



New Hoong Fatt bullish on overseas business . >3

New Hoong Fatt bullish about overseas business

By EUGENE MAHALINGAM
eugenicz@thestar.com.my

KUALA LUMPUR: Automotive replacement parts maker New Hoong Fatt Holdings Bhd (NHF) expects revenue contribution from its overseas business to nearly double by 2020.

Managing director Chin Jit Sin said exports currently contributed about 43% to NHF's revenue, of which 32% was from Asean.

"We expect revenue contribution from overseas to be around 70% by 2020," he said at a press conference after the company's AGM yesterday.

"We believe there's a lot of room for growth," Chin said, noting that Asean would continue to drive its overseas business.

"Our products can go to Asean free of tariffs, so pricing will be competitive. Furthermore, these countries are also close to Malaysia logistically."

Apart from Asean, NHF's main markets include the Middle East, Africa and South America.

Chin said he was optimistic about the company's prospects in South America.

"South America has grown quite a bit in terms of its automotive market over the years. So our parts will be quite sellable there."

Executive chairman Kam Foong Keng added: "We were mostly in Chile and Mexico. Now we are in more countries. Argentina is still in development."

On the implementation of the goods and servic-

es tax, Chin said the new tax structure will not have an impact on the company's earnings.

He added that the company will consider the quantum of its dividend payout later this year after reviewing the performance of its first three quarters.

"Looking at our first-quarter earnings, it looks like we can continue to do better for the rest of the year. We are trying very hard to sustain our growth," he said.

For its first quarter ended March 31, 2015, NHF's net profit grew to RM4.37mil from RM2.48mil in the previous corresponding period, driven by higher product demand in its overseas market.

Revenue in the first quarter improved to RM48.20mil from RM45.95mil a year earlier.

Separately, Chin said the company has allocated a capital expenditure (capex) of RM20mil for its current financial year ending Dec 31, 2015.

He said part of the capex would be for the design and development of new parts.

"It will primarily be for the development of tools and dies to manufacture the parts. Most of our capex is to improve our production capability so that we can produce more parts, especially for exports," Chin added.

NHF has been providing automotive parts solutions to the local replacement market since 1977 and has a distribution channel of over 1,000 wholesalers and retailers throughout Malaysia.



Chin: 'We are trying very hard to sustain our growth.'