



NEW HOONG FATT HOLDINGS BERHAD

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UNAUDITED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2023

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended 31.03.2023	Quarter ended 31.03.2022	Year to date ended 31.03.2023	Year to date ended 31.03.2022
		RM'000	RM'000	RM'000	RM'000
Revenue		72,705	70,664	72,705	70,664
Cost of sales		(51,656)	(54,702)	(51,656)	(54,702)
Gross profit		21,049	15,962	21,049	15,962
Other operating income		7,977	10,525	7,977	10,525
Net gain on impairment of financial instruments		570	13	570	13
Operating expenses		(13,075)	(16,365)	(13,075)	(16,365)
Finance costs		(16)	(158)	(16)	(158)
Profit before tax		16,505	9,977	16,505	9,977
Tax expense	19	(894)	(1,772)	(894)	(1,772)
Net profit for the period		15,611	8,205	15,611	8,205
Other comprehensive income/(loss):					
Foreign currency translations, net of tax		267	(34)	267	(34)
Total comprehensive income for the period		15,878	8,171	15,878	8,171
Profit attributable to owners of the parent		15,611	8,205	15,611	8,205
Total comprehensive income attributable to owners of the parent		15,878	8,171	15,878	8,171
Earnings per share attributable to owners of the parent	25				
Basic (sen)		18.88	9.92	18.88	9.92
Diluted (sen)		N.A.	N.A.	N.A.	N.A.

(The Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2022)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31.03.2023 RM'000 (Unaudited)	As at 31.12.2022 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment		329,256	332,683
Right-of-use assets		63,526	62,431
Investment properties		24,100	24,100
Other investments		130	130
Intangible asset		550	644
Deferred tax asset		398	378
		417,960	420,366
Current Assets			
Inventories		55,828	62,411
Trade receivables		51,479	46,595
Other receivables, deposits & prepayments		2,243	2,100
Current tax assets		1,972	1,957
Cash and bank balances		73,881	62,223
		185,403	175,286
Total Assets		603,363	595,652
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		82,672	82,672
Reserves			
<u>Non-Distributable:</u>			
Revaluation reserve		139,866	139,866
Exchange translation reserve		(457)	(724)
Fair value reserve		47	47
<u>Distributable:</u>			
Retained earnings		303,232	287,621
		442,688	426,810
Total Equity		525,360	509,482
Non-Current Liabilities			
Employment benefit obligation		228	206
Lease liabilities		30	21
Deferred tax liabilities		58,081	59,208
		58,339	59,435
Current Liabilities			
Trade payables		8,892	8,764
Other payables & accruals		9,544	14,197
Borrowings (interest bearing)	21	-	2,552
Lease liabilities		238	441
Current tax liabilities		848	643
Contract liabilities		142	138
		19,664	26,735
Total Liabilities		78,003	86,170
Total Equity and Liabilities		603,363	595,652
Net assets per share attributable to owners of the parent (RM)		6.35	6.16

(The Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2022)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year to date ended 31.03.2023 RM'000	Year to date ended 31.03.2022 RM'000
Cash Flows From Operating Activities		
Profit before tax	16,505	9,977
Adjustments for:-		
Amortisation and depreciation	7,847	7,922
Depreciation of right-of-use assets	490	680
Interest income	(299)	(80)
Interest expense	13	152
Interest on lease liabilities	3	6
Inventories written (back)/down	(72)	105
Net gain on disposal of property, plant and equipment	(3)	(68)
Property, plant & equipment written off	-	6
Provision for employment benefit obligation	13	19
Reversal of impairment losses on trade receivables	(570)	(12)
Unrealised gain on foreign exchange differences	(1,520)	(409)
Operating profit before changes in working capital	22,407	18,298
Net change in current assets	2,592	826
Net change in current liabilities	(4,641)	(10,100)
Tax paid	(1,844)	(861)
Net cash from operating activities	18,514	8,163
Cash Flows From Investing Activities		
Interest received	299	80
Proceeds from disposal of property, plant and equipment	5	93
Purchase of property, plant and equipment	(4,187)	(3,904)
Purchase of intangible asset	(2)	-
Net cash used in investing activities	(3,885)	(3,731)
Cash Flows From Financing Activities		
Interest paid	(13)	(152)
Net repayment of bank borrowings	(2,552)	(9,514)
Repayment of lease liabilities	(247)	(252)
Net cash used in financing activities	(2,812)	(9,918)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year to date ended 31.03.2023 RM'000	Year to date ended 31.03.2022 RM'000
Net increase/(decrease) in cash and cash equivalents	11,817	(5,486)
Effects of exchange rate fluctuations on cash & cash equivalents	(159)	129
Cash and cash equivalents at beginning of the financial period	62,223	54,562
Cash and cash equivalents at end of the financial period	73,881	49,205
Cash and cash equivalents comprise of:		
Cash and bank balances	52,211	46,164
Short term placements	21,670	3,041
	73,881	49,205

(The Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2022)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent					Total Equity RM'000
	Non-distributable			Distributable		
	Share capital RM'000	Revaluation reserve RM'000	Fair value reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	
As at 1 January 2022	82,672	138,772	47	(729)	268,353	489,115
Profit for the financial period	-	-	-	-	8,205	8,205
Foreign currency translations, net of tax	-	-	-	(34)	-	(34)
Total comprehensive (loss)/income	-	-	-	(34)	8,205	8,171
As at 31 March 2022	82,672	138,772	47	(763)	276,558	497,286
As at 1 January 2023	82,672	139,866	47	(724)	287,621	509,482
Profit for the financial period	-	-	-	-	15,611	15,611
Foreign currency translations, net of tax	-	-	-	267	-	267
Total comprehensive income	-	-	-	267	15,611	15,878
As at 31 March 2023	82,672	139,866	47	(457)	303,232	525,360

(The Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2022)

PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS) 134, INTERIM FINANCIAL REPORTING

1 Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2022.

2 Adoption of Malaysian Financial Reporting Standards

The significant accounting policies and methods of computation applied in the interim financial report are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2022, except for the effects of newly issued Malaysian Financial Reporting Standards (“MFRS”) applied during the current financial period:-

Title	Effective date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial application of MFRS 17 and MFRS 9 Comparative Information</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group.

The Group has not adopted the following Standards that have been issued but not yet effective:

Title	Effective date
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Non Current Liability with Covenants</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

The Group does not expect the adoption of the above Standards to have a significant impact on the financial statements.

3 Qualified audit report

The auditors’ report on the financial statements for the financial year ended 31 December 2022 was not qualified.

4 Seasonal or cyclical factors

The Group's operation is not significantly affected by seasonal or cyclical factors.

5 Unusual items

Other than those stated in the notes, there are no other items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.

6 Changes in estimates

There is no significant change in estimates of amounts reported in prior interim periods of the current or previous financial year.

7 Debt and equity securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares, repurchase and resale of treasury shares for the current quarter under review.

8 Dividends paid

There were no dividends paid during the quarter under review.

9 Segmental information

Operating segment reporting is not separately presented as the Group is principally engaged in the manufacturing and trading of automotive parts and accessories, which are substantially within a single operating segment.

For the purpose of resources allocation and performance assessment, the chief operating decision-maker reviews the profit from operations of the Group as disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

9 Segmental information (continued)

The breakdown of the Group's revenue based on the geographical location of the customers is as follows:

By Geographical Segment	Quarter ended		Year to date ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Malaysia	37,775	38,658	37,775	38,658
- ASEAN	14,723	12,529	14,723	12,529
- Non-ASEAN	20,207	19,477	20,207	19,477
Total Segment Revenue	72,705	70,664	72,705	70,664

The Group's segment capital expenditures and non-current assets are as follows:

By Geographical Segment	Quarter ended		Year to date ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
<u>Segment Capital Expenditure</u>				
- Malaysia	4,158	3,877	4,158	3,877
- ASEAN	31	27	31	27
- Non-ASEAN	-	-	-	-
Total Segment Capital Expenditure	4,189	3,904	4,189	3,904

By Geographical Segment	As at	As at
	31.03.2023	31.12.2022
	RM'000	RM'000
<u>Segment Non-Current Assets</u>		
- Malaysia	364,455	369,774
- ASEAN	53,274	50,238
- Non-ASEAN	231	354
Total Segment Non-Current Assets	417,960	420,366

10 Valuation of Property, Plant and Equipment and Investment Properties

The valuation of land and buildings has been brought forward, without any amendment to the previous annual financial statements.

11 Subsequent events

In the opinion of the Directors, there are no material subsequent events to be disclosed as at the date of this report.

12 Changes in the composition of the Group

There are no changes in the composition of the Group in the current quarter under review.

13 Changes in contingent liabilities

The contingent liabilities were as follows:

	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000
Corporate guarantees given by the Company to banks and vendors for credit facilities granted to subsidiaries	<u>10,953</u>	<u>9,433</u>

	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000
Bank guarantees given by the Group to vendors	<u>4,511</u>	<u>4,480</u>

14 Capital commitments

	As at 31.03.2023 RM'000
<u>Property, plant and equipment</u>	
Contracted but not provided for	<u>7,611</u>
Approved but not contracted for	<u>25,887</u>

PART B – ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)

15 Review of performance

Comparison of current quarter under review with corresponding quarter of preceding year

Compared to the corresponding quarter of preceding year (“1Q 2022”), revenue for the current quarter under review (“1Q 2023”) was higher by RM2.0 million from RM70.7 million in 1Q 2022 to RM72.7 million in 1Q 2023, mainly due to the higher sales in the export market.

Profit Before Tax (“PBT”) increased by RM6.5 million from RM10.0 million in 1Q 2022 to RM16.5 million in 1Q 2023, mainly due to higher revenue, favourable foreign exchange impact and lower cost of sales.

16 Variation of results against preceding quarter

Compared to preceding quarter (“4Q 2022”), revenue has increased by RM5.5 million from RM67.2 million in 4Q 2022 to RM72.7 million in 1Q 2023, mainly due to increase demand in the export markets.

PBT in 1Q 2023 has increased by RM16.1 million from RM0.4 million in 4Q 2022 to RM16.5 million in 1Q 2023 mainly due to increase in revenue, favourable foreign exchange impact and lower cost of sales.

17 Future Prospects

The global markets remain challenging amid geopolitical uncertainties, the risk of elevated inflation and tightening global financial market conditions. These global vulnerabilities are expected to pose threats to the Group’s export market, affecting customers’ buying sentiment and limiting customers’ capacity to buy.

Domestically, Malaysia’s economic growth is projected to moderate amid signs of weaknesses in global growth momentum. Further improvement in labour market conditions, continued implementation of multi-year investment projects and higher tourism activity are, however, expected to support private consumption. Given the foregoing, the Group anticipates that demand for its products will be moderate.

Going forward, the Group will strive to strengthen its positive performance momentum by applying prudent cost management, operational efficiencies and competitive pricing without compromising product quality. Barring any unforeseen circumstances, the Group expects its financial performance for 2023 to be satisfactory.

18 Profit forecast

There was no revenue or profit forecast announced by the Group.

19 Tax expense

	Quarter ended 31.03.2023 RM'000	Year to date ended 31.03.2023 RM'000
Current tax expense	2,035	2,035
Deferred tax	(1,141)	(1,141)
	<u>894</u>	<u>894</u>

The effective tax rate of the Group for the current quarter and year to date under review was lower than the statutory tax rate, mainly due to utilisation of Reinvestment Allowance.

20 Status of corporate proposal

There were no corporate proposals announced but not completed as at the date of this report.

21 Group borrowings and debt securities

	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000
Current liabilities		
<i>Unsecured:-</i>		
Bankers' acceptance	-	2,552
Total borrowings	<u>-</u>	<u>2,552</u>
	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000
Total borrowings		
Bankers' acceptances	-	2,552
	<u>-</u>	<u>2,552</u>

All borrowings are denominated in Ringgit Malaysia:

	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000
Ringgit Malaysia	-	2,552
	<u>-</u>	<u>2,552</u>

22 Changes in fair value of financial instruments

The carrying amounts of the financial instruments of the Group as at reporting date approximate their fair values due to relatively short-term maturity of these financial instruments.

23 Material litigation

The Group is not engaged in any material litigation and is not aware of any proceedings which might materially affect the position or business of the Group as at the date of this report.

24 Dividend

The Board of Directors has not recommended any interim dividend for the financial quarter ended 31 March 2023.

25 Earnings per share

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>Quarter ended 31.03.2023</u>	<u>Quarter ended 31.03.2022</u>	<u>Year to date ended 31.03.2023</u>	<u>Year to date ended 31.03.2022</u>
Net profit attributable to owners of the parent (RM'000)	15,611	8,205	15,611	8,205
Weighted average number of ordinary shares applicable to basic earnings per share ('000)	82,672	82,672	82,672	82,672
Basic earnings per share (sen)	18.88	9.92	18.88	9.92

26 Profit before tax

	Quarter ended 31.03.2023 RM'000	Year to date ended 31.03.2023 RM'000
Profit before tax is arrived at after charging/(crediting):		
Amortisation of intangible asset	96	96
Depreciation of property, plant and equipment	7,751	7,751
Depreciation of right-of-use assets	490	490
Gain on foreign exchange:		
- Realised	(674)	(674)
- Unrealised	(2,638)	(2,638)
Interest expense	13	13
Interest on lease liabilities	3	3
Interest income	(299)	(299)
Gain on disposal of property, plant and equipment	(3)	(3)
Inventories written back	(72)	(72)
Property, plant and equipment written off	-	-
Loss on foreign exchange:		
- Realised	417	417
- Unrealised	1,068	1,068
Remeasurement of employment benefit obligation	13	13
Rental income from investment properties	(210)	(210)
Reversal for impairment losses on Trade Receivables	(570)	(570)

By Order of the Board

WONG YOUN KIM

Secretary

Kuala Lumpur

25 May 2023