



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

CONSOLIDATED FINANCIAL RESULTS AND NOTES
2nd QUARTER ENDED 30 JUNE 2025

Condensed Consolidated Income Statement for the quarter ended 30 June 2025

(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 Jun 2025</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>30 Jun 2024</u> RM'000	<u>Current Year</u> <u>To Date</u> <u>30 Jun 2025</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Period</u> <u>30 Jun 2024</u> RM'000
Revenue	79,353	74,295	159,398	143,769
Cost of sales	(69,989)	(67,270)	(141,950)	(129,385)
Gross profit	9,364	7,025	17,448	14,384
Other income	1,882	1,827	2,628	3,230
Marketing and distribution expenses	(5,336)	(3,050)	(9,400)	(6,329)
Administration expenses	(5,653)	(4,879)	(9,556)	(8,544)
Operating Profit	257	923	1,120	2,741
Interest income	605	945	1,241	1,947
Finance costs	(585)	(1,000)	(1,379)	(1,793)
Other Expenses	(10,431)	-	(10,431)	-
(Loss) Profit before tax	(10,154)	868	(9,449)	2,895
Income tax expense	5	(290)	(198)	(851)
(Loss) Profit for the period	(10,149)	578	(9,647)	2,044
(Loss) Profit attributed to: Equity holders of the parent	(10,149)	578	(9,647)	2,044
	(10,149)	578	(9,647)	2,044
Earnings per share attributable to equity holders of the parent:				
Basic (sen)	(6.36)	0.36	(6.05)	1.29
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 2024 and the accompanying explanatory notes attached to the interim financial statements)

Quarterly report on consolidated results for the second financial quarter ended 30 June 2025

Condensed Consolidated Statement of Comprehensive Income for the quarter ended 30 June 2025

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current year Quarter 30 Jun 2025 RM'000	Preceding Year Corresponding Quarter 30 Jun 2024 RM'000	Current Year To Date 30 Jun 2025 RM'000	Preceding Year Corresponding Period 30 Jun 2024 RM'000
(Loss) Profit for the period	(10,149)	578	(9,647)	2,044
Other comprehensive income:				
- Foreign currency translation	(49)	8	(57)	8
Total comprehensive income for the period	<u>(10,198)</u>	<u>586</u>	<u>(9,704)</u>	<u>2,052</u>
Total comprehensive income attributable to:				
Equity holders of the parent	<u>(10,198)</u>	<u>586</u>	<u>(9,704)</u>	<u>2,052</u>
	<u>(10,198)</u>	<u>586</u>	<u>(9,704)</u>	<u>2,052</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 2024 and the accompanying explanatory notes attached to the interim financial statements)

Quarterly report on consolidated results for the second financial quarter ended 30 June 2025

Condensed Consolidated Statement of Financial Position as at 30 June 2025

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

	As At End Of Current Quarter 30 Jun 2025 RM'000	(Audited) Preceding Financial Year-Ended 31 Dec 2024 RM'000
Non-Current Assets		
Property, plant and equipment	18,993	25,209
Investment properties	6,070	6,124
Right-of-use assets	27,886	27,075
Other assets	24	24
Deferred tax assets	957	957
Other receivables, deposits and prepayments	18	18
	53,948	59,407
Current Assets		
Inventories	57,973	78,044
Trade receivables	66,857	60,140
Other receivables, deposits and prepayments	4,828	4,797
Tax recoverable	3,045	3,237
Fixed deposits with licensed banks	42,200	55,200
Cash and bank balances	36,835	38,224
	211,738	239,642
TOTAL ASSETS	265,686	299,049
Equity		
Equity attributable to equity holders of the parent		
Share capital	87,152	86,977
Treasury shares	(214)	(432)
Exchange translation reserve	(95)	(37)
Retained earnings	103,784	114,228
Total equity	190,627	200,736
Non-Current Liabilities		
Lease liabilities	882	4
Deferred taxation	203	203
	1,085	207
Current Liabilities		
Trade payables	15,881	18,712
Other payables	7,996	10,273
Short term lease liabilities	823	831
Short term borrowings	47,868	66,247
Tax payable	215	523
Provision	1,191	846
Contract liabilities	-	674
	73,974	98,106
Total Liabilities	75,059	98,313
TOTAL EQUITY AND LIABILITIES	265,686	299,049
Net Asset per share attributable to ordinary equity holders of the parent (RM)	1.19	1.27

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2024 and the accompanying explanatory notes attached to the interim financial statements)

Quarterly report on consolidated results for the second financial quarter ended 30 June 2025

Condensed Consolidated Statement of Cash Flows for the quarter ended 30 June 2025

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

	Cumulative Current Year 30 Jun 2025 RM'000	Cumulative Preceding Year 30 Jun 2024 RM'000
Cash flows from operating activities		
Profit before tax	(9,449)	2,895
Adjustments for:		
Bad debt recovered	(5)	(34)
Depreciation of property, plant and equipment	2,144	1,554
Depreciation of investment properties	54	53
Depreciation of right-of-use assets	1,164	774
Gain on disposal of property, plant and equipment	-	(77)
Interest expense	1,379	1,793
Interest income	(1,241)	(1,947)
Inventories written off	4,994	-
Property, plant and equipment written off	5,437	-
Reversal of impairment on slow moving inventories	-	(37)
Reversal of impairment loss on trade receivables	(356)	(178)
Unrealised gain on foreign exchange	(1,725)	(794)
Operating profit before working capital changes	2,396	4,002
Changes in working capital:		
Inventories	15,077	10,135
Trade and other receivables	(4,661)	8,184
Trade and other payables	(5,437)	2,702
Cash generated from operations	7,375	25,023
Interest received	1,241	1,947
Interest paid	(1,379)	(1,793)
Income tax refunded	624	-
Income tax paid	(860)	(1,093)
Net cash generated from operating activities	7,001	24,084
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	77
Purchase of property, plant and equipment	(1,583)	(4,115)
Net cash used in investing activities	(1,583)	(4,038)

Condensed Consolidated Statement of Cash Flows for the quarter ended 30 June 2025

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

	Cumulative Current Year 30 Jun 2025 RM'000	Cumulative Preceding Year 30 Jun 2024 RM'000
Cash flows from financing activities		
Settlement of share grant plan	-	518
Dividend paid	(797)	(3,187)
Repayment of lease liabilities	(535)	(639)
Repayment of bank borrowings	(106,656)	(107,274)
Drawdown of bank borrowings	88,276	82,950
Net cash used in financing activities	<u>(19,712)</u>	<u>(27,632)</u>
Net decrease in cash and cash equivalents	(14,294)	(7,586)
Effect of exchange rate fluctuations on cash held	(95)	8
Cash and cash equivalents at beginning of financial year	93,424	122,932
Cash and cash equivalents at end of financial period	<u>79,035</u>	<u>115,354</u>
Cash and cash equivalents comprise:		
Fixed deposits with licensed banks	42,200	62,700
Cash and bank balances	<u>36,835</u>	<u>52,654</u>
	<u>79,035</u>	<u>115,354</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 2023 and the accompanying explanatory notes attached to the interim financial statements)

Quarterly report on consolidated results for the second financial quarter ended 30 June 2025

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Condensed Consolidated Statement of Changes in Equity for the quarter ended 30 June 2025

(The figures presented here have not been audited)

	----- Attributable to Equity Holders of the Parent -----				Total RM'000
	Non-distributable			Distributable	
	Share Capital RM'000	Treasury Shares RM'000	Foreign Exchange Reserve RM'000	Retained Profit RM'000	
Balance as at 1 January 2025	86,977	(432)	(37)	114,228	200,736
Loss for the period	-	-	(58)	(9,647)	(9,705)
Settlement of share grant plan	175	218	-	-	393
Total comprehensive income for the period	175	218	(58)	(9,647)	(9,312)
Dividends	-	-	-	(797)	(797)
Balance as at 30 June 2025	87,152	(214)	(95)	103,784	190,627
Balance as at 1 January 2024	86,677	(650)	(6)	117,937	203,958
Effect of subsidiaries prior year adjustment	-	-	-	(52)	(52)
After of subsidiaries prior year adjustment	86,677	(650)	(6)	117,885	203,906
Profit for the period	-	-	8	2,044	2,052
Settlement of share grant plan	300	218	-	-	518
Total comprehensive income for the period	-	-	8	2,044	2,570
Dividends	-	-	-	(3,187)	(3,187)
Balance as at 30 June 2024	86,977	(432)	2	116,742	203,289

(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 2024 and the accompanying explanatory notes attached to the financial statements)

Notes on the quarterly report – 30 June 2025

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 2024. 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 2024.

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 2024.

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 121	The Effects of Changes in Foreign exchange rate - Lack of Exchangeability	1 January 2025
MFRS 1	Annual Improvements to MFRS Accounting Standards—Volume 11	1 January 2026
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	to be announced by MASB

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 2024.

Notes on the quarterly report – 30 June 2025

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

On 30 June 2025, there was a fire broke out at the factory and warehouse of its wholly-owned subsidiary, Carefeel Cotton Industries (M) Sdn Bhd ("CCI"), located at Rawang, Selangor. The fire which occurred in the morning, was brought under control without any casualties.

The affected facility is one of the manufacturing sites for products marketed under house sales brands and also undertakes contract packing for various in-house brands. Due to the fire damage, operations at the site have been halted, resulting in the write-off of RM10.4 million worth of plant, machines, equipment and inventories. Provisions for any potential penalties or claims from customers and suppliers will be recognised in subsequent quarters when such obligations have been ascertained.

The Company has insurance coverage arising from the loss of content damage, machinery, equipment, stock in trade, and business interruption. Discussions are ongoing with insurance adjusters to assess the financial and operational impact of the incident. The final assessment will depend on the outcome of the investigation and the insurance evaluation.

The Company is working on a recovery plan to resume operations as soon as possible, and is working closely with the insurance adjuster in this respect.

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: -

On 18 June 2025, the Company issued 332,633 ordinary shares and transferred 472,967 of its treasury shares for the settlement of shares granted to eligible employees and executive directors of the Group under the Share Grant Plan Awards pursuant to the Long-Term Incentive Plan (LTIP) approved by the shareholders at an Extraordinary General Meeting held on 30 January 2024.

The details of shares held as treasury shares for the period ended 30 June 2025 are as follows:

	Number of Treasury Shares	Total consideration RM
Balance as at 31 March 2025	945,933	432,012
Transfer for the settlement of Share Grant Plan during the quarter	(472,967)	(217,565)
Repurchased during the quarter	0	0
Balance as at 30 June 2025	472,966	214,447

There were no additional repurchase of shares since 1 April 2025.

Notes on the quarterly report – 30 June 2025

A7. Dividend paid

A Second and Final Single-Tier Dividend of 0.50 sen per ordinary share in respect of the financial year ended 31 December 2024 proposed on 17 April 2025 was approved by the shareholders during the Annual General Meeting on 27 May 2025 and had been paid on 16 June 2025.

A8. Segment information

Details segmental analysis for the period ended 30 June 2025 are as follows:

(a) Geographical segments

Revenue by geographical location of customers:

<u>Location</u>	Consolidated RM'000
Malaysia	67,225
Asia (other than Malaysia)	440
Africa (Mauritius)	276
Oceania (Papua New Guinea)	11,412
Total	<u>79,353</u>

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
Revenue					
External customer	111,214	48,184	-	-	159,398
Inter-segment	37,592	16,658	750	(55,000)	-
Total revenue	<u>148,806</u>	<u>64,842</u>	<u>750</u>	<u>(55,000)</u>	<u>159,398</u>
Results					
Segment results	1,661	(81)	(714)	254	1,120
Interest income	744	497	479	(479)	1,241
Finance costs	(1,715)	(143)	-	479	(1,379)
Other expenses	-	(10,431)	-	-	(10,431)
Profit (Loss) before taxation	690	(10,158)	(235)	254	(9,449)
Taxation	(137)	(29)	(32)	-	(198)
Net profit (loss) for the financial period	<u>553</u>	<u>(10,187)</u>	<u>(267)</u>	<u>254</u>	<u>(9,647)</u>
Assets					
Additions to non-current assets	125	1,441	17	-	1,583
Segment assets	<u>148,226</u>	<u>107,353</u>	<u>88,765</u>	<u>(78,658)</u>	<u>265,686</u>

Notes on the quarterly report – 30 June 2025

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.

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 June 2025 are as below:

Authorised and contracted for:	
- Property, plant and equipment	RM1,869,692

Notes on the quarterly report – 30 June 2025

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

B1. Review of performance

	Individual Period			Cumulative Period		
	Current Year Quarter 30.06.2025 RM'000	Preceding Year Corresponding Quarter 30.06.2024 RM'000	Changes (RM'000 / %)	Current Year To- date 30.06.2025 RM'000	Preceding Year Corresponding Period 30.06.2024 RM'000	Changes (RM'000 / %)
Revenue	79,353	74,295	5,058 / 6.8%	159,398	143,769	15,629 / 10.9%
Operating Profit	257	923	(666) / (72.2%)	1,120	2,741	(1,621) / (59.1%)
(Loss) Profit Before Tax	(10,154)	868	(11,022) / (1269.8%)	(9,449)	2,895	(12,344) / (426.4%)
(Loss) Profit After Tax	(10,149)	578	(10,727) / (1855.9%)	(9,647)	2,044	(11,691) / (572.0%)
(Loss) Profit Attributable to Ordinary Equity Holders of the Parent	(10,149)	578	(10,727) / (1855.9%)	(9,647)	2,044	(11,691) / (572.0%)

The Group recorded revenue of RM79.3 million for the current quarter, an increase of approximately RM5.0 million as compared to RM74.3 million in the preceding year corresponding quarter was mainly driven by higher sales of disposable fibre-based products as resulting from stronger support by overseas market demand.

The Group recorded a loss before tax of RM10.1 million for the current quarter under review, a significant decrease of RM11 million as compared to profit before tax of approximately RM0.9 million in the preceding year corresponding quarter mainly due to the increase in marketing and distribution expenses and written-off of RM10.4 million worth of plant, machines, equipment and inventories in relation to the fire broke out at the factory and warehouse of a wholly-owned subsidiary.

B2. Variation of results against immediate preceding quarter

	Current Quarter 30.06.2025 RM'000	Immediate Preceding Quarter 31.03.2025 RM'000	Changes (Amount / %) RM'000 / %
Revenue	79,353	80,044	(691) / (0.9%)
Operating Profit	257	863	(606) / (70.2%)
(Loss) Profit Before Tax	(10,154)	706	(10,860) / (1538.2%)
(Loss) Profit After Tax	(10,149)	502	(10,651) / (2121.7%)
(Loss) Profit Attributable to Ordinary Equity Holders of the Parent holders of the parent	(10,149)	502	(10,651) / (2121.7%)

The Group recorded a loss before tax of RM10.1 million for the current quarter compared to profit before tax of RM0.7 million in the immediate preceding quarter for the period ended 31 March 2025 mainly due to losses after a fire broke out at the factory and warehouse of a wholly-owned subsidiary.

Notes on the quarterly report – 30 June 2025

B3. Prospects

The Group remains focused on navigating inflationary pressures, commodity price volatility, and currency fluctuations through prudent cost management and operational optimisation. Leveraging social media and e-commerce platforms, the Group will continue to strengthen brand visibility, expand market reach, and introduce new product offerings to drive revenue growth in both domestic and international markets.

Following the fire incident at the factory and warehouse of a wholly owned subsidiary, operations at the affected site have been stopped, leading to business disruption and temporary delays in product supply to customers, which could impact the Group's results for the current financial year. Provisions for any potential penalties or claims from customers and suppliers will be recognised in future quarters when such obligations are confirmed. However, the Group is implementing a recovery plan to resume operations as quickly as possible and is working closely with insurance adjusters in this regard.

In addition, the Group has enhanced safety and health measures at its existing facilities, strengthened quality control processes, and continued negotiations with raw material suppliers and outsourced manufacturers for more favourable terms. The Group is also expediting the procurement of new machinery to restore full production capacity and minimise sales disruption.

B4. Variance of actual and forecast profit

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

B5. Tax expense

	Current quarter ended 30.06.2025 RM'000	Current year to date 30.06.2025 RM'000
Estimated tax payable:		
Current	5	(198)
Total	<u>5</u>	<u>(198)</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 unabsorbed capital and reinvestment allowance balance brought forward from the previous year and profit before tax of certain subsidiary companies, which for tax purposes, cannot be offset against loss before tax of other companies in the Group.

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	47,868	-	47,868
Hire purchase	-	-	-
Total	<u>47,868</u>	<u>-</u>	<u>47,868</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 – 30 June 2025

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 30.06.2025 RM'000	3 months Ended 30.06.2024 RM'000	6 months Ended 30.06.2025 RM'000	6 months Ended 30.06.2024 RM'000
a) (Loss) Profit attributable to equity holders of the parent (RM'000)	(10,149)	578	(9,647)	2,044
b) Weighted average number of ordinary shares ('000):	159,463	159,356	159,410	159,356
c) Earnings per ordinary share (sen):				
i) Basic	(6.36)	0.36	(6.05)	1.29
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	
	31.03.2025 RM'000	30.06.2024 RM'000
Bad debt recovered	(5)	(34)
Interest income	(1,241)	(1,947)
Interest expense	1,379	1,793
Inventories written off	4,994	-
Depreciation and amortisation	3,362	2,381
Property, plant and equipment written off	5,437	-
Reversal of impairment loss on trade receivables	(356)	(178)
Gain on disposal of property, plant and equipment	-	(77)
Unrealised gain on foreign exchange	(1,725)	(794)

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 June 2025.

Notes on the quarterly report – 30 June 2025

B13. Authorisation for issue

The interim financial report was authorised for issuance by the Board of Directors of the Company on 12 August 2025.