	Shareholdings / <i>Pegangan Saham</i>	%
1 – 99	5	0.40	110	0.00
100 – 1,000	236	18.94	205,800	0.27
1,001 – 10,000	738	59.23	3,062,890	4.08
10,001 – 100,000	211	16.94	6,019,400	8.01
100,001 – less than 5% of issued shares / <i>kurang dari 5% terbitan saham</i>	54	4.33	30,210,513	40.20
5% and above of issued shares / <i>5% dan ke atas terbitan saham</i>	2	0.16	35,657,887	47.44
TOTAL / <i>JUMLAH</i>	1,246	100.00	75,156,600	100.00

Note : 5% of issued shares = 3,757,829 shares

Nota : 5% terbitan saham = 3,757,829 saham

SUBSTANTIAL SHAREHOLDERS / PEMEGANG SAHAM UTAMA

Name / <i>Nama</i>	No. of Shares Held / <i>Bilangan Saham Dipegang</i>			
	Direct / <i>Langsung</i>	%	Indirect / <i>Tidak Langsung</i>	%
Kam Foong Keng	25,620,942	34.09	-	-
Wong Ah Moy @ Wong Yoke Len	10,036,945	13.35	720,000 ¹	0.96

Note / *Nota*:

¹ Deemed interested in the shares held by L F Kim Holdings Sdn Bhd in which she is a substantial shareholder and director.

Dianggap mempunyai kepentingan dalam saham yang dipegang oleh L F Kim Holdings Sdn Bhd di mana beliau adalah pemegang saham utama dan pengarah.

Analysis Of Shareholdings / Analisa Pegangan Saham

As At 18 March 2010 / Pada 18 Mac 2010 (continued / sambungan)

DIRECTORS' INTERESTS

KEPENTINGAN PENGARAH-PENGARAH

Name / Nama	No. of Shares Held / Bilangan Saham Dipegang			
	Direct / Langsung	%	Indirect / Tidak Langsung	%
Directors				
Kam Foong Keng	25,620,942	34.09	-	-
Chin Jit Sin	838,200	1.12	-	-
Kam Foong Sim	1,807,425	2.40	-	-
Wong Kwan @ Wong Kwong Kwan (Demised on 3 April 2010)	24,000	0.03	-	-
Wong Yoke Nyen	10,000	0.01	-	-
Danny Ng Siew L'Leong	-	-	-	-
Datuk Dr Anis Bin Ahmad	-	-	-	-
Others*				
Wong Kwan @ Wong Kwong Kwan's spouse	2,000	0.00	-	-
Wong Yoke Nyen's spouse	17,000	0.02	-	-

Note / Nota:

- * Disclosure of direct interests held by their spouses, pursuant to Section 134(12)(c) of the Companies Act, 1965
 Pendedahan kepentingan langsung dalam saham yang dipegang oleh isteri mereka menurut Seksyen 134(12)(c) Akta Syarikat, 1965.



Analysis Of Shareholdings / Analisa Pegangan Saham

As At 18 March 2010 / Pada 18 Mac 2010 (continued / sambungan)

THIRTY (30) LARGEST SHAREHOLDERS / TIGA PULUH (30) PEMEGANG SAHAM TERBESAR

Name / Nama		Shareholdings / Pegangan Saham	%
1.	Kam Foong Keng	25,620,942	34.09
2.	Wong Ah Moy @ Wong Yoke Len	10,036,945	13.35
3.	Lembaga Tabung Haji	2,477,300	3.30
4.	Kam Fong Mei	1,777,425	2.36
5.	Pui Cheng Wui	1,694,200	2.25
6.	Patricia Lim Pek Yew	1,630,200	2.17
7.	Lee Kam Tai	1,627,425	2.17
8.	Diong Siew Gi	1,545,913	2.06
9.	Wong Fong Ngoh	1,439,600	1.92
10.	Diong Siew Gi	1,359,600	1.81
11.	Kam Kin Foong	1,177,125	1.57
12.	Kam Foong Sim	1,132,425	1.51
13.	Amanahraya Trustees Berhad Public Smallcap Fund	961,100	1.28
14.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pheim Asset Management Sdn Bhd For / Untuk Employees Provident Fund	930,900	1.24
15.	Chin Jit Sin	838,200	1.12
16.	Wong Fong Ngoh	744,000	0.99
17.	L F Kim Holdings Sdn Bhd	720,000	0.96
18.	Kam Foong Sim	675,000	0.90
19.	DB (Malayisa) Nominee (Asing) Sdn Bhd Exempt An For / Untuk British and Malayan Trustees Limited (Yeoman 3-Rights)	600,000	0.80
20.	Jason Lim Yu Sang	583,000	0.78
21.	Kam Kin Foong	500,000	0.67
22.	Lien, Li-Yu	452,800	0.60
23.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For / Untuk Chan Chong Soon (E-KPG)	422,000	0.56
24.	Koay Keng Teik @ Koay Chia Wah	411,600	0.55
25.	Koay Keng Ling	400,000	0.53
26.	Koay How Seang	383,100	0.51
27.	Lai Fook Hoy	381,800	0.51
28.	Lim Pin Kong	372,000	0.49
29.	Lim Pin Kong	368,100	0.49
30.	Tseng Wan-I	306,000	0.41
TOTAL / JUMLAH		61,568,700	81.92



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirteenth (13th) Annual General Meeting of **NEW HOONG FATT HOLDINGS BERHAD** will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 13 May 2010 at 9.30 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 2009 together with the Reports of the Directors and Auditors thereon.
2. To approve a final single tier dividend of eight sen (8 sen) and a special final single tier dividend of one sen (1 sen) per ordinary share of RM1.00 each in respect of the financial year ended 31 December 2009. **Resolution 1**
3. To re-elect the following Directors who are retiring by rotation pursuant to Article 78 of the Company's Articles of Association, and who being eligible, offer themselves for re-election:
 - (i) Mr Danny Ng Siew L' Leong **Resolution 2**
 - (ii) Ms Kam Foong Sim **Resolution 3**
4. To approve the Directors' Fees of RM165,000.00 for the financial year ended 31 December 2009. **Resolution 4**
5. To re-appoint Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**
6. To transact any other business for which due notice has been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

FURTHER NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Thirteenth (13th) Annual General Meeting of the Company, a final single tier dividend of eight sen (8 sen) and a special final single tier dividend of one sen (1 sen) per ordinary share of RM1.00 each for the financial year ended 31 December 2009 will be paid on 17 June 2010 to Depositors whose names appear in the Record of Depositors on 20 May 2010.

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 20 May 2010 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
21 April 2010



Notice Of Annual General Meeting (continued)

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. 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.
3. The original signed and/or sealed copy of the Proxy Form must be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur at least forty-eight (48) hours before the time fixed for the meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Further details of the Directors standing for re-election or re-appointment are set out in the Directors' Profile appearing on pages 12 to 17 of the Annual Report.



NOTIS MESYUARAT AGUNG TAHUNAN

DENGAN INI DIMAKLUMKAN BAHAWA Mesyuarat Agung Tahunan **NEW HOONG FATT HOLDINGS BERHAD** yang ke-Tigabelas (13) akan diadakan di Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, pada hari Khamis, 13 Mei 2010, pada pukul 9.30 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 2009 bersama dengan Laporan-laporan Pengarah dan Juruaudit.
2. Meluluskan dividen akhir satu peringkat sebanyak lapan sen (8 sen) dan dividen akhir satu peringkat khas sebanyak satu sen (1 sen) sesaham biasa berharga RM1.00 bagi tahun kewangan berakhir pada 31 Disember 2009. **Resolusi 1**
3. Melantik semula Pengarah-pengarah berikut yang bersara selaras dengan Artikel 78 Tataurusan Syarikat, dan oleh kerana layak, menawarkan diri mereka untuk dilantik semula:
 - (i) Encik Danny Ng Siew L' Leong **Resolusi 2**
 - (ii) Cik Kam Foong Sim **Resolusi 3**
4. Meluluskan yuran Pengarah sebanyak RM165,000.00 bagi tahun kewangan berakhir 31 Disember 2009. **Resolusi 4**
5. Melantik semula Tetuan BDO sebagai Juruaudit Syarikat dan memberi kuasa kepada Pengarah-pengarah untuk menetapkan ganjaran mereka. **Resolusi 5**
6. Untuk menjalankan sebarang urusan lain yang mana notis sewajarnya telah diberikan selaras dengan Akta Syarikat, 1965 serta Tataurusan Syarikat.

NOTIS BERKELAYAKAN DIVIDEN DAN BAYARAN

DENGAN INI JUGA DIMAKLUMKAN BAHAWA tertakluk kepada kelulusan dari pemegang-pemegang saham pada Mesyuarat Agung Tahunan Syarikat yang ke-Tigabelas (13), dividen akhir satu peringkat sebanyak lapan sen (8 sen) dan dividen akhir satu peringkat khas sebanyak satu sen (1 sen) sesaham biasa berharga RM1.00 bagi tahun kewangan berakhir 31 Disember 2009 akan dibayar pada 17 Jun 2010 kepada pendeposit sepertimana yang terdapat di dalam Rekod Pendeposit pada 20 Mei 2010 .

Pendeposit hanya layak untuk menerima dividen berhubung dengan:

- (a) Sekuriti yang dipindahkan ke dalam Akaun Sekuriti Pendeposit sebelum 4.00 petang pada 20 Mei 2010 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
21 April 2010



Notis Mesyuarat Agung Tahunan (sambungan)

Nota-nota :

1. *Setiap ahli Syarikat yang layak menghadiri dan mengundi dalam mesyuarat ini berhak untuk melantik tidak lebih dari dua (2) proksi untuk menghadiri dan mengundi bagi pihak dirinya. Seseorang proksi boleh, tetapi tidak semestinya seorang ahli Syarikat. Jika proksi bukan seorang ahli Syarikat, beliau tidak semestinya seorang peguam, juruaudit Syarikat yang diluluskan atau seorang yang telah diluluskan oleh Pendaftar dalam kes yang tertentu. Bagi ahli yang melantik dua (2) proksi, perlantikan proksi adalah tidak sah kecuali yang menyatakan bahagian pegangannya yang diwakili oleh setiap proksi.*
2. *Surat cara perlantikan proksi mestilah secara bertulis dan ditandatangani oleh pelantik sendiri atau sekiranya ahli merupakan sebuah perbadanan, sama ada secara cop meterai atau ditandatangani oleh pegawai atau peguamcara, yang diberi kuasa sedemikian.*
3. *Surat cara perlantikan proksi yang asal dan telah disempurnakan, mestilah diserahkan ke Pejabat Berdaftar Syarikat di Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur, sekurang-kurangnya empat-puluh lapan (48) jam sebelum waktu yang telah ditetapkan untuk mesyuarat itu berlangsung.*

PENYATA MENGIRINGI NOTIS MESYUARAT AGUNG TAHUNAN

Butir-butir yang selanjutnya bagi Pengarah-pengarah yang akan dilantik semula, dinyatakan di dalam Profil Pengarah dari mukasurat 12 hingga 17 di dalam Laporan Tahunan ini.

PROXY FORM



NEW HOONG FATT HOLDINGS BERHAD

(425709-K)

I/We (full name of shareholder in block letters) and
NRIC No. / ID No. / Company No. (new) (old)
of
.....(full address) being a member of NEW HOONG FATT
HOLDINGS BERHAD, hereby appoint
(full name in block letters & NRIC No. of proxy) or failing him/her,
(full name in block letters & NRIC No. of proxy) or failing which, the Chairman of The Meeting as my/our proxy to attend and vote
for me/us on my/our behalf at the Thirteenth (13th) Annual General Meeting of the Company to be held at Dewan Berjaya, Bukit
Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 13 May 2010
at 9.30 a.m. or at any adjournment thereof and to vote as indicated below:

		Agenda	For	Against
1.	Resolution 1	Approval of a final single tier dividend of 8 sen and a special final single tier dividend of 1 sen		
2.	Resolution 2	Re-election of Mr Danny Ng Siew L'Leong as Director		
3.	Resolution 3	Re-election of Ms Kam Foong Sim as Director		
4.	Resolution 4	Approval of Directors' Fees of RM165,000		
5.	Resolution 5	Re-appointment of Auditors and to authorise Directors to fix their remuneration		

(Please indicate with a cross (X) in the space provided on how you wish your vote to be cast in respect of the above resolutions.
If you do not do so, the proxy may vote or abstain at his/her discretion.)

Signed this day of 2010

No. of Ordinary Shares held	
CDS Account No.	

.....
Signature / Common Seal of Member

Notes:

1. Every member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote for him/her. A proxy may but need not be a member of the Company. If the proxy is not a member, he/she need not be an advocate, an approved company auditor or a person approved by the Registrar in a particular case. If a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
2. 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.
3. The original signed and/or sealed copy of the Proxy Form must be deposited at the Registered Office of the Company at Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur at least forty-eight (48) hours before the time fixed for the meeting.

BORANG PROKSI



NEW HOONG FATT HOLDINGS BERHAD

(425709-K)

Saya/Kami (nama penuh pemegang saham dalam huruf besar)
dan No. KP / No. ID / No. Syarikat (baru) (lama)
dari
..... (alamat penuh) sebagai ahli NEW HOONG FATT HOLDINGS
BERHAD, dengan ini melantik
(nama penuh dalam huruf besar & No. KP proksi) dan /atau jika beliau tidak dapat hadir,
..... (nama penuh dalam huruf besar & No. KP proksi)
atau jika beliau tidak dapat hadir, Pengerusi Mesyuarat tersebut, sebagai proksi saya/kami untuk mengundi bagi pihak saya/kami
di Mesyuarat Agung Tahunan Syarikat yang ke-Tigabelas (13) yang akan diadakan di Dewan Berjaya, Bukit Kiara Equestrian &
Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur pada hari Khamis, 13 Mei 2010 jam 9.30 pagi
dan pada sebarang penangguhannya seperti berikut:

		Agenda	Menyokong	Menentang
1.	Resolusi 1	Meluluskan dividen akhir satu peringkat sebanyak 8 sen dan dividen akhir satu peringkat khas sebanyak 1 sen		
2.	Resolusi 2	Pemilihan semula Encik Danny Ng Siew L'Leong sebagai Pengarah		
3.	Resolusi 3	Pemilihan semula Cik Kam Foong Sim sebagai Pengarah		
4.	Resolusi 4	Meluluskan yuran Pengarah sebanyak RM165,000		
5.	Resolusi 5	Perlantikan semula Juruaudit dan memberi kuasa kepada Pengarah untuk menetapkan ganjaran mereka		

(Sila tandakan pangkah (x) dalam ruangan yang disediakan di atas untuk pengundian yang anda kehendaki. Sekiranya arahan khusus tidak diberikan, proksi akan mengundi atau tidak mengundi atas budi bicaranya.)

Ditandatangani pada haribulan 2010

Bilangan Saham Biasa yang dipegang	
No. CDS Akaun	

.....
Tandatangan / Meterai Ahli

Nota-nota:

- Setiap ahli Syarikat yang layak menghadiri dan mengundi dalam mesyuarat ini berhak untuk melantik tidak lebih dari dua (2) proksi untuk menghadiri dan mengundi bagi pihak dirinya. Seseorang proksi boleh, tetapi tidak semestinya seorang ahli Syarikat. Jika proksi bukan seorang ahli Syarikat, beliau tidak semestinya seorang peguam, juruaudit Syarikat yang diluluskan atau seorang yang telah diluluskan oleh Pendaftar dalam kes yang tertentu. Bagi ahli yang melantik dua (2) proksi, perlantikan proksi tidak laku sekiranya tidak menyatakan bahagian pegangannya yang diwakili oleh setiap proksi.
- Surat cara perlantikan proksi mestilah secara bertulis dan ditandatangani oleh pelantik sendiri atau sekiranya ahli merupakan sebuah perbadanan, sama ada secara cop meterai atau ditandatangani oleh pegawai atau peguamcara, yang diberi kuasa sedemikian.
- Surat cara perlantikan proksi yang asal dan telah disempurnakan mestilah diserahkan ke Pejabat Berdaftar Syarikat di Suite 11.1A, Level 11, Menara Weld, 76 Jalan Raja Chulan, 50200 Kuala Lumpur, sekurang-kurangnya empat-puluh lapan (48) jam sebelum waktu yang telah ditetapkan untuk mesyuarat itu berlangsung.

NHF

NEW HOONG FATT HOLDINGS BERHAD
(425709-K)

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Headquarters

Lot 5043, 5 1/2 Miles
Jalan Meru, 41050 Klang
Selangor Darul Ehsan
Malaysia

Tel : 603-3392 6828, 3392 6818
Fax : 603-3392 6775

Gombak Branch

9, Jalan Gombak, Setapak
53000 Kuala Lumpur
Malaysia

Tel : 603-4022 4220, 4023 0150
Fax : 603-4021 8659

Sg Besi Branch

27, Jalan 6/89B, 3 1/2 Miles
Off Jalan Sungai Besi
57100 Kuala Lumpur
Malaysia

Tel : 603-7983 6900, 7983 6508
Fax : 603-7983 6543

Segambut Branch

53 & 53A
Persiaran Segambut Tengah
Off Jalan Ipoh
51200 Kuala Lumpur
Malaysia

Tel : 603-6250 8800
Fax : 603-6250 8811

K. Kinabalu Branch

28, Lorong Burong Keleto, 5 1/2 Miles
Off Jalan Tuaran Bypass
Likas Industrial Estate
88450 Kota Kinabalu
P.O.Box 603, 88856 Likas, Sabah
Malaysia

Tel : 6088-388 686
Fax : 6088-388 683

Email : enquiries@newhoongfatt.com.my

Website: www.newhoongfatt.com.my

www.newhoongfatt.com.my

NEW HOONG FATT HOLDINGS BERHAD (425709-K)

Lot 5043, 5 1/2 Miles, Jalan Meru, 41050 Klang,
Selangor Darul Ehsan, Malaysia.

Tel : 603 3392 6818

Fax : 603 3392 6808

Email : enquiries@newhoongfatt.com.my