

**COMPANY : NEW HOONG FATT HOLDINGS BERHAD**  
**SUBJECT : RECURRENT RELATED PARTY TRANSACTIONS PURSUANT TO**  
**PARAGRAPH 10.09 OF THE MAIN MARKET LISTING REQUIREMENTS**

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**1. INTRODUCTION**

The Board of Directors of New Hoong Fatt Holdings Berhad (“NHFHB” or “the Company”), wishes to announce certain recurrent related party transactions (“RRPT”) entered into by the Group in its ordinary course of business of a revenue or trading nature which are necessary for its day-to-day operations for the period from 1 January 2011 to 8 September 2011 in accordance with Paragraph 10.09(1)(a) of the Main Market Listing Requirements (“MMLR”).

**2. DETAILS OF THE RRPT**

The total value of RRPT of RM2,581,046 (see table below) of which have been aggregated given that the RRPT are entered into with parties connected with one another pursuant to Paragraph 10.12(2)(a) of the MMLR has triggered the limit of 1% prescribed under Paragraph 10.09(1)(a)(ii) of the MMLR.

The details of the RRPT of the Group as at 8 September 2011 are as follows:

<b>Companies in the Group</b>	<b>Related Parties</b>	<b>Interested Directors and/or Major Shareholders</b>	<b>Nature of RRPT</b>	<b>Value of RRPT (RM)</b>
<b>(A) Transactions in which NHFHB Group is Supplier / Service Provider</b>				
NHFHB Group	(1) Pong Codan Marketing Sdn Bhd (“PCM”)	Kam Foong Keng (“KFK”), Kam Foong Sim (“KFS”) and Wong Ah Moy @ Wong Yoke Len (“WAM”)	Sales of automotive parts	(1) 16,264
	(2) Pong Codan Rubber (M) Sdn Bhd (“PCR”)			(2) 65,779
NHFHB Group	PT Pong Codan Indonesia (“PCI”)	KFK, KFS & WAM	Sales of automotive parts	807,066
<b>(B) Transactions in which NHFHB Group is Customer / Tenant</b>				
NHFHB Group	(1) PCM	KFK, KFS & WAM	Purchase of automotive parts	(1) 896,393
	(2) PCR			(2) 254,499
PT NHF Auto Supplies Indonesia (“PT NHF”)	PCI	KFK, KFS & WAM	Purchase of automotive parts	460,045
NHFHB Group	L F Kim Holdings Sdn Bhd (“L F Kim”)	KFK, KFS & WAM	Rental of premises	81,000
<b>Total amount:</b>				<b>RM2,581,046</b>

The above RRPT entered into by NHFHB Group and PT NHF with the Related Parties i.e. PCM, PCR, PCI and L F Kim are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public.

### **3. DETAILS OF THE INTERESTED DIRECTORS AND/OR MAJOR SHAREHOLDERS**

The Directors who are deemed interested in the RRPT transacted with the Related Parties as set out in item 2 above are as follows:

- i. KFK is the Executive Chairman and Major Shareholder of NHFHB. She also sits on the board of all the subsidiaries in NHFHB Group.
- ii. KFS is an Executive Director and shareholder of NHFHB. She also sits on the board of several subsidiaries in NHFHB Group.
- iii. WAM is a Major Shareholder of NHFHB. She also sits on the board of one subsidiary in NHFHB Group.

In respect of RRPT involving PCM, PCR and PCI, the person connected to the interested Directors and Major Shareholders, as aforementioned, is Kam Cheong Loong ("KCL"). He is the brother of KFK and KFS and son of WAM. KCL holds directorship in PCM, PCR and PCI and he is also a shareholder in PCR and PCI.

In respect of RRPT involving L F Kim, the person connected to the interested Directors and Major Shareholders, as aforementioned, is Kam Fong Mei ("KFM"). KFM is the sister of KFK and KFS and daughter of WAM. WAM and KFM are directors and substantial shareholders of L F Kim.

Details of the direct and indirect shareholdings in NHFHB of the interested Directors, Major Shareholders and persons connected to them are set out in item 7 below.

### **4. RATIONALE FOR AND BENEFITS DERIVED FROM THE RRPT**

NHFHB is primarily engaged in investment holding and the provision of management services. Its subsidiaries are principally involved in the manufacturing of plastic and metal automotive replacement parts; and wholesaling, marketing and distribution of automotive replacement body parts.

PCR specialises in the manufacture of solid and sponge rubber profiles, shaped hoses, weatherstrips and moulded products for automotive and other industries. PCM is principally involved in the marketing of the products manufactured by PCR. They are one of the major suppliers of rubber automotive replacement parts in Malaysia.

The majority of the RRPT involves the purchase of automotive parts from PCM, which are mainly shaped hoses and weatherstrips. Credit terms are given to the Group for payment of the goods purchased. In addition, the transactions also involved sales of automotive parts to PCR and PCM. The RRPT benefit the NHFHB Group as it generates additional revenue and profit for the Group in its ordinary course of business. Moreover, the products supplied by PCR and PCM are different from those manufactured by the Group but instead they complement the product range of NHFHB Group, thus allowing the Group to offer a wider range of products for sale to its customers. As PCR is an original equipment manufacturer supplier, the Group is secured with a trustworthy supplier of high quality products. This RRPT commenced in 1989.

The Group, with its efforts for business expansion, had in March 2011 set up a wholly-owned subsidiary in Indonesia, namely PT NHF. While waiting for the approval of import licence, PT NHF, which has since commenced business in Indonesia, purchases automotive parts via PCI, which is principally involved in manufacturing of rubber products for automotive and other industries.

L F Kim, which is principally involved in investment holding and property letting, rents three (3) premises to NHFHB Group. Two (2) premises, comprising of a shop house and a vacant land, are located in Gombak, which are adjacent to the Group's Gombak trading branch, and used as warehouse space. One (1) premises, a shop lot, is located in Sg Besi which is used as the Group's trading branch. This RRPT with L F Kim has existed since 1994.

All the RRPT are undertaken on normal commercial terms at arm's length and are not more favourable to the Related Parties than those generally available to the public.

All the RRPT as set out above are to meet the Group's business and commercial needs with a view of attaining synergistic values between transacting parties.

#### 5. TRANSACTIONS WITH THE RELATED PARTIES WITHIN THE PRECEDING TWELVE (12) MONTHS

The RRPT transacted with the Related Parties for the preceding twelve (12) months i.e. the financial year ended 31 December 2010, are as follows:

Companies in the Group	Related Parties	Interested Directors and/or Major Shareholders	Nature of RRPT	Value of RRPT (RM)
(A) Transactions in which NHFHB Group is Supplier / Service Provider				
NHFHB Group	(1) PCM (2) PCR	KFK, KFS & WAM	Sales of automotive parts	(1) 17,654 (2) 83,768
(B) Transactions in which NHFHB Group is Customer / Tenant				
NHFHB Group	(1) PCM (2) PCR	KFK, KFS & WAM	Purchase of automotive parts	(1) 1,164,256 (2) 367,552
NHFHB Group	L F Kim	KFK, KFS & WAM	Rental of premises	108,000
<b>Total amount :</b>				<b>RM1,741,230</b>

*Note:*

*The RRPT transacted between NHFHB Group and PT NHF with PCI as disclosed in the table under item 2 above commenced only in the current financial year of 2011.*

#### 6. APPROVALS REQUIRED

The RRPT is not subject to the approval of NHFHB's shareholders nor any relevant governmental authorities.

#### 7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS AND PERSON CONNECTED TO DIRECTORS AND MAJOR SHAREHOLDERS

The direct and indirect shareholdings of the interested Directors and Major Shareholders and person connected to them as at 29 August 2011 are as follows:

Interested Directors and/or Major Shareholders	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
KFK <sup>1</sup>	25,620,942	34.09	-	-
KFS <sup>2</sup>	1,807,425	2.40	-	-
WAM <sup>3</sup>	10,036,945	13.35	720,000 <sup>4</sup>	0.96

Persons connected	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
Chin Jit Sin (CJS) <sup>5</sup>	838,200	1.12	-	-
KFM <sup>6</sup>	1,777,425	2.36	720,000 <sup>4</sup>	0.96
KCL <sup>6</sup>	15,000	0.02	-	-
Kam Kin Foong (KKF) <sup>6</sup>	1,677,125	2.23	-	-
Lee Kam Tai <sup>7</sup>	1,660,425	2.21	-	-
Yogeswaran a/l Subramaniam <sup>7</sup>	5,000	0.00	-	-
L F Kim	720,000	0.96	-	-

Notes:

1. KFK is the Executive Chairman and major shareholder of NHFHB.
2. KFS is an Executive Director and shareholder of NHFHB.
3. WAM is a major shareholder of NHFHB. KFK, KFS, KFM, KCL & KKF are children of WAM.
4. Deemed interested by virtue of WAM's and KFM's substantial shareholdings in L F Kim.
5. CJS is the Managing Director and shareholder of NHFHB; spouse of KFK, son-in-law of WAM and brother-in-law of KFS.
6. Children of WAM and siblings to KFK and KFS.
7. Spouses of the children of WAM and spouses of the siblings of KFK and KFS.

Save as disclosed above, none of the other directors and/or major shareholders and/or persons connected with a director or major shareholder of NHFHB has any interest, direct and indirect in the RRPT.

#### 8. STATEMENT BY THE AUDIT COMMITTEE ("AC")

The AC of NHFHB reviews all RRPT of the Group at each quarterly meeting and reports the same to the Board.

The AC in its review of the RRPT had formed an opinion that the RRPT are in the best interest of NHFHB, and are fair, reasonable and on normal commercial terms and not detrimental to the interests of the minority shareholders of NHFHB.

#### 9. STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors of NHFHB, save for the Interested Directors, is of the opinion that the RRPT are in the best interest of NHFHB and is fair, reasonable and on normal commercial terms which is not detrimental to the interests of the minority shareholders of NHFHB.

This announcement is dated 9 September 2011.