



NEW HOONG FATT HOLDINGS BERHAD

(Registration No. 199701010213 (425709-K))

Lot 5043, Jalan Teratai, Meru, 41050 Klang, Selangor Darul Ehsan, Malaysia.

Tel : 603-3392 6818

E-mail : enquiries@newhoongfatt.com.my

Fax : 603-3392 6808

Website : www.newhoongfatt.com.my

UNAUDITED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2023

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended 30.09.2023	Quarter ended 30.09.2022	Year to date ended 30.09.2023	Year to date ended 30.09.2022
		RM'000	RM'000	RM'000	RM'000
Revenue		70,714	77,114	213,398	223,202
Cost of sales		(51,474)	(59,271)	(152,807)	(171,976)
Gross profit		19,240	17,843	60,591	51,226
Other operating income		6,126	10,214	23,292	31,101
Net (loss)/gain on impairment of financial instruments		(3)	116	714	1
Operating expenses		(14,868)	(16,282)	(40,376)	(49,105)
Finance costs		(1)	(155)	(18)	(453)
Profit before tax		10,494	11,736	44,203	32,770
Tax expense	19	(1,015)	(2,453)	(3,987)	(6,490)
Net profit for the period		9,479	9,283	40,216	26,280
Other comprehensive (loss)/gain:					
Foreign currency translations, net of tax		(324)	302	576	266
Total comprehensive income for the period		9,155	9,585	40,792	26,546
Profit attributable to owners of the parent		9,479	9,283	40,216	26,280
Total comprehensive income attributable to owners of the parent		9,155	9,585	40,792	26,546
Earnings per share attributable to owners of the parent	25				
Basic (sen)		11.47	11.23	48.65	31.79
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 30.09.2023 RM'000 (Unaudited)	As at 31.12.2022 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment		323,188	332,683
Right-of-use assets		63,554	62,431
Investment properties		24,100	24,100
Other investments		130	130
Intangible asset		372	644
Deferred tax asset		369	378
		411,713	420,366
Current Assets			
Inventories		61,741	62,411
Trade receivables		48,364	46,595
Other receivables, deposits and prepayments		8,997	2,100
Current tax assets		1,142	1,957
Cash and bank balances		89,298	62,223
		209,542	175,286
Total Assets		621,255	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		(148)	(724)
Fair value reserve		47	47
<u>Distributable:</u>			
Retained earnings		319,570	287,621
		459,335	426,810
Total Equity		542,007	509,482
Non-Current Liabilities			
Employment benefit obligation		261	206
Lease liabilities		-	21
Deferred tax liabilities		57,898	59,208
		58,159	59,435
Current Liabilities			
Trade payables		9,479	8,764
Other payables and accruals		9,756	14,197
Borrowings (interest bearing)	21	-	2,552
Lease liabilities		68	441
Current tax liabilities		1,654	643
Contract liabilities		132	138
		21,089	26,735
Total Liabilities		79,248	86,170
Total Equity and Liabilities		621,255	595,652
Net assets per share attributable to owners of the parent (RM)		6.56	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 30.09.2023 RM'000	Year to date ended 30.09.2022 RM'000
Cash Flows From Operating Activities		
Profit before tax	44,203	32,770
Adjustments for:-		
Amortisation and depreciation	22,963	23,395
Depreciation of right-of-use assets	1,485	2,082
Interest income	(1,173)	(318)
Interest expense	13	437
Interest on lease liabilities	5	16
Inventories written back	(157)	(221)
Net gain on disposal of property, plant and equipment	(91)	(238)
Property, plant and equipment written off	42	16
Provision for employment benefit obligation	39	66
Reversal of impairment losses on trade receivables	(714)	(1)
Unrealised gain on foreign exchange differences	(3,566)	(2,143)
(Gain)/Loss on lease modification	(8)	157
Operating profit before changes in working capital	63,041	56,018
Net change in current assets	(796)	10,598
Net change in current liabilities	(5,315)	(13,325)
Tax paid	(3,454)	(2,531)
Net cash from operating activities	53,476	50,760
Cash Flows From Investing Activities		
Interest received	1,173	318
Proceeds from disposal of property, plant and equipment	94	289
Purchase of property, plant and equipment	(17,855)	(15,743)
Purchase of intangible asset	(17)	(1)
Net cash used in investing activities	(16,605)	(15,137)
Cash Flows From Financing Activities		
Interest paid	(13)	(437)
Net repayment of bank borrowings	(2,552)	(25,088)
Repayment of lease liabilities	(408)	(446)
Dividend paid	(8,267)	(4,960)
Net cash used in financing activities	(11,240)	(30,931)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year to date ended 30.09.2023 RM'000	Year to date ended 30.09.2022 RM'000
Net increase in cash and cash equivalents	25,631	4,692
Effects of exchange rate fluctuations on cash and cash equivalents	1,444	1,177
Cash and cash equivalents at beginning of the financial period	62,223	54,562
Cash and cash equivalents at end of the financial period	89,298	60,431
Cash and cash equivalents comprise of:		
Cash and bank balances	45,928	57,358
Short term placements	43,370	3,073
	89,298	60,431

(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	-	-	-	-	26,280	26,280
Foreign currency translations, net of tax	-	-	-	266	-	266
Total comprehensive income	-	-	-	266	26,280	26,546
Dividend paid	-	-	-	-	(4,960)	(4,960)
As at 30 September 2022	82,672	138,772	47	(463)	289,673	510,701
As at 1 January 2023	82,672	139,866	47	(724)	287,621	509,482
Profit for the financial period	-	-	-	-	40,216	40,216
Foreign currency translations, net of tax	-	-	-	576	-	576
Total comprehensive income	-	-	-	576	40,216	40,792
Dividend paid	-	-	-	-	(8,267)	(8,267)
As at 30 September 2023	82,672	139,866	47	(148)	319,570	542,007

(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 101 <i>Classification of Liabilities as Current or Non-current</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
Amendments to MFRS 112 <i>International Tax Reform – Pillar Two Model Rules</i>	Immediately/ 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 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 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
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 financial statements for the financial year ended 31 December 2022 were 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

	Quarter ended 30.09.2023 RM'000	Year to date ended 30.09.2023 RM'000
A final single tier dividend of 10 sen per ordinary share declared for financial year ended 2022, paid on 14 July 2023.	<u>8,267</u>	<u>8,267</u>

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	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Malaysia	37,446	42,510	112,390	123,708
- ASEAN	12,308	14,269	42,082	40,387
- Non-ASEAN	20,960	20,335	58,926	59,107
Total Segment Revenue	70,714	77,114	213,398	223,202

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

By Geographical Segment	Quarter ended		Year to date ended	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
<u>Segment Capital Expenditure</u>				
- Malaysia	7,396	4,109	17,824	15,712
- ASEAN	3	1	36	28
- Non-ASEAN	-	3	13	3
Total Segment Capital Expenditure	7,399	4,113	17,873	15,743

By Geographical Segment	As at 30.09.2023	As at 31.12.2022
	RM'000	RM'000
<u>Segment Non-Current Assets</u>		
- Malaysia	357,906	368,136
- ASEAN	53,673	51,946
- Non-ASEAN	134	284
Total Segment Non-Current Assets	411,713	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 of the Company were as follows:

	As at 30.09.2023 RM'000	As at 31.12.2022 RM'000
Guarantees given to financial institutions in respect of credit facilities granted to certain subsidiaries	<u>8,700</u>	<u>9,433</u>

The contingent liabilities of the Group were as follows:

	As at 30.09.2023 RM'000	As at 31.12.2022 RM'000
Guarantees given to third parties in respect of trade performance of certain subsidiaries	<u>4,531</u>	<u>4,480</u>

14 Capital commitments

	As at 30.09.2023 RM'000
<u>Property, plant and equipment</u>	
Contracted but not provided for	<u>13,838</u>
Approved but not contracted for	<u>18,502</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 (“3Q 2022”), revenue for the current quarter under review (“3Q 2023”) of RM70.7 million was lower by RM6.4 million from RM77.1 million in 3Q 2022, mainly due to lower revenue in the local market.

Profit Before Tax (“PBT”) was lower by RM1.2 million from RM11.7 million in 3Q 2022 to RM10.5 million in 3Q 2023, mainly due to foreign exchange (“forex”) loss.

Comparison of current YTD period with corresponding YTD period of preceding year

The Group recorded a reduction in revenue of RM9.8 million or 4.4% from RM223.2 million in YTD 3Q 2022 to RM213.4 million in YTD 3Q 2023 as a result of lower revenue in the local market.

PBT on the other hand, had increased by RM11.4 million from RM32.8 million in YTD 3Q 2022 to RM44.2 million in YTD 3Q 2023. The increase was mainly due to better margins and gain on forex.

16 Variation of results against preceding quarter

Revenue for 3Q 2023 approximate that of the preceding quarter (“2Q 2023”).

However, PBT in 3Q 2023 had decreased by RM6.7 million from RM17.2 million in 2Q 2023 to RM10.5 million in 3Q 2023 mainly due to negative impact from forex.

17 Future Prospects

The global economic growth outlook remains weak amid high inflation, tight monetary policy and more restrictive credit conditions. A slower-than-expected recovery in China, along with the aftermath of the war in Ukraine, have dampened the prospects for trade in 2023 and 2024.

For the Malaysian economy, there are signs of stable economic growth in the third quarter and it will continue to grow at a moderate pace. Growth will be supported by domestic demand amid improving employment and income.

The Group aims to maintain its positive performance momentum for the rest of the year. Subject to 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 30.09.2023 RM'000	Year to date ended 30.09.2023 RM'000
Current tax expense	1,387	5,280
Deferred tax	(372)	(1,293)
	1,015	3,987

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 30.09.2023 RM'000	As at 31.12.2022 RM'000
Current liabilities		
<i>Unsecured:-</i>		
Bankers' acceptance	-	2,552
Total borrowings	-	2,552

All borrowings were denominated in Ringgit Malaysia.

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 declared an interim single tier dividend of 3 sen per ordinary share in respect of the financial year ending 31 December 2023 amounting to RM2,480,167.80 (2022: interim single tier 3 sen per ordinary share, RM2,480,167.80).

The dividend will be paid on 22 December 2023 to shareholders registered in the Record of Depositors as at 5.00 pm on 11 December 2023.

The interim dividend will be accounted for as an appropriation of retained earnings in the year in which it is declared.

25 Earnings per share

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>Quarter ended</u> 30.09.2023	<u>Quarter ended</u> 30.09.2022	<u>Year to date ended</u> 30.09.2023	<u>Year to date ended</u> 30.09.2022
Net profit attributable to owners of the parent (RM'000)	9,479	9,283	40,216	26,280
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)	11.47	11.23	48.65	31.79

26 Profit before tax

	Quarter ended 30.09.2023 RM'000	Year to date ended 30.09.2023 RM'000
Profit before tax is arrived at after charging/(crediting):		
Amortisation of intangible asset	97	290
Depreciation of property, plant and equipment	7,443	22,673
Depreciation of right-of-use assets	491	1,485
Gain on foreign exchange:		
- Realised	(468)	(1,834)
- Unrealised	(781)	(6,918)
Interest expense	-	13
Interest on lease liabilities	1	5
Interest income	(484)	(1,173)
Gain on disposal of property, plant and equipment	(88)	(91)
Inventories written back	(102)	(157)
Property, plant and equipment written off	41	42
Loss on foreign exchange:		
- Realised	132	549
- Unrealised	2,284	3,352
Provision for employment benefit obligation	13	39
Rental income from investment properties	(210)	(630)
Provision/(Reversal) of impairment losses on trade receivables	2	(714)

By Order of the Board

WONG YOUN KIM
SecretaryKuala Lumpur
24 November 2023