



**WANG-ZHENG BERHAD**  
[Registration No.: 200301009817 (612237-K)]  
(Incorporated in Malaysia)

**CONSOLIDATED FINANCIAL RESULTS AND NOTES**  
**1st QUARTER ENDED 31 MARCH 2021**

## Quarterly report on consolidated results for the first financial quarter ended 31 March 2021

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## Condensed Consolidated Income Statement for the quarter ended 31 March 2021

(The figures presented here have not been audited unless stated otherwise)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current year Quarter 31 Mar 2021 RM'000	Preceding Year Corresponding Quarter 31 Mar 2020 RM'000	Current Year To Date 31 Mar 2021 RM'000	Preceding Year Corresponding Period 31 Mar 2020 RM'000
Revenue	57,317	54,095	57,317	54,095
Cost of sales	(47,819)	(45,841)	(47,819)	(45,841)
Gross profit	9,498	8,254	9,498	8,254
Other income	756	747	756	747
Marketing and distribution expenses	(2,625)	(2,465)	(2,625)	(2,465)
Administration expenses	(3,523)	(3,391)	(3,523)	(3,391)
Operating Profit	4,106	3,145	4,106	3,145
Interest income	544	840	544	840
Finance costs	(402)	(800)	(402)	(800)
Profit before tax	4,248	3,185	4,248	3,185
Income tax expense	(522)	(676)	(522)	(676)
Profit for the period	3,726	2,509	3,726	2,509
Profit attributed to:				
Equity holders of the parent	3,726	2,509	3,726	2,509
	3,726	2,509	3,726	2,509
Earnings per share attributable to equity holders of the parent:				
Basic (sen)	2.35	1.58	2.35	1.58
Diluted (sen)	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements)

## Quarterly report on consolidated results for the first financial quarter ended 31 March 2021

## Condensed Consolidated Statement of Comprehensive Income for the quarter ended 31 March 2021

(The figures presented here have not been audited unless stated otherwise)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current year Quarter 31 Mar 2021 RM'000	Preceding Year Corresponding Quarter 31 Mar 2020 RM'000	Current Year To Date 31 Mar 2021 RM'000	Preceding Year Corresponding Period 31 Mar 2020 RM'000
Profit for the period	3,726	2,509	3,726	2,509
Other comprehensive income:	-	-	-	-
Total comprehensive income for the period	<u>3,726</u>	<u>2,509</u>	<u>3,726</u>	<u>2,509</u>
Total comprehensive income attributable to: Equity holders of the parent	<u>3,726</u> <u>3,726</u>	<u>2,509</u> <u>2,509</u>	<u>3,726</u> <u>3,726</u>	<u>2,509</u> <u>2,509</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements)

## Quarterly report on consolidated results for the first financial quarter ended 31 March 2021

## Condensed Consolidated Statement of Financial Position as at 31 March 2021

(The figures presented here have not been audited unless stated otherwise)

	As At End Of Current Quarter 31 Mar 2021 RM'000	Preceding Financial Year-Ended 31 Dec 2020 RM'000
<b>Non-Current Assets</b>		
Property, plant and equipment	15,912	16,165
Investment property	6,527	6,555
Right-of-use assets	21,639	21,939
Other assets	23	23
Deferred tax assets	1,680	1,680
Other receivables, deposits and prepayments	1,032	996
	<u>46,813</u>	<u>47,358</u>
<b>Current Assets</b>		
Inventories	42,480	48,151
Trade receivables	45,885	50,162
Other receivables, deposits and prepayments	1,263	1,529
Tax recoverable	1,969	1,570
Deposits with Investment fund	62,654	62,378
Fixed deposits with licensed banks	12,491	12,419
Cash and bank balances	52,086	44,184
	<u>218,828</u>	<u>220,393</u>
<b>TOTAL ASSETS</b>	<u>265,641</u>	<u>267,751</u>
<b>Equity</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	86,677	86,677
Treasury shares	(650)	(650)
Retained earnings	113,415	109,689
<b>Total equity</b>	<u>199,442</u>	<u>195,716</u>
<b>Non-Current Liabilities</b>		
Lease liabilities	756	794
Borrowings	3,702	4,003
Deferred taxation	1,775	1,775
	<u>6,233</u>	<u>6,572</u>
<b>Current Liabilities</b>		
Trade payables	8,815	7,926
Other payables	4,467	6,223
Short term lease liabilities	771	972
Short term borrowings	45,349	49,653
Tax payable	564	353
Contract liabilities	-	336
	<u>59,966</u>	<u>65,463</u>
<b>Total Liabilities</b>	<u>66,199</u>	<u>72,035</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>265,641</u>	<u>267,751</u>
<b>Net Asset per share attributable to ordinary equity holders of the parent (RM)</b>	<u>1.26</u>	<u>1.23</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements)

## Quarterly report on consolidated results for the first financial quarter ended 31 March 2021

## Condensed Consolidated Statement of Cash Flows for the quarter ended 31 March 2021

(The figures presented here have not been audited unless stated otherwise)

	Cumulative Current Year 31 Mar 2021 RM'000	Cumulative Preceding Year 31 Mar 2020 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	4,248	3,185
Adjustments for:		
Depreciation of property, plant and equipment	702	873
Depreciation of investment properties	28	38
Depreciation of right-of-use assets	301	265
Loss on disposal of property, plant and equipment	9	1
Interest expense	402	800
Interest income	(544)	(840)
Reversal of impairment loss on trade receivables	(42)	(150)
Unrealised gain on foreign exchange	(12)	(51)
Operating profit before working capital changes	5,092	4,121
(Increase)/Decrease in working capital:		
Inventories	5,671	(12,038)
Trade and other receivables	4,560	2,490
Trade and other payables	(1,203)	1,239
Cash generated from (used in) operations	14,120	(4,188)
Interest received	544	840
Interest paid	(402)	(800)
Income tax paid	(709)	(933)
<b>Net cash generated from operating activities</b>	13,553	(5,081)
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	4	-
Purchase of property, plant and equipment	(462)	(122)
Purchase of right-of-use assets	(4)	30
Placement of deposits with investment fund	(276)	-
Placement of deposits with licensed banks	(72)	-
<b>Net cash used in investing activities</b>	(810)	(92)

## Quarterly report on consolidated results for the first financial quarter ended 31 March 2021

## Condensed Consolidated Statement of Cash Flows for the quarter ended 31 March 2021

(The figures presented here have not been audited unless stated otherwise)

	Cumulative Current Year 31 Mar 2021 RM'000	Cumulative Preceding Year 31 Mar 2020 RM'000
<b>Cash flows from financing activities</b>		
Repayment of lease liabilities	(233)	(291)
Net (repayment) drawdown of bank borrowings	(4,608)	8,124
<b>Net cash (used in) generated from financing activities</b>	<u>(4,841)</u>	<u>7,833</u>
Net increase/(decrease) in cash and cash equivalents	7,902	2,660
Cash and cash equivalents at beginning of financial year	44,184	117,424
Cash and cash equivalents at end of financial period	<u><b>52,086</b></u>	<u><b>120,084</b></u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements)

## Quarterly report on consolidated results for the first financial quarter ended 31 March 2021

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## Condensed Consolidated Statement of Changes in Equity for the quarter ended 31 March 2021

(The figures presented here have not been audited)

	----- Attributable to Equity Holders of the Parent -----		Retained Profit	Total
	Non-distributable	Distributable		
	Share Capital RM'000	Treasury Shares RM'000	RM'000	RM'000
<b>Balance as at 1 January 2021</b>	86,677	(650)	109,689	195,716
Profit for the period	-	-	3,726	3,726
Other comprehensive income:	-	-	-	-
Total comprehensive income for the period	-	-	3,726	3,726
<b>Balance as at 31 March 2021</b>	<b>86,677</b>	<b>(650)</b>	<b>113,415</b>	<b>199,442</b>
<b>Balance as at 1 January 2020</b>	86,677	(650)	108,433	194,460
Profit for the period	-	-	2,509	2,509
Other comprehensive income:	-	-	-	-
Effect of adoption of MFRS 16	-	-	(1)	(1)
Total comprehensive income for the period	-	-	2,508	2,508
<b>Balance as at 31 March 2020</b>	<b>86,677</b>	<b>(650)</b>	<b>110,941</b>	<b>196,968</b>

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements)

## Notes on the quarterly report – 31 March 2021

### PART A: EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

#### A1. Basis of preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134 (Interim Financial Reporting) issued by the Malaysian Accounting Standards Board (“MASB”) and Chapter 9, Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2020.

#### Changes in Accounting Policies

The accounting policies, methods of computation and basis of consolidation adopted by the Group in the interim financial statements are consistent with those adopted in the financial statements for the financial year ended 31 December 2020.

The Group and the Company have not early adopted the following new MFRSs, new interpretation and amendments to MFRSs, which have been issued by the Malaysian Accounting Standards Board (“MASB”) as at the date of authorisation of these interim financial statements but are not yet effective for the Group and the Company as stated below:

		Effective date for financial periods beginning on or after
Amendments to MFRS 16	Covid-19-Related Rent Concessions	1 June 2020
Annual Improvements to MFRS 9	Fees in the 10% test for derecognition of financial liabilities	1 January 2022
Amendments to MFRS 3	Reference to Conceptual Framework	1 January 2022
Amendments to MFRS 116	Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023

The Group and the Company intend to adopt the above new MFRSs, new Interpretations and amendments to MFRSs when they become effective.

#### A2. Qualification of annual financial statements

There was no qualification on the annual audited financial statements of the Group for the year ended 31 December 2020.

#### A3. Seasonal and cyclical factors

The Group’s business operation results were not materially affected by any major seasonal or cyclical factors in the quarter under review.



## Notes on the quarterly report – 31 March 2021

### A4. Unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows

There were no unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

### A5. Material changes in estimates

There were no material changes in estimates of amounts reported in the current quarter under review.

### A6. Issuances and repayment of debt and equity securities

There has been no other issuance, cancellations, repurchase, resale and repayment of debt and equity securities for the current quarter under review, except for the following: -

The details of shares held as treasury shares for the period ended 31 March 2021 are as follows:

	Number of Treasury Shares	Total consideration RM
Balance as at 31 December 2020	1,418,900	649,578
Repurchased during the quarter	0	0
Balance as at 31 March 2021	1,418,900	649,578

There were no additional repurchase of shares since 1 January 2021.

### A7. Dividend paid

There was no dividend paid by the Company during the quarter under review.

### A8. Segment information

Details segmental analysis for the period ended 31 March 2021 are as follows:

#### (a) Geographical segments

Revenue by geographical location of customers:

<u>Location</u>	Consolidated RM'000
Malaysia	52,722
Asia (other than Malaysia)	4,595
Total	<u>57,317</u>

**Notes on the quarterly report – 31 March 2021**

(b) **Business segments**

	<b>Processed papers products RM'000</b>	<b>Disposable fibre-based products RM'000</b>	<b>Investment holding and others RM'000</b>	<b>Adjustments and elimination RM'000</b>	<b>Consolidation RM'000</b>
<b>Revenue</b>					
External customer	35,397	21,920	-	-	57,317
Inter-segment	14,194	10,834	-	(25,028)	-
Total revenue	49,591	32,754	-	(25,028)	57,317
<b>Results</b>					
Segment results	2,252	1,770	(112)	196	4,106
Interest income	246	169	129	-	544
Finance costs	(303)	(99)	-	-	(402)
Profit before taxation	2,195	1,840	17	196	4,248
Taxation	(421)	(70)	(31)	-	(522)
Net profit/(loss) for the financial period	1,774	1,770	(14)	196	3,726
<b>Assets</b>					
Additions to non-current assets	21	441	-	-	462
Segment assets	126,297	121,036	91,297	(72,989)	265,641

**A9. Valuation of property, plant and equipment**

The property, plant and equipment except for freehold land are stated at cost less accumulated depreciation. No depreciation is provided on freehold land. There was no revaluation of property, plant and equipment for the current quarter and financial year to date.

**A10. Acquisitions and Disposals of Property, Plant and Equipment**

There were no major acquisitions and disposal of property, plant and equipment during the quarter under review.

**A11. Material events subsequent to the end of the interim period**

There were no material events subsequent to the end of the current quarter, except the following:

Subsequent to the financial period end, a subsidiary of the Group received queries from the customs authorities on prior years' sales and service tax submissions. The Group has engaged a tax consultant and discussions with the customs authorities are currently ongoing. As the Board of Directors are working towards addressing these matters, the potential impact to the financial statements cannot be reliably estimated at this juncture.

**A12. Changes in the composition of the Group**

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

## Notes on the quarterly report – 31 March 2021

### **A13. Changes in contingent liabilities**

As at the date of announcement, there were no material contingent liabilities incurred by the Group which, upon becoming enforceable, may have material impact on the financial position of the Group.

### **A14. Capital commitments**

There were no significant capital commitments as at 31 March 2021.

**Notes on the quarterly report – 31 March 2021**

**PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS**

**B1. Review of performance**

	Individual Period			Cumulative Period		
	Current Year Quarter 31.03.2021 RM'000	Preceding Year Corresponding Quarter 31.03.2020 RM'000	Changes (RM'000 / %)	Current Year To- date 31.03.2021 RM'000	Preceding Year Corresponding Period 31.03.2020 RM'000	Changes (RM'000 / %)
Revenue	57,317	54,095	3,222 / 5.9%	57,317	54,095	3,222 / 5.9%
Operating Profit	4,106	3,145	961/ 30.5%	4,106	3,145	961/ 30.5%
Profit Before Tax	4,248	3,185	1,063 / 33.4%	4,248	3,185	1,063 / 33.4%
Profit After Tax	3,726	2,509	1,217 / 48.5%	3,726	2,509	1,217 / 48.5%
Profit Attributable to Ordinary Equity Holders of the Parent	3,726	2,509	1,217 / 48.5%	3,726	2,509	1,217 / 48.5%

The Group recorded revenue of RM57.3 million for the current quarter, an increase of approximately RM3.2 million as compared to RM54.1 million in the preceding year corresponding quarter mainly due to the improvement of sales activities in both processed paper products and disposable fibre-based products, which were benefited from business recovery subsequent to the Movement Control Order (MCO).

The Group recorded a profit before tax of RM4.2 million for the current quarter under review, a substantial increase of RM1.0 million as compared to profit before tax of RM3.2 million in the preceding year corresponding quarter, mainly due to increase in revenue.

**B2. Variation of results against immediate preceding quarter**

	Current Quarter 31.03.2021 RM'000	Immediate Preceding Quarter 31.12.2020 RM'000	Changes (Amount / %) RM'000 / %
Revenue	57,317	60,126	(2,809) / -4.7%
Operating Profit/(Loss)	4,106	(383)	4,489 / 1,172.1%
Profit/(Loss) Before Tax	4,248	(18)	4,266 / 23,700.0%
Profit/(Loss) After Tax	3,726	(161)	3,887 / 2,414.3%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent holders of the parent	3,726	(161)	3,887 / 2,414.3%

The Group recorded profit before tax of RM4.2 million for the current quarter as compared to loss before tax of RM18,000 in the immediate preceding quarter for the period ended 31 December 2020. The improvement of sales in both processed paper products and disposable fibre-based products, which were benefited from business recovery subsequent to the Movement Control Order and there was no one off impairment loss on investment property during the quarter under review compared to immediate preceding quarter.

**Notes on the quarterly report – 31 March 2021**

**B3. Prospects**

The Group's business operations environment remain challenging due to increasing COVID-19 infection, and implementation of the various movement control order during the quarter under review. As such, the Directors of the Company remain cautious and continue to closely monitor the situations and respond proactively to mitigate the impact on the Group's business and financial performance.

Moving forward, the Group will continue to take initiatives to enhance cost optimisation and effort to improve productivity by producing good quality products to customers. The Group will also be focusing on growing its products expansion by continuing to streamline the range of products in order to meet the customers' demands.

Barring unforeseen circumstances, the Board anticipates the Group to achieve satisfactory results for the remaining of quarters of the year.

**B4. Variance of actual and forecast profit**

Not applicable as there was no profit forecast has been published.

**B5. Tax expense**

	Current quarter ended 31.03.2021 RM'000	Current year to date 31.03.2021 RM'000
Estimated tax payable:		
Current	522	522
Total	<u>522</u>	<u>522</u>

The effective tax rate for the current quarter and financial year to date under review is lower than the statutory income tax rate mainly due to utilisation of reinvestment allowance claim.

**B6. Status of corporate proposal**

There was no corporate proposal announced as at the date of this announcement.

**B7. Group borrowings**

The Group's borrowings as at the end of the reporting period are as follows:

Group borrowings	Short Term (Secured) RM'000	Long Term (Secured) RM'000	Total RM'000
Trust receipts and bankers' acceptance	44,173	-	44,173
Hire purchase	1,176	3,702	4,878
Total	<u>45,349</u>	<u>3,702</u>	<u>49,051</u>

**B8. Off balance sheet financial instruments**

There are no financial instruments with off balance sheet risk as at the date of this report.

**Notes on the quarterly report – 31 March 2021**

**B9. Material litigation**

There was no pending material litigation as at the date of this report.

**B10. Dividends**

There was no dividend declared by the Company during the current quarter under review.

**B11. Basic earnings per share**

The basic earnings per share for the current quarter and cumulative year to date are computed as follows:-

	Individual Quarter		Cumulative Quarter	
	3 months Ended 31.03.2021 RM'000	3 months Ended 31.03.2020 RM'000	3 months Ended 31.03.2021 RM'000	3 months Ended 31.03.2020 RM'000
a) Profit attributable to equity holders of the parent (RM'000)	3,726	2,509	3,726	2,509
b) Weighted average number of ordinary shares ('000):	158,581	158,581	158,581	158,581
c) Earnings per ordinary share (sen):				
i) Basic	2.35	1.58	2.35	1.58
ii) Diluted	Note	Note	Note	Note

Note:

The diluted earnings per share are not presented as there were no potential ordinary shares to be issued as at the end of the reporting period.

**B12. Disclosure of realised and unrealised profits (unaudited)**

	Quarter Ended	
	31.03.2021 RM'000	31.03.2020 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	158,330	156,065
- Unrealised	1,787	2,299
	160,117	158,364
Less: Consolidation adjustments	(46,702)	(47,423)
Total Group retained profits as per consolidated accounts	113,415	110,941

**Notes on the quarterly report – 31 March 2021**

**B13. Notes to the statement of comprehensive income**

	Quarter Ended	
	31.03.2021	31.03.2020
	RM'000	RM'000
Interest income	(544)	(840)
Interest expense	402	800
Depreciation and amortization	1,031	1,176
Reversal of impairment on trade receivables	(42)	(150)
Loss on disposal of property, plant and equipment	9	1
Unrealised gain on foreign exchange	(12)	(51)

Other than the above, there were no gain or loss on disposal of quoted investments, gain or loss on derivatives and exceptional items for the current quarter ended 31 March 2021.

**B14. Authorisation for issue**

The interim financial report was authorised for issuance by the Board of Directors of the Company on 19 May 2021.