



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 SECOND FINANCIAL QUARTER ENDED 30 JUNE 2024

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Quarter ended 30.06.2024	Quarter ended 30.06.2023	Year to date ended 30.06.2024	Year to date ended 30.06.2023
		RM'000	RM'000	RM'000	RM'000
Revenue		71,172	69,979	145,936	142,684
Cost of sales		(48,530)	(49,677)	(100,770)	(101,333)
Gross profit		22,642	20,302	45,166	41,351
Other operating income		6,223	9,189	13,920	17,166
Net (loss)/gain on impairment of financial instruments		(129)	146	(150)	717
Operating expenses		(15,580)	(12,433)	(29,659)	(25,508)
Finance costs		(2)	(1)	(3)	(17)
Profit before tax		13,154	17,203	29,274	33,709
Tax expense	19	(1,038)	(2,078)	(2,035)	(2,972)
Net profit for the period		12,116	15,125	27,239	30,737
Other comprehensive income:					
Foreign currency translations, net of tax		(258)	633	(295)	900
Total comprehensive income for the period		11,858	15,758	26,944	31,637
Profit attributable to owners of the parent		12,116	15,125	27,239	30,737
Total comprehensive income attributable to owners of the parent		11,858	15,758	26,944	31,637
Earnings per share attributable to owners of the parent	25				
Basic (sen)		7.33	9.15 [#]	16.47	18.59 [#]
Diluted (sen)		N.A.	N.A.	N.A.	N.A.

[#] For comparative purposes, the earnings per share for the second quarter and year-to-date ended 30 June 2023 have been adjusted to reflect the share split involving the subdivision of every one (1) existing ordinary share into two (2) subdivided ordinary shares, which was completed on 28 June 2024.

(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 2023)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30.06.2024 RM'000 (Unaudited)	As at 31.12.2023 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment		325,797	331,807
Right-of-use assets		60,584	62,022
Investment properties		24,100	24,100
Other investments		130	130
Intangible asset		97	282
Deferred tax asset		347	356
		411,055	418,697
Current Assets			
Inventories		61,220	66,626
Trade receivables		50,620	43,640
Other receivables, deposits and prepayments		5,581	2,735
Current tax assets		1,329	1,175
Cash and bank balances		119,640	97,952
		238,390	212,128
Total Assets		649,445	630,825
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		82,672	82,672
Reserves			
<u>Non-Distributable:</u>			
Revaluation reserve		142,216	142,216
Exchange translation reserve		(640)	(345)
Fair value reserve		47	47
<u>Distributable:</u>			
Retained earnings		348,501	324,569
		490,124	466,487
Total Equity		572,796	549,159
Non-Current Liabilities			
Employment benefits obligation		278	259
Lease liabilities		204	-
Deferred tax liabilities		55,470	57,446
		55,952	57,705
Current Liabilities			
Trade payables		9,207	10,831
Other payables and accruals		9,556	12,137
Lease liabilities		225	23
Current tax liabilities		1,676	904
Contract liabilities		33	66
		20,697	23,961
Total Liabilities		76,649	81,666
Total Equity and Liabilities		649,445	630,825
Net assets per share attributable to owners of the parent (RM)	26	3.46	3.32 [#]

[#] For comparative purposes, the net assets per share for the second quarter and year-to-date ended 30 June 2023 have been adjusted to reflect the share split involving the subdivision of every one (1) existing ordinary share into two (2) subdivided ordinary shares, which was completed on 28 June 2024.

(The Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2023)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year to date ended 30.06.2024 RM'000	Year to date ended 30.06.2023 RM'000
Cash Flows From Operating Activities		
Profit before tax	29,274	33,709
Adjustments for:-		
Amortisation and depreciation	15,289	15,423
Depreciation of right-of-use assets	860	994
Interest income	(1,467)	(689)
Interest expense	-	13
Interest on lease liabilities	3	4
Inventories written down/(back)	233	(55)
Net gain on disposal of property, plant and equipment	(128)	(3)
Property, plant and equipment written off	1	1
Provision for employment benefits obligation	28	26
Provision/(Reversal) of impairment losses on trade receivables	150	(716)
Unrealised loss/(gain) on foreign exchange differences	508	(5,070)
Gain on lease modification	(148)	(10)
Operating profit before changes in working capital	44,603	43,627
Net change in current assets	(1,624)	3,485
Net change in current liabilities	(4,944)	(3,322)
Tax paid	(3,386)	(2,694)
Net cash from operating activities	34,649	41,096
Cash Flows From Investing Activities		
Interest received	1,467	689
Proceeds from disposal of property, plant and equipment	142	6
Purchase of property, plant and equipment	(11,941)	(10,460)
Purchase of intangible asset	(13)	(14)
Net cash used in investing activities	(10,345)	(9,779)
Cash Flows From Financing Activities		
Interest paid	-	(13)
Net repayment of bank borrowings	-	(2,552)
Repayment of lease liabilities	(19)	(330)
Dividend paid	(3,307)	-
Net cash used in financing activities	(3,326)	(2,895)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year to date ended 30.06.2024 RM'000	Year to date ended 30.06.2023 RM'000
Net increase in cash and cash equivalents	20,978	28,422
Effects of exchange rate fluctuations on cash and cash equivalents	710	1,406
Cash and cash equivalents at beginning of the financial period	97,952	62,223
Cash and cash equivalents at end of the financial period	119,640	92,051
Cash and cash equivalents comprise of:		
Cash and bank balances	53,464	65,916
Short term placements	66,176	26,135
	119,640	92,051

(The Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2023)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent					
	Non-distributable			Distributable		
	Share capital	Revaluation reserve	Fair value reserve	Exchange translation reserve	Retained earnings	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	82,672	139,866	47	(724)	287,621	509,482
Profit for the financial period	-	-	-	-	30,737	30,737
Foreign currency translations, net of tax	-	-	-	900	-	900
Total comprehensive income	-	-	-	900	30,737	31,637
As at 30 June 2023	82,672	139,866	47	176	318,358	541,119
As at 1 January 2024	82,672	142,216	47	(345)	324,569	549,159
Profit for the financial period	-	-	-	-	27,239	27,239
Foreign currency translations, net of tax	-	-	-	(295)	-	(295)
Total comprehensive income	-	-	-	(295)	27,239	26,944
Dividend paid	-	-	-	-	(3,307)	(3,307)
As at 30 June 2024	82,672	142,216	47	(640)	348,501	572,796

(The Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the financial year ended 31 December 2023)

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 2023.

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 2023, except for the effects of newly issued Malaysian Financial Reporting Standards (“MFRS”) applied during the current financial period:-

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

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

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

Title	Effective date
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
Amendments to MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
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 Amendments to have a significant impact on its financial statements.

3 Qualified audit report

The financial statements for the financial year ended 31 December 2023 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 except for the subdivision of shares as disclosed in Note 20.

8 Dividends paid

	Quarter ended 30.06.2024 RM'000	Year to date ended 30.06.2024 RM'000
Second interim single tier dividend of 4 sen per ordinary share declared for financial year ended 2023, paid on 4 April 2024.	<u>3,307</u>	<u>3,307</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	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
<u>Segment Revenue</u>				
- Malaysia	38,108	37,169	76,614	74,944
- ASEAN	11,317	15,051	26,018	29,774
- Non-ASEAN	21,747	17,759	43,304	37,966
Total Segment Revenue	71,172	69,979	145,936	142,684

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

By Geographical Segment	Quarter ended		Year to date ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
<u>Segment Capital Expenditure</u>				
- Malaysia	5,051	6,270	11,941	10,428
- ASEAN	1	2	13	33
- Non-ASEAN	-	13	-	13
Total Segment Capital Expenditure	5,052	6,285	11,954	10,474

By Geographical Segment	As at	As at
	30.06.2024	31.12.2023
	RM'000	RM'000
<u>Segment Non-Current Assets</u>		
- Malaysia	360,486	365,980
- ASEAN	49,949	52,621
- Non-ASEAN	620	96
Total Segment Non-Current Assets	411,055	418,697

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

	As at 30.06.2024 RM'000	As at 31.12.2023 RM'000
Corporate guarantees given to financial institutions in respect of credit facilities granted to certain subsidiaries	<u>8,677</u>	<u>5,725</u>

14 Capital commitments

	As at 30.06.2024 RM'000
<u>Property, plant and equipment</u>	
Contracted but not provided for	<u>8,572</u>
Approved but not contracted for	<u>5,653</u>

(The remainder of this page is intentionally left blank)

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

Revenue for the current quarter under review (“2Q 2024”) was higher by RM1.2 million from RM70.0 million in the corresponding quarter of preceding year (“2Q 2023”) to RM71.2 million in 2Q 2024. Sales increased across all sectors in the Group except for export sales which dropped by 3.3%, mainly affected by shortage in shipping containers during the quarter.

However, Profit Before Tax (“PBT”) decreased by RM4.0 million from RM17.2 million in 2Q 2023 to RM13.2 million in 2Q 2024, mainly due to unfavourable movement of foreign exchange (“forex”), which was mitigated by lower manufacturing costs.

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

The Group recorded RM3.2 million increase in revenue from RM142.7 million in YTD 2Q 2023 to RM145.9 million in YTD 2Q 2024. This growth was attributed to higher revenue in both the local and export markets.

PBT, however, decreased by RM4.4 million from RM33.7 million in YTD 2Q 2023 to RM29.3 million in YTD 2Q 2024. The decrease was mainly due to unfavourable movement of forex, which was mitigated by lower manufacturing costs.

16 Variation of results against preceding quarter

Compared to preceding quarter (“1Q 2024”), revenue decreased by RM3.6 million from RM74.8 million in 1Q 2024 to RM71.2 million in 2Q 2024 due to lower revenue from the export markets.

PBT in 2Q 2024 decreased by RM2.9 million from RM16.1 million in 1Q 2024 to RM13.2 million in 2Q 2024 mainly due to lower revenue and unfavourable foreign exchange movement, which was mitigated by lower manufacturing costs.

17 Future Prospects

While there is a positive shift in the global economy outlook, this optimism is balanced by concerns over geopolitical instability, global financial market turbulence and transitions of political leadership.

For the Malaysian economy, the latest indicators point towards sustained strength in economic activity in the second quarter of 2024, driven by resilient domestic expenditure and better export performance. However, the growth outlook faces potential downside risks from weaker-than-expected external demand and significant declines in commodity production.

Despite the volatile environment, the Group is optimistic to maintain its current positive performance through efforts in strengthening cost control and improving operational efficiency. Barring any unforeseen circumstances, the Group expects its financial performance for the financial year ending 2024 to be satisfactory.

18 Profit forecast

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

19 Tax expense

	Quarter ended 30.06.2024 RM'000	Year to date ended 30.06.2024 RM'000
Current tax expense	1,819	4,005
Deferred tax	(781)	(1,970)
	1,038	2,035

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

On 18 March 2024, the Company proposed to undertake a share split involving the subdivision of every one (1) existing ordinary share held by shareholders on 27 June 2024 into two (2) subdivided ordinary shares.

The share split will enable the Company to improve the trading liquidity of its shares, making them more attractive to a broader range of investors.

The share split has been completed following the listing and quotation of 165,344,520 subdivided shares on the Main Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on 28 June 2024. Upon completion of the share split, the total market capitalisation of the Company and the total value of shares held by the entitled shareholders remained unchanged. However, with the enlarged number of shares, the share split resulted in an adjustment to the reference share price of NHF's shares as listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

21 Group borrowings and debt securities

There were no borrowings during the quarter under review.

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 a first interim single tier dividend of two (2) sen per ordinary share in respect of the financial year ending 31 December 2024, amounting to RM3,306,890.40.

The dividend will be paid on 3 October 2024 to shareholders registered in the Record of Depositors as at 5.00 p.m. on 11 September 2024.

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 30.06.2024</u>	<u>Quarter ended 30.06.2023</u>	<u>Year to date ended 30.06.2024</u>	<u>Year to date ended 30.06.2023</u>
Net profit attributable to owners of the parent (RM'000)	12,116	15,125	27,239	30,737
Weighted average number of ordinary shares applicable to basic earnings per share ('000)	165,344	82,672	165,344	82,672
Share split subsequent to year end ('000)	-	82,672	-	82,672
Adjusted weighted average number of ordinary shares applicable to basic earnings per share ('000)	165,344	165,344 [#]	165,344	165,344 [#]
Basic earnings per share (sen)				
- Before share split	7.33	18.30	16.47	37.18
- After share split	7.33	9.15 [#]	16.47	18.59 [#]

[#] For comparative purposes, the earnings per share for the second quarter and year-to-date ended 30 June 2023 have been adjusted to reflect the share split involving the subdivision of every one (1) existing ordinary share into two (2) subdivided ordinary shares, which was completed on 28 June 2024.

(The remainder of this page is intentionally left blank)

26 Net assets per share

	As at 30.06.2024	As at 31.12.2023
Total equity attributable to owners of the parent (RM'000)	<u>572,796</u>	<u>549,159</u>
Weighted average number of ordinary shares applicable to net assets per share ('000)	165,344	82,672
Share split subsequent to year end ('000)	-	82,672
Adjusted weighted average number of ordinary shares applicable to basic earnings per share ('000)	<u>165,344</u>	<u>165,344[#]</u>
Net assets per share (RM)		
- Before share split	3.46	6.64
- After share split	<u>3.46</u>	<u>3.32[#]</u>

[#] For comparative purposes, the net assets per share for the second quarter and year-to-date ended 30 June 2023 have been adjusted to reflect the share split involving the subdivision of every one (1) existing ordinary share into two (2) subdivided ordinary shares, which was completed on 28 June 2024.

(The remainder of this page is intentionally left blank)

27 Profit before tax

	Quarter ended 30.06.2024 RM'000	Year to date ended 30.06.2024 RM'000
Profit before tax is arrived at after charging/(crediting):		
Amortisation of intangible asset	99	197
Depreciation of property, plant and equipment	7,478	15,092
Depreciation of right-of-use assets	433	860
Gain on foreign exchange:		
- Realised	(94)	(375)
- Unrealised	-	(1,602)
Impairment losses on trade receivables	129	150
Interest on lease liabilities	2	3
Interest income	(756)	(1,467)
Loss/(Gain) on disposal of property, plant and equipment	7	(128)
Inventories written down	155	233
Loss on foreign exchange:		
- Realised	370	444
- Unrealised	1,329	2,110
Provision for employment benefits obligation	14	28
Property, plant and equipment written off	1	1
Rental income from investment properties	(223)	(438)

By Order of the Board

TEO MEE HUI
TAN BEE HWA
Secretaries

Kuala Lumpur
27 August 2024