



NEW HOONG FATT HOLDINGS BERHAD

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UNAUDITED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2023

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended 31.12.2023	Quarter ended 31.12.2022	Year to date ended 31.12.2023	Year to date ended 31.12.2022
		RM'000	RM'000	RM'000	RM'000
Revenue		67,847	67,162	281,245	290,364
Cost of sales		(50,766)	(53,326)	(203,573)	(225,302)
Gross profit		17,081	13,836	77,672	65,062
Other operating income		5,069	5,076	28,361	36,177
Net gain/(loss) on impairment of financial instruments		194	(602)	908	(601)
Operating expenses		(13,908)	(17,838)	(54,281)	(66,943)
Finance costs		(1)	(37)	(22)	(490)
Profit before tax		8,435	435	52,638	33,205
Tax expense	19	(937)	(16)	(4,924)	(6,506)
Net profit for the period		7,498	419	47,714	26,699
Other comprehensive (loss)/income:					
Foreign currency translations, net of tax		(197)	(261)	379	5
Revaluation surplus on land and buildings, net of tax		-	1,094	-	1,094
Remeasurement of employment benefit obligations		(15)	9	(15)	9
Total comprehensive income for the period		7,286	1,261	48,078	27,807
Profit attributable to owners of the parent		7,498	419	47,714	26,699
Total comprehensive income attributable to owners of the parent		7,286	1,261	48,078	27,807
Earnings per share attributable to owners of the parent	25				
Basic (sen)		9.07	0.51	57.71	32.30
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 31.12.2023 RM'000 (Unaudited)	As at 31.12.2022 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment		329,042	332,683
Right-of-use assets		62,437	62,431
Investment properties		24,100	24,100
Other investments		130	130
Intangible asset		282	644
Deferred tax asset		359	378
		416,350	420,366
Current Assets			
Inventories		66,626	62,411
Trade receivables		42,157	46,595
Other receivables, deposits and prepayments		2,111	2,100
Current tax assets		1,175	1,957
Cash and bank balances		97,952	62,223
		210,021	175,286
Total Assets		626,371	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		(345)	(724)
Fair value reserve		47	47
<u>Distributable:</u>			
Retained earnings		324,573	287,621
		464,141	426,810
Total Equity		546,813	509,482
Non-Current Liabilities			
Employment benefits obligation		259	206
Lease liabilities		-	21
Deferred tax liabilities		57,445	59,208
		57,704	59,435
Current Liabilities			
Trade payables		9,366	8,764
Other payables and accruals		11,495	14,197
Borrowings (interest bearing)	21	-	2,552
Lease liabilities		23	441
Current tax liabilities		904	643
Contract liabilities		66	138
		21,854	26,735
Total Liabilities		79,558	86,170
Total Equity and Liabilities		626,371	595,652
Net assets per share attributable to owners of the parent (RM)		6.61	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 31.12.2023 RM'000	Year to date ended 31.12.2022 RM'000
Cash Flows From Operating Activities		
Profit before tax	52,638	33,205
Adjustments for:-		
Amortisation and depreciation	30,700	30,812
Depreciation of right-of-use assets	1,943	1,942
Bad debts written off	235	-
Interest income	(1,900)	(500)
Interest expense	16	471
Interest on lease liabilities	6	19
Inventories written back	(127)	(387)
Fair value gain on investment properties	-	(630)
Gain on lease modification	(10)	-
Net gain on disposal of property, plant and equipment	(89)	(248)
Property, plant and equipment written off	42	16
Provision/(Reversal) for employment benefits obligation	52	(71)
(Reversal)/Provision of impairment losses on trade receivables	(908)	601
Unrealised (gain)/loss on foreign exchange differences	(2,317)	1,744
Operating profit before changes in working capital	80,281	66,974
Net change in current assets	6,263	14,618
Net change in current liabilities	(2,986)	(7,645)
Tax paid	(5,617)	(5,146)
Net cash from operating activities	77,941	68,801
Cash Flows From Investing Activities		
Interest received	1,900	500
Proceeds from disposal of property, plant and equipment	94	299
Purchase of property, plant and equipment	(31,394)	(19,443)
Purchase of intangible asset	(25)	(11)
Net cash used in investing activities	(29,425)	(18,655)
Cash Flows From Financing Activities		
Interest paid	(16)	(471)
Net repayment of bank borrowings	(2,552)	(34,625)
Repayment of lease liabilities	(453)	(535)
Dividend paid	(10,747)	(7,440)
Net cash used in financing activities	(13,768)	(43,071)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year to date ended 31.12.2023 RM'000	Year to date ended 31.12.2022 RM'000
Net increase in cash and cash equivalents	34,748	7,075
Effects of exchange rate fluctuations on cash and cash equivalents	981	586
Cash and cash equivalents at beginning of the financial period	62,223	54,562
Cash and cash equivalents at end of the financial period	97,952	62,223
 Cash and cash equivalents comprise of:		
Cash and bank balances	48,135	47,219
Short term placements	49,817	15,004
	97,952	62,223

(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					
	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	Total Equity RM'000
As at 1 January 2022	82,672	138,772	47	(729)	268,353	489,115
Profit for the financial period	-	-	-	-	26,699	26,699
Foreign currency translations, net of tax	-	-	-	5	-	5
Remeasurement of employment benefits obligation, net of tax	-	-	-	-	9	9
Revaluation surplus on land and buildings, net of tax	-	1,094	-	-	-	1,094
Total comprehensive income	-	1,094	-	5	26,708	27,807
Dividend paid	-	-	-	-	(7,440)	(7,440)
As at 31 December 2022	82,672	139,866	47	(724)	287,621	509,482
As at 1 January 2023	82,672	139,866	47	(724)	287,621	509,482
Profit for the financial period	-	-	-	-	47,714	47,714
Remeasurement of employment benefits obligation, net of tax	-	-	-	-	(15)	(15)
Foreign currency translations, net of tax	-	-	-	379	-	379
Total comprehensive income	-	-	-	379	47,699	48,078
Dividend paid	-	-	-	-	(10,747)	(10,747)
As at 31 December 2023	82,672	139,866	47	(345)	324,573	546,813

(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>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
Amendments to MFRS 112 <i>International Tax Reform – Pillar Two Model Rules</i>	Refer paragraph 98M of MFRS 112

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>Classification of Liabilities as Current or Non-current</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 its 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 31.12.2023 RM'000	Year to date ended 31.12.2023 RM'000
A final single tier dividend of 10 sen per ordinary share declared for financial year ended 2022, paid on 14 July 2023.	-	8,267
Interim single tier dividend of 3 sen per ordinary share declared for financial year ended 2023, paid on 22 December 2023.	<u>2,480</u>	<u>2,480</u>
Total single tier dividends paid	<u>2,480</u>	<u>10,747</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.

- Quarterly Report on consolidated results for the financial quarter ended 31 December 2023
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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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Malaysia	34,818	38,660	147,208	162,368
- ASEAN	11,271	11,622	53,353	52,009
- Non-ASEAN	21,758	16,880	80,684	75,987
Total Segment Revenue	67,847	67,162	281,245	290,364

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

By Geographical Segment	Quarter ended		Year to date ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
<u>Segment Capital Expenditure</u>				
- Malaysia	13,518	10,756	31,342	26,881
- ASEAN	8	-	45	28
- Non-ASEAN	19	1	32	4
Total Segment Capital Expenditure	13,545	10,757	31,419	26,913

By Geographical Segment	As at	As at
	31.12.2023	31.12.2022
	RM'000	RM'000
<u>Segment Non-Current Assets</u>		
- Malaysia	363,630	369,774
- ASEAN	52,624	50,238
- Non-ASEAN	96	354
Total Segment Non-Current Assets	416,350	420,366

10 Valuation of Property, Plant and Equipment and Investment Properties

During the financial year, there was no revaluation adjustment made as there had been no significant changes to the market value since the last valuation performed by the external independent valuer on 31 December 2022 for the land and buildings within the Group.

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

	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
Corporate guarantees given to financial institutions in respect of credit facilities granted to certain subsidiaries	<u>5,725</u>	<u>9,433</u>

14 Capital commitments

	As at 31.12.2023 RM'000
<u>Property, plant and equipment</u>	
Contracted but not provided for	<u>14,368</u>
Approved but not contracted for	<u>11,150</u>

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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 (“4Q 2022”), revenue for the current quarter under review (“4Q 2023”) of RM67.8 million was slightly higher by RM0.6 million from RM67.2 million in 4Q 2022.

However, Profit Before Tax (“PBT”) was higher by RM8.0 million from RM0.4 million in 4Q 2022 to RM8.4 million in 4Q 2023, mainly due to lower manufacturing costs and lower foreign exchange (“forex”) loss.

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

The Group recorded a reduction in revenue of RM9.2 million or 3.2% from RM290.4 million in YTD 4Q 2022 to RM281.2 million in YTD 4Q 2023, mainly due to lower demand in the local market but partially offset by a 4.2% increase in exports.

PBT on the other hand, had increased by RM19.4 million from RM33.2 million in YTD 4Q 2022 to RM52.6 million in YTD 4Q 2023. The increase was mainly due to improved margins, favourable sales mix and gain in forex.

16 Variation of results against preceding quarter

Compared to preceding quarter (“3Q 2023”), revenue had decreased by RM2.9 million from RM70.7 million in 3Q 2023 to RM67.8 million in 4Q 2023 as a result of a softer demand from the local market.

PBT in 4Q 2023 had decreased by RM2.1 million from RM10.5 million in 3Q 2023 to RM8.4 million in 4Q 2023 mainly due to decreased in revenue and unfavourable sales mix.

17 Future Prospects

Against the backdrop of sluggish global economic activity, persistent tightness in financial market conditions, and escalating geopolitical tensions, the outlook for the global economy in 2024 is anticipated to remain uncertain. Projections from the International Monetary Fund (IMF) indicate a modest growth rate of 3.1%. Going forward, the growth of the Malaysian economy is projected to improve, driven by a recovery in exports and resilience in domestic expenditure. The growth outlook, however, remains subject to downside risks stemming from weaker-than-expected external demand and larger declines in commodity production.

Moving forward into 2024, the Group aims to maintain its current positive performance trajectory by implementing prudent cost management practices, enhancing operational efficiencies and maintaining competitive pricing strategies without compromising product quality. The Group expects its financial performance in 2024 to be satisfactory.

18 Profit forecast

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

19 Tax expense

	Quarter ended 31.12.2023 RM'000	Year to date ended 31.12.2023 RM'000
Current tax expense	1,380	6,660
Deferred tax	(443)	(1,736)
	<u>937</u>	<u>4,924</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 incentives.

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 31.12.2023 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>

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 is pleased to declare a second interim single tier dividend of 4 sen per ordinary share in respect of the financial year ended 31 December 2023, amounting to RM3,306,890.40. The dividend will be paid on 5 April 2024 to shareholders registered in the Record of Depositors as at 5.00 p.m. on 20 March 2024.

The Board of Directors further proposed a final single tier dividend of 8 sen per ordinary share in respect of the financial year ended 31 December 2023 amounting to RM6,613,780.80 (2022: final single tier dividend of 10 sen per ordinary share, RM8,267,226.00).

The proposed final dividend is subject to the approval of the shareholders at the upcoming Annual General Meeting of the Company. This dividend, upon approval by the shareholders, will be accounted for as an appropriation of retained earnings in the year in which it is declared. The dividend payment date and entitlement date will be announced in due course.

25 Earnings per share

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>Quarter ended 31.12.2023</u>	<u>Quarter ended 31.12.2022</u>	<u>Year to date ended 31.12.2023</u>	<u>Year to date ended 31.12.2022</u>
Net profit attributable to owners of the parent (RM'000)	7,498	419	47,714	26,699
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)	9.07	0.51	57.71	32.30

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26 Profit before tax

	Quarter ended 31.12.2023 RM'000	Year to date ended 31.12.2023 RM'000
Profit before tax is arrived at after charging/(crediting):		
Amortisation of intangible asset	98	388
Bad debts written off	235	235
Depreciation of property, plant and equipment	7,639	30,312
Depreciation of right-of-use assets	458	1,943
Gain on foreign exchange:		
- Realised	(278)	(2,112)
- Unrealised	-	(6,918)
Interest expense	-	16
Interest on lease liabilities	1	6
Interest income	(727)	(1,900)
Loss/(Gain) on disposal of property, plant and equipment	2	(89)
Gain on lease modification	(2)	(10)
Inventories written down/(back)	30	(127)
Property, plant and equipment written off	-	42
Loss on foreign exchange:		
- Realised	65	614
- Unrealised	1,249	4,601
Provision for employment benefits obligation	13	52
Rental income from investment properties	(212)	(842)
Reversal of impairment losses on trade receivables	(194)	(908)

By Order of the Board

WONG YOUN KIM
SecretaryKuala Lumpur
27 February 2024