



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

**CONSOLIDATED FINANCIAL RESULTS AND NOTES**  
**4th QUARTER ENDED 31 DECEMBER 2022**

**Condensed Consolidated Income Statement for the quarter ended 31 December 2022**

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>(Unaudited)</u>		<u>(Audited)</u>	
	<u>Current year</u>	<u>Preceding Year</u>	<u>Current Year</u>	<u>Preceding Year</u>
	<u>Quarter</u>	<u>Corresponding</u>	<u>To Date</u>	<u>Corresponding</u>
	<u>31 Dec 2022</u>	<u>Quarter</u>	<u>31 Dec 2022</u>	<u>Period</u>
	<u>RM'000</u>	<u>31 Dec 2021</u>	<u>RM'000</u>	<u>31 Dec 2021</u>
		<u>RM'000</u>		<u>RM'000</u>
Revenue	62,469	62,340	268,293	225,289
Cost of sales	(57,047)	(52,964)	(238,851)	(193,595)
Gross profit	5,422	9,376	29,442	31,694
Other income	(1,248)	(181)	2,657	1,819
Marketing and distribution expenses	(1,870)	(2,274)	(9,580)	(9,206)
Administration expenses	(2,131)	(3,261)	(13,509)	(13,065)
Operating Profit	173	3,660	9,010	11,242
Interest income	568	442	2,413	2,153
Finance costs	(604)	(436)	(2,116)	(1,737)
Profit before tax	137	3,666	9,307	11,658
Income tax expense	377	(1,947)	(2,803)	(3,941)
Profit for the period	514	1,719	6,504	7,717
Profit attributed to:				
Equity holders of the parent	514	1,719	6,504	7,717
	514	1,719	6,504	7,717
Earnings per share attributable to equity holders of the parent:				
Basic (sen)	0.32	1.08	4.10	4.87
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 2021 and the accompanying explanatory notes attached to the interim financial statements)

## Quarterly report on consolidated results for the fourth financial quarter ended 31 December 2022

## Condensed Consolidated Statement of Comprehensive Income for the quarter ended 31 December 2022

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		(Unaudited)		(Audited)
	Current year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	31 Dec 2022	Quarter	31 Dec 2022	Period
	RM'000	31 Dec 2021	RM'000	31 Dec 2021
		RM'000		RM'000
Profit for the period	514	1,719	6,504	7,717
Other comprehensive income:	-	-	-	-
Total comprehensive income for the period	<u>514</u>	<u>1,719</u>	<u>6,504</u>	<u>7,717</u>
Total comprehensive income attributable to:				
Equity holders of the parent	<u>514</u>	<u>1,719</u>	<u>6,504</u>	<u>7,717</u>
	<u>514</u>	<u>1,719</u>	<u>6,504</u>	<u>7,717</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 2021 and the accompanying explanatory notes attached to the interim financial statements)

## Quarterly report on consolidated results for the fourth financial quarter ended 31 December 2022

## Condensed Consolidated Statement of Financial Position as at 31 December 2022

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

	(Unaudited) As At End Of Current Quarter 31 Dec 2022 RM'000	(Audited) Preceding Financial Year-Ended 31 Dec 2021 RM'000
<b>Non-Current Assets</b>		
Property, plant and equipment	16,761	14,853
Investment properties	6,339	6,446
Right-of-use assets	22,540	20,843
Other assets	20	22
Deferred tax assets	1,199	1,482
Other receivables, deposits and prepayments	780	1,158
	<u>47,639</u>	<u>44,804</u>
<b>Current Assets</b>		
Inventories	57,162	44,888
Trade receivables	51,693	46,168
Other receivables, deposits and prepayments	1,207	2,084
Tax recoverable	3,013	2,152
Fixed deposits with licensed banks	57,700	12,587
Cash and bank balances	52,654	123,928
	<u>223,429</u>	<u>231,807</u>
<b>TOTAL ASSETS</b>	<u>271,068</u>	<u>276,611</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	113,579	110,247
<b>Total equity</b>	<u>199,606</u>	<u>196,274</u>
<b>Non-Current Liabilities</b>		
Lease liabilities	1,849	82
Borrowings	1,480	2,775
Deferred taxation	1,710	1,697
	<u>5,039</u>	<u>4,554</u>
<b>Current Liabilities</b>		
Trade payables	7,187	5,575
Other payables	5,566	6,186
Short term lease liabilities	1,001	833
Short term borrowings	51,015	58,362
Tax payable	232	374
Provision	788	4,108
Contract liabilities	634	345
	<u>66,423</u>	<u>75,783</u>
<b>Total Liabilities</b>	<u>71,462</u>	<u>80,337</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>271,068</u>	<u>276,611</u>
<b>Net Asset per share attributable to ordinary equity holders of the parent (RM)</b>	<u>1.26</u>	<u>1.24</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 2021 and the accompanying explanatory notes attached to the interim financial statements)

## Condensed Consolidated Statement of Cash Flows for the quarter ended 31 December 2022

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

	(Unaudited) Cumulative Current Year 31 Dec 2022 RM'000	(Audited) Cumulative Preceding Year 31 Dec 2021 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	9,307	11,658
Adjustments for:		
Allowance for obsolete stock	-	343
Bad debt written off	147	-
Depreciation of property, plant and equipment	2,809	2,667
Depreciation of investment properties	108	109
Depreciation of right-of-use assets	1,240	1,225
Fair value loss on financial assets	1	1
(Gain)/Loss on disposal of property, plant and equipment	(82)	1
Impairment loss on slow moving inventories	301	-
Interest expense	2,116	1,737
Interest income	(2,413)	(2,173)
Inventories written off	213	-
Inventories written down	127	-
(Reversal of) / impairment loss on trade receivables	(168)	202
Provision for sales tax	788	950
Unrealised gain on foreign exchange	(410)	(94)
Operating profit before working capital changes	14,084	16,626
Changes in working capital:		
Inventories	(12,916)	2,921
Trade and other receivables	(3,839)	3,280
Trade and other payables	(3,115)	(2,449)
Contract liabilities	289	9
Cash (used in) generated from operations	(5,497)	20,387
Interest received	2,269	1,887
Interest paid	(2,116)	(1,737)
Income tax refunded	256	-
Income tax paid	(3,765)	(3,623)
<b>Net cash (used in) generated from operating activities</b>	(8,853)	16,914
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	84	12
Purchase of property, plant and equipment	(4,718)	(1,523)
Placement of deposits with investment fund	-	(59,000)
Withdrawal from deposits with investment fund	-	121,378
Withdrawal of fixed deposits with licensed banks	12,732	117
<b>Net cash generated from investing activities</b>	8,098	60,984

**Condensed Consolidated Statement of Cash Flows for the quarter ended 31 December 2022**

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

	(Unaudited) Cumulative Current Year 31 Dec 2022 RM'000	(Audited) Cumulative Preceding Year 31 Dec 2021 RM'000
<b>Cash flows from financing activities</b>		
Dividend paid	(3,172)	(4,757)
Repayment of hire purchase	-	(1,159)
Repayment of lease liabilities	(1,004)	(980)
Repayment of bank borrowings	(154,552)	(123,577)
Drawdown of bank borrowings	145,910	132,216
<b>Net cash (used in) generated from financing activities</b>	<u>(12,818)</u>	<u>1,743</u>
Net (decrease)/increase in cash and cash equivalents	(13,573)	79,641
Effect of exchange rate fluctuations on cash held	-	103
Cash and cash equivalents at beginning of financial year	123,927	44,184
Cash and cash equivalents at end of financial period	<u><b>110,354</b></u>	<u><b>123,928</b></u>
<b>Cash and cash equivalents comprise:</b>		
Fixed deposits with licensed banks	57,700	-
Cash and bank balances	<u>52,654</u>	<u>123,928</u>
	<u><b>110,354</b></u>	<u><b>123,928</b></u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements)

## Condensed Consolidated Statement of Changes in Equity for the quarter ended 31 December 2022

(The figures presented here have not been audited)

	----- Attributable to Equity Holders of the Parent -----			Total RM'000
	Share Capital RM'000	Treasury Shares RM'000	Retained Profit RM'000	
<b>Balance as at 1 January 2022</b>	86,677	(650)	110,247	196,274
Profit for the period	-	-	6,504	6,504
Other comprehensive income:	-	-	-	-
Total comprehensive income for the period	-	-	6,504	6,504
Dividends	-	-	(3,172)	(3,172)
<b>Balance as at 31 December 2022</b>	<b>86,677</b>	<b>(650)</b>	<b>113,579</b>	<b>199,606</b>
<b>Balance as at 1 January 2021 (Restated)</b>	86,677	(650)	107,287	193,314
Profit for the period	-	-	7,717	7,717
Other comprehensive income:	-	-	-	-
Total comprehensive income for the period	-	-	7,717	7,717
Dividends	-	-	(4,757)	(4,757)
<b>Balance as at 31 December 2021</b>	<b>86,677</b>	<b>(650)</b>	<b>110,247</b>	<b>196,274</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 2021 and the accompanying explanatory notes attached to the financial statements)

## Notes on the quarterly report – 31 December 2022

### 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 2021. 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 2021.

#### 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 2021.

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	Covid-19-Related Rent Concessions	1 January 2022
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
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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 2021.



**Notes on the quarterly report – 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.

**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 December 2022 are as follows:

	Number of Treasury Shares	Total consideration RM
Balance as at 30 September 2022	1,418,900	649,578
Repurchased during the quarter	0	0
Balance as at 31 December 2022	1,418,900	649,578

There were no additional repurchase of shares since 1 October 2022.

**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 December 2022 are as follows:

(a) **Geographical segments**

Revenue by geographical location of customers:

<u>Location</u>	Consolidated RM'000
Malaysia	251,155
Asia (other than Malaysia)	15,206
Africa (Mauritius)	1,932
Total	<u>268,293</u>

**Notes on the quarterly report – 31 December 2022**

**A8. Segment information (Continued)**

(b) Business segments

	Processed papers products RM'000	Disposable fibre-based products RM'000	Investment holding and others RM'000	Adjustments and elimination RM'000	Consolidation RM'000
<b>Revenue</b>					
External customer	188,681	79,612	-	-	268,293
Inter-segment	98,672	44,189	-	(142,861)	-
Total revenue	287,353	123,801	-	(142,861)	268,293
<b>Results</b>					
Segment results	8,091	2,120	(476)	(725)	9,010
Interest income	1,382	787	609	(365)	2,413
Finance costs	(2,203)	(278)	-	365	(2,116)
Profit before taxation	7,270	2,629	133	(725)	9,307
Taxation	(2,154)	(654)	(73)	78	(2,803)
Net profit for the financial period	5,116	1,975	60	(647)	6,504
<b>Assets</b>					
Additions to non-current assets	800	3,918	-	-	4,718
Segment assets	143,915	118,354	86,663	(77,864)	271,068

**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. Acquisition 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.

**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.

**Notes on the quarterly report – 31 December 2022**

**A14. Capital commitments**

There were no significant capital commitments as at 31 December 2022.

**Notes on the quarterly report – 31 December 2022**

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

**B1. Review of performance**

	Individual Period			Cumulative Period		
	Current Year Quarter 31.12.2022 RM'000	Preceding Year Corresponding Quarter 31.12.2021 RM'000	Changes (RM'000 / %)	Current Year To- date 31.12.2022 RM'000	Preceding Year Corresponding Period 31.12.2021 RM'000	Changes (RM'000 / %)
Revenue	62,469	62,340	129 / 0.2%	268,293	225,289	43,004 / 19.1%
Operating Profit	173	3,660	(3,487) / (95.3%)	9,010	11,242	(2,232) / (19.9%)
Profit Before Tax	137	3,666	(3,529) / (96.3%)	9,307	11,658	(2,351) / (20.2%)
Profit After Tax	514	1,719	(1,205) / (70.1%)	6,504	7,717	(1,213) / (15.7%)
Profit Attributable to Ordinary Equity Holders of the Parent	514	1,719	(1,205) / (70.1%)	6,504	7,717	(1,213) / (15.7%)

The Group recorded revenue of RM62.4 million for the current quarter, an increase of approximately RM0.1 million as compared to RM62.3 million in the preceding year corresponding quarter mainly due to increase slightly on sales in disposable fibre-based products as a result of the economic activities were in recovery on track normalcy during the quarter.

The Group recorded a lower profit before tax of RM0.1 million for the current quarter, a decrease of RM3.6 million as compared to RM3.7 million in the preceding year corresponding quarter mainly due to increase in raw material cost, advertising fees for marketing activities and impairment on slow moving inventories as well as inventories written off.

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

	Current Quarter 31.12.2022 RM'000	Immediate Preceding Quarter 30.09.2022 RM'000	Changes (Amount / %) RM'000 / %
Revenue	62,469	69,791	(7,322) / (10.5%)
Operating Profit	173	2,058	(1,885) / (91.6%)
Profit Before Tax	137	2,135	(1,998) / (93.6%)
Profit After Tax	514	854	(340) / (39.8%)
Profit Attributable to Ordinary Equity Holders of the Parent holders of the parent	514	854	(340) / (39.8%)

The Group's profit before tax decreased to approximately RM0.1 million for the current quarter as compared to RM2.1 million in the immediate preceding quarter for the period ended 30 September 2022 mainly due to increase raw material costs and advertising expenses increased.

**Notes on the quarterly report – 31 December 2022**

**B3. Prospects**

The Group's business continued facing challenges in increased raw material costs, competitive pricing factors and the weakening of the Ringgit Malaysia against US Dollars caused by global inflationary pressure in year 2022. The Group continued to maintain cost optimization and improve efficiency in operations to deliver good quality products at lower costs. However, the Group will continue to remain focused on the core business and promoting products of the Group via social media networks to meet consumer demand.

The Group will need to endure the challenges of inflationary pressure and uncertainties in both macro and micro economy to maintain satisfactory results for the year 2023.

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

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

**B5. Tax expense**

	Current quarter ended 31.12.2022 RM'000	Current year to date 31.12.2022 RM'000
Estimated tax payable:		
Current	(540)	2,269
(Over) / Under provision in prior financial year	(212)	237
Deferred Tax	375	297
Total	<u>(377)</u>	<u>2,803</u>

The effective tax rate for the current quarter under review is lower than the statutory income tax rate mainly due to over provision tax in the current and prior financial year. However, the effective tax rate for the financial year to date under review is higher than the statutory income tax rate mainly due to under provision of taxation in prior financial year and certain expenses which are not tax deductible purposes.

**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	49,720	-	49,720
Hire purchase	1,295	1,480	2,775
Total	<u>51,015</u>	<u>1,480</u>	<u>52,495</u>

**Notes on the quarterly report – 31 December 2022**

**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.

**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 31.12.2022 RM'000	3 months Ended 31.12.2021 RM'000	12 months Ended 31.12.2022 RM'000	12 months Ended 31.12.2021 RM'000
a) Profit attributable to equity holders of the parent (RM'000)	514	1,719	6,504	7,717
b) Weighted average number of ordinary shares ('000):	158,581	158,581	158,581	158,581
c) Earnings per ordinary share (sen):				
i) Basic	0.32	1.08	4.10	4.87
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	
	31.12.2022 RM'000	31.12.2021 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	159,978	155,858
- Unrealised	1,300	1,441
	161,278	157,299
Less: Consolidation adjustments	(47,699)	(47,052)
Total Group retained profits as per consolidated accounts	113,579	110,247

**Notes on the quarterly report – 31 December 2022**

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

	Quarter Ended	
	31.12.2022	31.12.2021
	RM'000	RM'000
Interest income	(2,413)	(2,173)
Interest expense	2,116	1,737
Allowance for obsolete stock	-	343
Bad debt written off	147	-
Depreciation and amortization	4,157	4,001
Fair value loss on financial assets	1	1
(Gain)/Loss on disposal of property, plant and equipment	(82)	1
Impairment on slow moving inventories	301	-
Inventories written off	213	-
Inventories written down	127	-
(Reversal of) / impairment loss on trade receivables	(168)	202
Provision for sales tax	788	950
Unrealised gain on foreign exchange	(410)	(94)

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 December 2022.

**B14. Authorisation for issue**

The interim financial report was authorised for issuance by the Board of Directors of the Company on 27 February 2023.