



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

**CONSOLIDATED FINANCIAL RESULTS AND NOTES**  
**3rd QUARTER ENDED 30 SEPTEMBER 2023**

## Condensed Consolidated Income Statement for the quarter ended 30 September 2023

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current year</u> <u>Quarter</u> <u>30 Sep 2023</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>30 Sep 2022</u> RM'000	<u>Current Year</u> <u>To Date</u> <u>30 Sep 2023</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Period</u> <u>30 Sep 2022</u> RM'000
Revenue	60,438	69,791	203,974	205,824
Cost of sales	(53,908)	(62,294)	(180,958)	(181,804)
Gross profit	6,530	7,497	23,016	24,020
Other income	560	1,811	1,566	3,904
Marketing and distribution expenses	(2,850)	(2,842)	(8,684)	(7,709)
Administration expenses	(3,793)	(4,408)	(10,680)	(11,377)
Operating Profit	447	2,058	5,218	8,838
Interest income	946	545	2,953	1,845
Finance costs	(871)	(468)	(2,202)	(1,512)
Profit before tax	522	2,135	5,969	9,171
Income tax expense	201	(1,281)	(1,375)	(3,181)
Profit for the period	723	854	4,594	5,990
Profit attributed to:				
Equity holders of the parent	723	854	4,594	5,990
	723	854	4,594	5,990
Earnings per share attributable to equity holders of the parent:				
Basic (sen)	0.46	0.54	2.90	3.78
Diluted (sen)	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements)

## Quarterly report on consolidated results for the third financial quarter ended 30 September 2023

## Condensed Consolidated Statement of Comprehensive Income for the quarter ended 30 September 2023

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current year Quarter 30 Sep 2023 RM'000	Preceding Year Corresponding Quarter 30 Sep 2022 RM'000	Current Year To Date 30 Sep 2023 RM'000	Preceding Year Corresponding Period 30 Sep 2022 RM'000
Profit for the period	723	854	4,594	5,990
Other comprehensive income:	-	-	-	-
Total comprehensive income for the period	<u>723</u>	<u>854</u>	<u>4,594</u>	<u>5,990</u>
Total comprehensive income attributable to:				
Equity holders of the parent	<u>723</u>	<u>854</u>	<u>4,594</u>	<u>5,990</u>
	<u>723</u>	<u>854</u>	<u>4,594</u>	<u>5,990</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements)

**Condensed Consolidated Statement of Financial Position as at 30 September 2023**

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

	As At End Of Current Quarter 30 Sep 2023 RM'000	Preceding Financial Year-Ended 31 Dec 2022 RM'000
<b>Non-Current Assets</b>		
Property, plant and equipment	15,575	16,761
Investment properties	6,258	6,339
Right-of-use assets	21,610	22,540
Other assets	20	20
Deferred tax assets	1,199	1,199
Other receivables, deposits and prepayments	1,358	780
	<u>46,020</u>	<u>47,639</u>
<b>Current Assets</b>		
Inventories	69,896	57,163
Trade receivables	53,788	51,693
Other receivables, deposits and prepayments	3,906	1,207
Tax recoverable	3,438	2,951
Fixed deposits with licensed banks	57,700	57,700
Cash and bank balances	49,602	52,654
	<u>238,330</u>	<u>223,368</u>
<b>TOTAL ASSETS</b>	<u>284,350</u>	<u>271,007</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	115,793	113,578
<b>Total equity</b>	<u>201,820</u>	<u>199,605</u>
<b>Non-Current Liabilities</b>		
Lease liabilities	1,769	1,874
Borrowings	464	1,480
Deferred taxation	1,710	1,710
	<u>3,943</u>	<u>5,064</u>
<b>Current Liabilities</b>		
Trade payables	7,308	7,187
Other payables	4,804	5,568
Short term lease liabilities	399	975
Short term borrowings	65,815	51,015
Tax payable	179	171
Provision	82	788
Contract liabilities	-	634
	<u>78,587</u>	<u>66,338</u>
<b>Total Liabilities</b>	<u>82,530</u>	<u>71,402</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>284,350</u>	<u>271,007</u>
<b>Net Asset per share attributable to ordinary equity holders of the parent (RM)</b>	<u>1.27</u>	<u>1.26</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements)

**Condensed Consolidated Statement of Cash Flows for the quarter ended 30 September 2023**

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

	<b>Cumulative Current Year 30 Sep 2023 RM'000</b>	<b>Cumulative Preceding Year 30 Sep 2022 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	5,969	9,171
Adjustments for:		
Bad debt recovered	(23)	-
Depreciation of property, plant and equipment	2,202	1,925
Depreciation of investment properties	81	81
Depreciation of right-of-use assets	989	916
Gain on disposal of property, plant and equipment	(98)	(82)
Impairment loss on trade receivables	-	51
Interest expense	2,202	1,512
Interest income	(2,953)	(1,845)
Reversal of inventory written down in value	-	(59)
Reversal of impairment loss on trade receivables	(270)	(257)
Unrealised loss (gain) on foreign exchange	412	(74)
Operating profit before working capital changes	<u>8,511</u>	<u>11,339</u>
Changes in working capital:		
Inventories	(12,733)	(11,771)
Trade and other receivables	(5,493)	(4,518)
Trade and other payables	(1,983)	(2,270)
Cash used in operations	<u>(11,698)</u>	<u>(7,220)</u>
Interest received	2,953	1,741
Interest paid	(2,202)	(1,512)
Income tax refunded	333	256
Income tax paid	(2,186)	(3,009)
<b>Net cash used in operating activities</b>	<u>(12,800)</u>	<u>(9,744)</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	98	84
Purchase of property, plant and equipment	(1,016)	(3,177)
<b>Net cash used in from investing activities</b>	<u>(918)</u>	<u>(3,093)</u>

**Condensed Consolidated Statement of Cash Flows for the quarter ended 30 September 2023**

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

	<b>Cumulative Current Year 30 Sep 2023 RM'000</b>	<b>Cumulative Preceding Year 30 Sep 2022 RM'000</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(2,379)	(3,172)
Repayment of lease liabilities	(740)	(754)
Repayment of bank borrowings	(121,805)	(111,612)
Drawdown of bank borrowings	135,590	112,151
<b>Net cash generated from (used in) financing activities</b>	<b>10,666</b>	<b>(3,387)</b>
Net decrease in cash and cash equivalents	(3,052)	(16,224)
Cash and cash equivalents at beginning of financial year	110,354	123,927
Cash and cash equivalents at end of financial period	<b>107,302</b>	<b>107,703</b>
<b>Cash and cash equivalents comprise:</b>		
Fixed deposits with licensed banks	57,700	-
Cash and bank balances	49,602	107,703
	<b>107,302</b>	<b>107,703</b>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements)

**WANG-ZHENG BERHAD**

[Registration No. 200301009817 (612237-K)]

**Quarterly report on consolidated results for the third financial quarter ended 30 September 2023****Page 6****Condensed Consolidated Statement of Changes in Equity for the quarter ended 30 September 2023**

(The figures presented here have not been audited)

	Attributable to Equity Holders of the Parent		Retained Profit RM'000	Total RM'000
	Share Capital RM'000	Treasury Shares RM'000		
<b>Balance as at 1 January 2023</b>	86,677	(650)	113,578	199,605
Profit for the period	-	-	4,594	4,594
Other comprehensive income:	-	-	-	-
Total comprehensive income for the period	-	-	4,594	4,594
Dividends	-	-	(2,379)	(2,379)
<b>Balance as at 30 September 2023</b>	<b>86,677</b>	<b>(650)</b>	<b>115,793</b>	<b>201,820</b>
<b>Balance as at 1 January 2022</b>	86,677	(650)	110,247	196,274
Profit for the period	-	-	5,990	5,990
Other comprehensive income:	-	-	-	-
Total comprehensive income for the period	-	-	5,990	5,990
Dividends	-	-	(3,172)	(3,172)
<b>Balance as at 30 September 2022</b>	<b>86,677</b>	<b>(650)</b>	<b>113,065</b>	<b>199,092</b>

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the financial statements)

## Notes on the quarterly report – 30 September 2023

### 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 2022. 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 2022.

#### 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 2022.

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:

		<u>Effective date for financial periods beginning on or after</u>
Amendments to MFRS 16	Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024

The Group and the Company intend to adopt the above new MFRSs, new Interpretations and amendments to MFRSs when they become effective. The initial application of the above MFRSs will not have any significant impact on the financial statements.

#### 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 2022.

#### 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.

#### 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.



## Notes on the quarterly report – 30 September 2023

### 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 30 September 2023 are as follows:

	Number of Treasury Shares	Total consideration RM
Balance as at 30 June 2023	1,418,900	649,578
Repurchased during the quarter	0	0
Balance as at 30 September 2023	1,418,900	649,578

There were no additional repurchase of shares since 1 July 2023.

### 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 30 September 2023 are as follows:

#### (a) Geographical segments

Revenue by geographical location of customers:

<u>Location</u>	Consolidated RM'000
Malaysia	193,418
Asia (other than Malaysia)	9,880
Africa (Mauritius)	676
Total	<u>203,974</u>

**Notes on the quarterly report – 30 September 2023**

**A8. Segment information-continued**

**(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	149,065	54,909	-	-	203,974
Inter-segment	71,353	27,898	-	(99,251)	-
Total revenue	220,418	82,807	-	(99,251)	203,974
<b>Results</b>					
Segment results	5,465	(531)	(424)	708	5,218
Interest income	1,691	852	767	(357)	2,953
Finance costs	(2,359)	(200)	-	357	(2,202)
Profit before taxation	4,797	121	343	708	5,969
Taxation	(993)	(239)	(143)	-	(1,375)
Net profit (loss) for the financial period	3,804	(118)	200	708	4,594
<b>Assets</b>					
Additions to non-current assets	36	974	7	-	1,016
Segment assets	164,775	111,430	86,989	(78,844)	284,350

**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.

**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 – 30 September 2023**

**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**

Capital commitments for the purchase of property, plant and equipment in the interim financial statements as at 30 September 2023 are as below:

Authorised and contracted for:	
- Property, plant and equipment	RM1,818,665

**Notes on the quarterly report – 30 September 2023**

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

**B1. Review of performance**

	Individual Period			Cumulative Period		
	Current Year Quarter 30.09.2023 RM'000	Preceding Year Corresponding Quarter 30.09.2022 RM'000	Changes (RM'000 / %)	Current Year To- date 30.09.2023 RM'000	Preceding Year Corresponding Period 30.09.2022 RM'000	Changes (RM'000 / %)
Revenue	60,438	69,791	(9,353) / (13.4%)	203,974	205,824	(1,850) / (0.9%)
Operating Profit	447	2,058	(1,611) / (78.3%)	5,218	8,838	(3,620) / (41.0%)
Profit Before Tax	522	2,135	(1,760) / (82.4%)	5,969	9,171	(3,202) / (34.9%)
Profit After Tax	723	854	(131) / (15.4%)	4,594	5,990	(1,396) / (23.3%)
Profit Attributable to Ordinary Equity Holders of the Parent	723	854	(131) / (15.4%)	4,594	5,990	(1,396) / (23.3%)

The Group recorded revenue of RM60.4 million for the current quarter, a decrease of approximately RM9.4 million as compared to RM69.8 million in the preceding year's corresponding quarter mainly due to decrease sales in both processed paper products and disposable fibre-based products as a result of price decrease in processed paper products and lower demand in fibre-based products.

The Group recorded a profit before tax of RM0.5 million for the current quarter under review, a substantial decrease of RM1.7 million as compared to profit before tax of RM2.1 million in the preceding year corresponding quarter mainly attributed to decrease sales in both processed paper products and disposable fibre-based products.

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

	Current Quarter 30.09.2023 RM'000	Immediate Preceding Quarter 30.06.2023 RM'000	Changes (Amount / %) RM'000 / %
Revenue	60,438	68,427	(7,989) / (11.7%)
Operating Profit	447	1,379	(932) / (67.6%)
Profit Before Tax	522	1,838	(1,316) / (71.6%)
Profit After Tax	723	1,240	(517) / (41.7%)
Profit Attributable to Ordinary Equity Holders of the Parent holders of the parent	723	1,240	(517) / (41.7%)

The Group recorded profit before tax of RM0.5 million for the current quarter as compared to profit before tax of RM1.8 million in the immediate preceding quarter for the period ended 30 June 2023 mainly due to a substantial decrease in sales in both processed paper products and disposable fibre-based products.

**Notes on the quarterly report – 30 September 2023**

**B3. Prospects**

The Group's business operations environment is driven by the increasingly challenging economic landscape which is deeply affected by uncertainties in commodity prices and currency exchange rates. Monetary policy actions and frameworks are key at the current juncture to keep inflation expectations anchored. Amidst these challenges, the Directors of the Company continue to emphasize sustainable management of resources, implement cost control measures and optimize the operational processes to improve efficiency and reduce expenses on the Group's business and financial performance.

Despite the challenges in the current global economic landscape, the Group will continuously focus on diverse customer needs in the markets to attract new customers to its product by promoting events and achieving satisfactory results for the fourth quarter 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 30.09.2023 RM'000	Current year to date 30.09.2023 RM'000
Estimated tax payable:		
Current	(201)	1,375
Total	<u>(201)</u>	<u>1,375</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 the unabsorbed capital and reinvestment allowance balance brought forward from the previous year.

**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	64,469	-	64,469
Hire purchase	1,346	464	1,810
Total	<u>65,815</u>	<u>464</u>	<u>66,279</u>

**B8. Off balance sheet financial instruments**

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

**B9. Material litigation**

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

**Notes on the quarterly report – 30 September 2023**

**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 30.09.2023 RM'000	3 months Ended 30.09.2022 RM'000	9 months Ended 30.09.2023 RM'000	9 months Ended 30.09.2022 RM'000
a) Profit attributable to equity holders of the parent (RM'000)	723	854	4,594	5,990
b) Weighted average number of ordinary shares ('000):	158,581	158,581	158,581	158,581
c) Earnings per ordinary share (sen):				
i) Basic	0.46	0.54	2.90	3.78
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. Notes to the statement of comprehensive income**

	Quarter Ended	
	30.09.2023 RM'000	30.09.2022 RM'000
Bad debt recovered	(23)	-
Depreciation and amortization	3,272	2,922
Gain on disposal of property, plant and equipment	(98)	(82)
Impairment loss on trade receivables	-	51
Interest expense	2,202	1,512
Interest income	(2,953)	(1,845)
Reversal of impairment loss on trade receivables	(270)	(257)
Reversal of inventories written down	-	(59)
Unrealised loss/(gain) on foreign exchange	412	(74)

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 30 September 2023.

**B13. Authorisation for issue**

The interim financial report was authorised for issuance by the Board of Directors of the Company on 17 November 2023.