

PROSPECTUS



SUNZEN BIOTECH BERHAD

(Company No.: 680889-W)

(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE OF 25,000,000 NEW ORDINARY SHARES OF RM0.10 EACH AT AN ISSUE PRICE OF RM0.32 PER SHARE PAYABLE IN FULL ON APPLICATION COMPRISING:

- 3,000,000 ORDINARY SHARES OF RM0.10 EACH AVAILABLE FOR APPLICATION BY THE PUBLIC;
- 4,000,000 ORDINARY SHARES OF RM0.10 EACH AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS, EMPLOYEES, AND OTHER PERSONS WHO HAVE CONTRIBUTED TO OUR SUCCESS;
- 18,000,000 ORDINARY SHARES OF RM0.10 EACH BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;

IN CONJUNCTION WITH OUR LISTING ON THE MESDAQ MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Adviser, Managing Underwriter, Underwriter, Placement Agent and Sponsor



PUBLIC INVESTMENT BANK BERHAD (20027-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(Wholly-Owned Subsidiary of Public Bank Berhad)

Underwriter



MIDF Amanah Investment Bank Berhad (23878-X)
(Bank Saudagar Berlesen)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

This Prospectus is dated 12 September 2008



FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 22 HEREOF.

INVESTORS ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE MESDAQ MARKET MAY BE OF HIGH INVESTMENT RISK.

RESPONSIBILITY

OUR DIRECTORS AND PROMOTERS HAVE SEEN AND APPROVED THIS PROSPECTUS AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM, AFTER MAKING ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS THE OMISSION OF WHICH, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING. OUR DIRECTORS ACCEPT FULL RESPONSIBILITY FOR THE CONSOLIDATED PROFIT FORECAST IN THIS PROSPECTUS AND CONFIRM THAT IT HAS BEEN PREPARED BASED ON THE ASSUMPTIONS MADE.

PUBLIC INVESTMENT BANK BERHAD (20027-W) ("PIVB"), BEING THE ADVISER, MANAGING UNDERWRITER, UNDERWRITER AND PLACEMENT AGENT ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE INITIAL PUBLIC OFFERING AND IS SATISFIED THAT THE CONSOLIDATED PROFIT FORECAST (FOR WHICH OUR DIRECTORS ARE FULLY RESPONSIBLE), PREPARED FOR INCLUSION IN THIS PROSPECTUS HAS BEEN STATED BY OUR DIRECTORS AFTER DUE AND CAREFUL INQUIRY AND HAS BEEN DULY REVIEWED BY OUR REPORTING ACCOUNTANTS.

STATEMENT OF DISCLAIMER

THE SECURITIES COMMISSION ("SC") HAS APPROVED OUR INITIAL PUBLIC OFFERING AND THAT THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE INITIAL PUBLIC OFFERING.

THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE IN THIS PROSPECTUS ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS YOU MAY SUFFER AS A RESULT OF YOUR RELIANCE ON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. **YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INITIAL PUBLIC OFFERING AND AN INVESTMENT IN US. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

ADMISSION TO THE OFFICIAL LIST OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") IS NOT TO BE TAKEN AS AN INDICATION OF OUR MERITS, THE MERITS OF OUR SHARES OR OUR COMPANY.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THIS PROSPECTUS AND THE ACCOMPANYING APPLICATION FORMS, HAVE ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

CHARACTERISTICS OF THE MESDAQ MARKET OF BURSA SECURITIES:-

YOU SHOULD BE AWARE THAT MESDAQ IS A DISTINCT MARKET FROM THE MAIN AND SECOND BOARDS IN MANY RESPECTS. IN PARTICULAR, COMPANIES LISTED ON THE MESDAQ MARKET ARE SUBJECT TO DIFFERENT QUANTITATIVE AND QUALITATIVE REQUIREMENTS, WHICH HAVE BEEN PRIMARILY DESIGNED TO ACCOMMODATE HIGH-GROWTH AND/OR TECHNOLOGY COMPANIES. COMPANIES THAT ARE LISTED ON THE MESDAQ MARKET MAY HAVE A LIMITED OPERATING HISTORY OR MAY NOT HAVE ANY PROFIT TRACK RECORD PRIOR TO LISTING. AS SUCH, THESE COMPANIES MAY BE OF HIGHER INVESTMENT RISK. THE REGULATORY PHILOSOPHY UNDERLYING THE MESDAQ MARKET IS THAT THE MARKET SHOULD BE ALLOWED TO DETERMINE THE MERITS OF THE SECURITIES/INSTRUMENTS IN A PARTICULAR COMPANY. HENCE, AS WITH ALL INVESTMENTS, PROSPECTIVE INVESTORS SHOULD BE AWARE OF ALL POTENTIAL RISKS IN INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST AFTER DUE AND CAREFUL CONSIDERATION BY REFERRING TO, AMONG OTHERS, THE PROSPECTUS, LATEST FINANCIAL STATEMENTS AND CORPORATE ANNOUNCEMENTS. IN THIS RESPECT, ADVICE FROM A SECURITIES PROFESSIONAL/ADVISER IS STRONGLY RECOMMENDED.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO YOU PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE INITIAL PUBLIC OFFERING FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CAPITAL MARKETS AND SERVICES ACT 2007, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

OUR COMPANY WILL NOT, PRIOR TO ACTING ON ANY ACCEPTANCE IN RESPECT OF THE INITIAL PUBLIC OFFERING, MAKE OR BE BOUND TO MAKE ANY ENQUIRY AS TO WHETHER AN APPLICANT HAS A REGISTERED ADDRESS IN MALAYSIA AND WILL NOT ACCEPT OR BE DEEMED TO ACCEPT ANY LIABILITY IN RELATION THERETO WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION THEREWITH. IT SHALL BE THE SOLE RESPONSIBILITY OF APPLICANTS WHO ARE OR MAY BE SUBJECT TO THE LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO CONSULT THEIR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER THE INITIAL PUBLIC OFFERING WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OF SUCH COUNTRIES OR JURISDICTIONS.

THIS PROSPECTUS CAN BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES WEBSITE AT www.bursamalaysia.com.

THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME. YOU MAY OBTAIN A COPY OF AN ELECTRONIC PROSPECTUS (AS DEFINED HEREIN BELOW) FROM THE WEBSITE OF CIMB INVESTMENT BANK BERHAD AT www.eipocimb.com. IN ADDITION, YOU MAY ALSO OBTAIN A COPY OF THE ELECTRONIC PROSPECTUS FROM THE WEBSITE OF CIMB BANK BERHAD AT www.cimbclicks.com.my, MALAYAN BANKING BERHAD AT www.maybank2u.com.my AND RHB BANK BERHAD AT www.rhbbank.com.my VIA HYPERLINK TO THE WEBSITE OF BURSA SECURITIES.

THE INTERNET IS NOT A FULLY SECURE MEDIUM. YOUR INTERNET SHARE APPLICATION MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. IF YOU DOUBT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR ADVISER OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THE PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER/PRINTED COPY OF THE PROSPECTUS, THE CONTENTS OF THE PAPER/PRINTED COPY OF THE PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "THIRD PARTY INTERNET SITES"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:-

- (I) WE DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES. ACCORDINGLY, WE ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENT OR ANY DATA, FILES OR OTHER MATERIAL PROVIDED IN THE THIRD PARTY INTERNET SITES. YOU BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES.
- (II) WE ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF ANY OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGES OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OR RELIANCE ON ANY DATA, FILE OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (III) ANY DATA, FILE OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. WE ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, YOU ARE ADVISED THAT:-

- (I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENT OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION AND SUBSEQUENTLY COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES.
- (II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURE MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH THE WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEMS OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

YOU SHOULD NOT TAKE THE AGREEMENT BY THE UNDERWRITERS TO UNDERWRITE THE PUBLIC ISSUE SHARES AS AN INDICATION OF THE MERITS OF OUR SHARES.

INDICATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:

Event	Tentative Dates
Opening date of application	12 September 2008
Closing date of application	23 September 2008
Tentative date for balloting of applications	25 September 2008
Tentative date for despatch of notices of allotment to successful applicants	7 October 2008
Tentative Listing date	8 October 2008

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGE WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. THE APPLICATION PERIOD WILL OPEN AT 10.00 A.M. ON FRIDAY, 12 SEPTEMBER 2008 AND WILL REMAIN OPEN UNTIL 5.00 P.M. ON TUESDAY, 23 SEPTEMBER 2008 OR SUCH FURTHER PERIOD OR PERIODS AS OUR DIRECTORS AND MANAGING UNDERWRITER IN THEIR ABSOLUTE DISCRETION MAY MUTUALLY DECIDE.

IF THE CLOSING DATE OF THE APPLICATION IS EXTENDED, THE DATES FOR THE BALLOTING, ALLOTMENT AND LISTING OF OUR ENTIRE ISSUED AND PAID-UP SHARE CAPITAL ON THE MESDAQ MARKET OF BURSA SECURITIES WOULD BE EXTENDED ACCORDINGLY AND WE WILL NOTIFY THE PUBLIC VIA AN ADVERTISEMENT IN A WIDELY CIRCULATED DAILY ENGLISH AND BAHASA MALAYSIA NEWSPAPERS WITHIN MALAYSIA.

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FORWARD LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives of our Management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) demand for our products and services;
- (ii) our business strategies;
- (iii) plans and objectives of our Management for future operations;
- (iv) our financial position; and
- (v) our future earnings, cash flows and liquidity.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (i) the economic, political and investment environment in Malaysia and globally; and
- (ii) government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed elsewhere in Section 4 (Risk Factors) and Section 11 (Financial Information). We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward looking-statements are made only as at the date of this Prospectus. We expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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DEFINITIONS

In this Prospectus, unless otherwise stated, the following abbreviations shall apply throughout:

Act	: Companies Act, 1965 or any statutory modification, amendment or re-enactment thereof for the time being in force
ADA	: Authorised Depository Agent
ADA Code	: ADA (Broker) Code
Acquisition	: The acquisition by Sunzen Biotech of the entire issued and paid-up share capital of Sunzen Corporation comprising 2,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM10,397,548 satisfied by the issuance of 103,975,480 new Sunzen Biotech Shares at par
Assumption and Settlement of Advances	: The assumption and settlement of advances amounting to RM2,041,482 owed by Sunzen Corporation to its Directors and shareholders as at 31 December 2006 by Sunzen Biotech satisfied by the issuance of 20,414,820 new Sunzen Biotech Shares at par
Applicant	: The applicant for the Public Issue by way of Application Forms or by way of Electronic Share Application or by way of Internet Share Application
Application Form(s)	: A printed form for the purpose of applying for the Public Issue Shares
ASEAN	: Association of South East Asian Nations
ATM	: Automated Teller Machine
Authorised Financial Institution	: The authorised financial institution(s) participating in the Internet Share Application, with respect to payments for the Public Issue
BDP	: Business development plan
Bionexus Status	: A designation awarded to qualifying biotechnology company, making eligible for certain privileges offered by Biotech Corp
Biotech Corp	: Malaysian Biotechnology Corporation Sdn Bhd (691431-D)
Board	: Board of Directors of our Company
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
CAGR	: Compound annual growth rate
CDS	: Central Depository System
CF	: Certificate of fitness
CMSA	: Capital Markets and Services Act 2007 or any statutory modification, amendment or re-enactment thereof for the time being in force
D.V.M.	: Doctor of Veterinary Medicine
DVS	: Department of Veterinary Services
EBIDTA	: Earnings before interest, depreciation, taxation and amortisation
Electronic Share Application	: The application for the Public Issue Shares through a Participating Financial Institution's ATM
End-Users	: Poultry and swine farms
EPS	: Earnings per share
EU	: European Union

DEFINITIONS

FAO	: Food and Agricultural Organisation of the United Nations
FIC	: Foreign Investment Committee
Flotation Exercise	: Acquisition, Assumption and Settlement of Advances, Public Issue and Listing, collectively
FMD	: Food and mouth disease
FPE	: Financial period ended
FRIM	: Forest Research Institute Malaysia
Frost & Sullivan	: Frost & Sullivan Malaysia Sdn Bhd (522293-W)
FYE	: Financial year ending/ended 31 December
GMP	: Good manufacturing practice
GP	: Gross profit
HPAI	: Highly Pathogenic Avian Influenza
IMR Report	: Independent Market Research Report
Internet Participating Financial Institution	: Participating organisation in the Internet Share Application as listed in Section 16 of this Prospectus
Internet Share Application	: The application for the Public Issue Shares through an online share application provided by the Internet Participating Financial Institution
IP	: Intellectual property
IPC	: Intellectual Property Corporation of Malaysia
IPO	: Initial public offering of Sunzen Biotech Shares pursuant to the Public Issue
Issues Guidelines	: SC's Policies and Guidelines on Issue/Offer of Securities
Issuing House or MIH	: Malaysian Issuing House Sdn Bhd (258345-X)
kg	: Kilogramme
Listing	: The admission into the Official List of Bursa Securities and the listing of and quotation for our entire issued and paid-up share capital on the MESDAQ Market
Market Day	: Any day between Monday and Friday (inclusive) which is not a public holiday and when Bursa Securities is open for trading of securities
MASB	: Malaysian Accounting Standards Board
MESDAQ Market	: MESDAQ Market of Bursa Securities
MIDF Investment	: MIDF Amanah Investment Bank Berhad (23878-X)
MITI	: Ministry of International Trade and Industry
MMLR or Listing Requirements	: Listing Requirements of Bursa Securities for the MESDAQ Market
MT	: Metric tonnes
National Office of IP, Vietnam	: National Office of Intellectual Property, Ministry of Science and Technology, Vietnam
NBV	: Net book value
NA	: Net assets

DEFINITIONS (Cont'd)

PBT	: Profit before taxation
PAT	: Profit after taxation
PE Multiple	: Price earnings multiple
Pfizer	: Pfizer Private Ltd.
Phibro	: Phibro Corporation Ltd.
Pink Form Allocation	: The 4,000,000 Public Issue Shares reserved for subscription by the eligible Directors, employees and other persons who have contributed to the success of our Group
PIVB	: Public Investment Bank Berhad (20027-W)
Promoter(s)	: Dr Tan Kim Sing, Dr Kok Poe Chu, Dr Teo Kim Lai and Dr Fong Chan Seng, collectively
Participating Financial Institution(s)	: Participating financial institutions for Electronic Share Application as listed in Section 16 of this Prospectus
Public	: Individuals and companies, societies, co-operatives and institutions incorporated or organized under the laws of Malaysia
Public Issue	: The issue of 25,000,000 new Shares at the Public Issue Price payable in full on application, subject to the terms and conditions of this Prospectus
Public Issue Price	: RM0.32 per Public Issue Share
Public Issue Share(s)	: The 25,000,000 new Shares to be issued pursuant to the Public Issue
Qualifying Activities	: R&D and other animal health-related activities for Sunzen LifeSciences as specified in the letter of award of Bionexus Status
ROC	: Registrar of Companies
R&D	: Research and development
RM and sen	: Ringgit Malaysia and sen, respectively
SC	: Securities Commission
SICDA	: The Securities Industry (Central Depositories) Act, 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force
Sq. ft.	: Square feet
Sunzen Biotech Share(s) or Share(s)	: Ordinary share(s) of RM0.10 each in Sunzen Biotech
Sunzen Biotech or Company	: Sunzen Biotech Berhad (680889-W)
Sunzen Biotech Group or Group	: Sunzen Biotech and its subsidiary companies
Sunzen Corporation	: Sunzen Corporation Sdn Bhd (470468-W)
Sunzen Feedtech	: Sunzen Feedtech Sdn Bhd (782887-K)
Sunzen LifeSciences	: Sunzen LifeSciences Sdn Bhd (758075-D)
Trademark Office, Thailand	: Trademark Office, Department of Intellectual Property, Department of Commerce, Thailand
Underwriters	: PIVB and MIDF Investment
UPM	: Universiti Putra Malaysia
USA	: United States of America
USD	: US Dollars

DEFINITIONS (*Cont'd*)

All references in this Prospectus to “our Company” and “Sunzen Biotech” are to Sunzen Biotech Berhad, references to “our Group” and “Sunzen Biotech Group” are to our Company and our subsidiary and references to “we”, “us”, “our” and “ourselves” are to our Company, and save where the context otherwise requires, and our subsidiary. Unless the context otherwise requires, references to “Management” are to our Directors and key management personnel as at the date of this Prospectus, and statements to our beliefs, expectations, estimates and opinions are those of our Management.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporation.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

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DEFINITIONS (Cont'd)

Glossary of Technical Terms

Animal Vaccines	: Animal vaccines are mostly vaccines that protect food-producing animals from many infectious diseases. Generally, vaccines work by stimulating the animal's immune system to develop antibodies, and hence provide immunity to the disease
Anthelmintics	: Anti-parasitic compounds that are generally utilized for the expulsion of parasites
Antibiotics	: Inhibits the growth or reproduction of bacteria. At low dosage levels, it promotes growth of animals and increases feed efficiency. At high levels, it treats and cures diseases
Anticoccidials	: Treats coccidiosis, a parasitical disease that affects poultry and livestock. It causes diarrhea and occasionally blood in the droppings
Direct Fed Microbials	: Alters the intestinal microbial balance, improves digestion and prevents colonization by pathogens, thereby improving health and growth of farm animals
Enzymes	: Increases the digestibility of nutrients
Feed Additives	: Feed additives are materials or substances that are added to animal diet in small or micro quantities during feed manufacture to complement its basic ingredients in order to improve the quality of feed and the quality of food that is of animal origin. These compounds provide essential nutrients and growing factors that improve the animals' performance and health, by providing enhanced digestibility of the feed materials, solving animal production problems, increasing animal growth, productivity, and feed efficiency of food-producing animals. Hence, this group of additives has become an integral part of the livestock industry. These substances include antibiotics, anti-coccidials, anthelmintic, organic acid compounds, direct-fed microbials, enzymes, immune modulators, and plant extract
Immune Modulators	: Enhances the immunity of farm animals
Organic Acid Compounds	: Maintains a low pH in the gastro-intestinal tract, which inhibits harmful bacteria. It also helps in the digestion and absorption of nutrients, thereby improving animal performance
Phytochemicals	: Non-nutritive bioactive plant substances such as flavonoid or carotenoid that are considered to have beneficial effects on animal health
Plant Extracts	: Medicinal substances extracted from plant material which is used to maintain health status in human or animal
Veterinary Pharmaceuticals	: The veterinary pharmaceuticals market is defined as a segment consisting of water-soluble, injectable and topical products. It does not include pharmaceuticals that are added into the animal feed, which are categorized as feed additives. Water-soluble products are ingredients or substances that are administered through the farm animal water systems. Injectable products are products that are administered by injecting into the tissue of animals. These products comprise antibiotics for therapeutic use, anti-infectives and anti-parasiticides used in these dosage forms for the treatment of farm animals

1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Address	Occupation	Nationality
Dr Tan Kim Sing	Chairman/ Managing Director	16, Jalan SS 18/1A 47500 Subang Jaya Selangor Darul Ehsan	Company Director	Malaysian
Dr Kok Poe Chu	Executive Director	25, Jalan USJ 3/4N 47600 UEP, Subang Jaya Selangor Darul Ehsan	Company Director	Malaysian
Dr Teo Kim Lai	Executive Director	168-9-5, Kiara Park Condominium Jalan Burhanuddin Helmi Taman Tun Dr Ismail 60000 Kuala Lumpur Wilayah Persekutuan	Company Director	Malaysian
Dr Fong Chan Seng	Executive Director	12, Jalan USJ 5/4C 47610 UEP, Subang Jaya Selangor Darul Ehsan	Company Director	Malaysian
Professor Dato' Dr Omar @ S. Omar bin Abdul Rahman	Independent Non- Executive Director	1124, Jalan 18/47 Taman Sri Serdang 43300 Seri Kembangan Selangor Darul Ehsan	Company Director	Malaysian
S Gunaseharan a/l P Subramaniam	Independent Non- Executive Director	50, Persiaran Wangsa Baiduri 2 47500 Subang Jaya Selangor Darul Ehsan	Company Director	Malaysian
Dato' Dr Mhd Nordin bin Mohd Nor	Independent Non- Executive Director	24, Jalan SS 5D/4 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
S Gunaseharan a/l P Subramaniam	Chairman	Independent Non- Executive Director
Professor Dato' Dr Omar @ S. Omar bin Abdul Rahman	Member	Independent Non- Executive Director
Dato' Dr Mhd Nordin bin Mohd Nor	Member	Independent Non- Executive Director

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1. CORPORATE DIRECTORY (Cont'd)

COMPANY SECRETARY	: Mah Li Chen (MAICSA 7022751) 33, Jalan BRP 4/6 Bukit Rahman Putra Seksyen U20 40160 Shah Alam Selangor Darul Ehsan Tel: 03-2382 4288 Lee Wai Kim (MAICSA 7036446) K-07-07, Block Kasih D'aman Crimson Jalan PJU1A/41 Ara Jaya 47301 Petaling Jaya Selangor Darul Ehsan Tel: 03-2382 4288
REGISTERED OFFICE	: 10th Floor, Menara Hap Seng No. 1 & 3, Jalan P. Ramlee 50250 Kuala Lumpur Tel: 03-2382 4288
HEAD OFFICE	: 11, Jalan Anggerik Mokara 31/47 Kota Kemuning 40460 Shah Alam Selangor Darul Ehsan Tel: 03-5121 8998
WEBSITE	: www.sunzen.com.my
E-MAIL	: admin@sunzenbio.com
AUDITORS & REPORTING ACCOUNTANTS	: Horwath (AF 1018) Level 16, Tower C, Megan Avenue II 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur Tel: 03-2166 0000
SOLICITORS FOR THE IPO	: Chooi & Company Level 23, Menara Dion 27, Jalan Sultan Ismail 50250 Kuala Lumpur Tel: 03-2055 3888
PRINCIPAL BANKER	: Hong Leong Bank Berhad No.18 & 20, Jalan 20/16A Taman Paramount 46300 Petaling Jaya Selangor Darul Ehsan Tel: 03-7876 5113
ISSUING HOUSE	: Malaysian Issuing House Sdn Bhd 27 th Floor, Menara Multi-Purpose Capital Square No.8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel: 03-2693 2075

1. CORPORATE DIRECTORY (Cont'd)

SHARE REGISTRAR	: Symphony Share Registrars Sdn Bhd Level 26, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel: 03-2721 2222
ADVISER, MANAGING UNDERWRITER, UNDERWRITER, PLACEMENT AGENT AND SPONSOR,	: Public Investment Bank Berhad 25 th Floor, Menara Public Bank 146, Jalan Ampang 50450 Kuala Lumpur Tel: 03-2166 9382
UNDERWRITER	: MIDF Amanah Investment Bank Berhad Level 11, Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel: 03-2173 8359
INDEPENDENT MARKET RESEARCHER	: Frost & Sullivan Malaysia Sdn Bhd Suite E-08-15 Plaza Mont' Kiara 2, Jalan Kiara, Mont' Kiara 50480 Kuala Lumpur Tel: 03-6204 5800
LISTING SOUGHT	: MESDAQ Market of Bursa Securities

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2. INFORMATION SUMMARY

THIS IS A SUMMARY OF THE SALIENT INFORMATION IN THE PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE ENTIRE PROSPECTUS CAREFULLY BEFORE YOU DECIDE WHETHER TO INVEST IN OUR SHARES.

2.1 History and Business

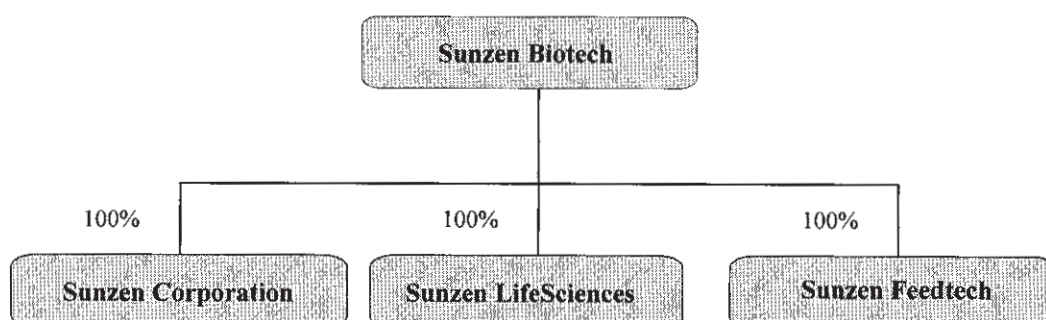
Our Company was incorporated in Malaysia on 8 February 2005 under the Act as a public limited company. Our Group consists of Sunzen Biotech and our wholly owned subsidiaries, namely Sunzen Corporation, Sunzen LifeSciences and Sunzen Feedtech.

Our principal activities are that of investment holding and manufacturing of animal health products. The principal activities of our subsidiaries are:

Subsidiaries of Sunzen Biotech	Principal activities
Sunzen Corporation	Distribution and marketing of animal health products
Sunzen LifeSciences	R&D and commercialisation of in-feed anti bacterial products and supplements for animal health production
Sunzen Feedtech	Dormant

Our Group develops, manufactures and markets animal health products for livestock and companion animals. As a BioNexus Status company, we also focus on R&D of in-feed anti bacterial products and supplements for animal health production. R&D is the most important activity in our business as it is the bedrock of our mission and it helps to create sustainable earnings and ensure our long term business success. Our marketed products include nutritional feed supplements, feed additives, veterinary pharmaceuticals, animal vaccines and other animal health products such as disinfectants. Although we produce various animal health products, our main focus is in the animal feed additive market.

The corporate structure of our Group is as follows:



We have disclosed further information of our Group in Section 5.1 of this Prospectus.

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2. INFORMATION SUMMARY (Cont'd)

2.2 Financial Highlights

2.2.1 Proforma Consolidated Income Statements

The following table is a summary of our proforma consolidated income statements for the past three (3) FYEs 2007 and the three (3) months FPE 31 March 2007 and 2008 which has been prepared for illustrative purposes only, based on the assumption that the current structure of our Group had been in existence throughout the financial years/periods under review.

	< ----- FYE ----- >			Three (3) months FPE 31 March	
	2005 RM'000	2006 RM'000	2007 RM'000	2007* RM'000	2008 RM'000
Revenue	26,170	27,225	23,141	5,771	6,153
GP	8,916	9,186	8,291	2,085	2,443
EBIDTA	4,623	5,202	3,959	1,211	1,175
Amortisation	(55)	(390)	(243)	(49)	(7)
Depreciation	(201)	(216)	(251)	(53)	(53)
Interest expense	(85)	(171)	(289)	(35)	(77)
Interest income	91	89	69	15	17
PBT	4,373	4,514	3,245	1,089	1,055
Taxation	(1,192)	(400)	(450)	-	(123)
PAT	3,181	4,114	2,795	1,089	932
Attributable to:					
Ordinary equity holders of the parent	3,181	4,114	2,795	1,089	932
Assumed number of Sunzen Biotech Shares in issue ('000) ⁽¹⁾	124,390	124,390	124,390	124,390	124,390
GP Margin (%)	34.07	33.74	35.83	36.13	39.70
Gross EPS (sen) ⁽¹⁾	3.52	3.63	2.61	3.50^	3.39^
Net EPS (sen) ⁽¹⁾	2.56	3.31	2.25	3.50^	3.00^

Notes:

* Based on unaudited management accounts for the three (3) months FPE 31 March 2007.

^ Annualised.

(1) Computed based on the PBT and PAT for the FYEs 2005 to 2007 divided by our issued and paid-up share capital of 124,390,500 assumed in issue after the Acquisition and Assumption and Settlement of Advances but before the Public Issue.

There were no exceptional or extraordinary items in the financial years under review.

Detailed information on our proforma consolidated income statements is set out in Section 11 of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)

2.2.2 Proforma Consolidated Balance Sheets

Our proforma consolidated balance sheets as set out below have been prepared for illustrative purposes only, to show the effects on our consolidated audited balance sheets as at 31 March 2008 had the Flotation Exercise been completed on that date.

	Audited as at 31 March 2008 RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	79	8,922	8,922	8,922
Product development expenditure	-	866	866	866
Quoted investment, at cost	-	4	4	4
	79	9,792	9,792	9,792
CURRENT ASSETS				
Inventories	2,276	9,888	9,888	9,888
Trade receivables	22,057	6,783	6,783	6,783
Other receivables, deposits and prepayments	586	818	818	818
Amount owing by directors	-	-	2	2
Tax refundable	472	777	777	777
Fixed deposits with licensed banks	-	2,110	2,110	2,110
Cash and balances banks	277	2,883	2,883	9,083
	25,668	23,259	23,261	29,461
TOTAL ASSETS	25,747	33,051	33,053	39,253
EQUITY AND LIABILITIES				
EQUITY				
Share capital	*	10,397	12,439	14,939
Share premium	-	-	-	3,700
Retained profits	3,897	13,075	13,075	13,075
Merger deficit	-	(8,397)	(8,397)	(8,397)
SHAREHOLDERS' EQUITY	3,897	15,075	17,117	23,317
NON-CURRENT LIABILITIES				
Deferred taxation	13	239	239	239
Hire purchase payables	-	40	40	40
Term loans	-	4,557	4,557	4,557
	13	4,836	4,836	4,836
CURRENT LIABILITIES				
Trade payables	1,117	4,668	4,668	4,668
Other payables and accruals	18,659	1,150	772	772
Amount owing to directors	-	1,662	-	-
Dividend payable	2,061	2,795	2,795	2,795
Hire purchase payables	-	25	25	25
Short-term borrowings	-	2,840	2,840	2,840
	21,837	13,140	11,100	11,100
TOTAL LIABILITIES	21,850	17,976	15,936	15,936
TOTAL EQUITY AND LIABILITIES	25,747	33,051	33,053	39,253
No of ordinary shares of RM0.10 each ('000)	**	103,975	124,390	149,390
NA per ordinary share (RM)	19,485	0.14	0.14	0.16

Notes:

- * : RM20
- ** : 200 ordinary shares of RM0.10 each
- Proforma I : After the Acquisition
- Proforma II : After Proforma I and the Assumption and Settlement of Advances
- Proforma III : After Proforma I, Proforma II, the Public Issue and the proposed utilisation of proceeds arising from the Public Issue

2. INFORMATION SUMMARY (Cont'd)

Detailed information on our proforma consolidated balance sheets is set out in Section 11 of this Prospectus.

2.3 Principal Statistics Relating to the Public Issue

2.3.1 Our Share Capital

	No. of Shares	Share Capital RM
Authorised share capital	250,000,000	25,000,000
Issued and paid-up share capital		
As at the date of this Prospectus	124,390,500	12,439,050
To be issued and credited pursuant to the Public Issue	25,000,000	2,500,000
Enlarged issued and fully paid-up share capital upon Listing	149,390,500	14,939,050

2.3.2 Price per Public Issue Share RM0.32

2.3.3 Market Capitalisation

Market capitalisation based on the Public Issue Price and enlarged share capital of 149,390,500 Shares (RM'000) 47,805

2.3.4 Proforma Consolidated NA as at 31 March 2008

Our Group's Proforma NA (RM'000)
(after the Flotation Exercise and deducting estimated listing expenses of RM1,800,000) 23,317

Our Group's Proforma NA per Share (RM)
(based on our enlarged share capital of 149,390,500 Shares) 0.16

2.3.5 Classes and ranking

We have only one class of shares, being ordinary shares of RM0.10 each. The Public Issue Shares will rank pari passu in all respects with our other existing shares including voting rights and will be entitled to all rights and dividends and distribution that may be declared subsequent to the date of allotment thereof.

Please refer to Section 3 of this Prospectus for detailed information on the Public Issue.

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2. INFORMATION SUMMARY (Cont'd)

2.4 Consolidated Profit Forecast

The following is the summary of our consolidated profit forecast for the FYE 2008 and should be read in conjunction with the accompanying notes included in the consolidated profit forecast set out in Section 11 of this Prospectus.

	FYE 2008 RM'000
Revenue	28,703
Consolidated PBT	4,510
Taxation	(512)
Consolidated PAT	3,998
Weighted average number of ordinary shares in issue ('000)*	94,227
Enlarged issued and paid-up share capital ('000)	149,390
Based on the weighted average number of ordinary shares in issue:	
Gross EPS (sen)	4.79
Net EPS (sen)	⁽¹⁾ 4.24
Gross PE Multiple based on the Public Issue Price (times)	6.69
Net PE Multiple based on the Public Issue Price (times)	7.55
Based on the enlarged number of ordinary shares upon Listing:	
Gross EPS (sen)	3.02
Net EPS (sen)	⁽²⁾ 2.68
Gross PE Multiple based on the Public Issue Price (times)	10.60
Net PE Multiple based on the Public Issue Price (times)	11.94

Notes:

- * Computed on the basis that the Public Issue will be completed by end September 2008.
 (1) Based on the consolidated PAT and the weighted average number of ordinary shares in issue.
 (2) Based on the consolidated PAT and the enlarged issued and paid-up share capital.

2.5 Dividend Forecast

The following table sets out a summary of our dividend forecast for the FYE 2008 and should be read in conjunction with the notes included in the dividend forecast set out in Section 11 of this Prospectus.

FYE 2008

Gross dividend per Share ⁽¹⁾ (sen)	1.81
Net dividend per Share ⁽¹⁾ (sen)	1.34
Gross dividend yield ⁽²⁾ (%)	5.66
Net dividend yield ⁽²⁾ (%)	4.19
Net dividend cover ⁽³⁾ (times)	2.00

Notes:

- (1) Based on our enlarged issued and paid-up share capital upon Listing.
 (2) Based on the Public Issue Price.
 (3) Calculated using net EPS based on consolidated PAT and the enlarged issued and paid-up share capital.

2. INFORMATION SUMMARY (Cont'd)

2.6 Qualifications of Audited Accounts

The auditors' reports for our Company and our subsidiaries for the financial years under review were reported without any audit qualification.

2.7 Risk Factors

In evaluating an investment in the Public Issue Shares, you should read this entire Prospectus carefully, taking into consideration the following summary of the general and specific risk factors of the following investment considerations (which may not be exhaustive):

Risk relating to our Group and Industry

- (i) Business Risks;
- (ii) Epidemics;
- (iii) Competition;
- (iv) Biotechnology Risks;
- (v) Supply of Raw Materials and Products;
- (vi) Fluctuations in Prices of Raw Materials and Products;
- (vii) Threat of Substitutes;
- (viii) Protection of IP Rights;
- (ix) Legal Uncertainties Concerning Contractual Agreements;
- (x) Financial Risks;
- (xi) Control by Substantial Shareholders;
- (xii) Dependence on Key Personnel;
- (xiii) Dependence on Particular Products and Markets;
- (xiv) Dependence on Key Customers and Failure of Ongoing Relationships;
- (xv) Foreign Market Risk and Foreign Currency Fluctuation Risk;
- (xvi) Political, Economic and Regulatory Considerations;
- (xvii) Operating Risks; and
- (xviii) Insurance Risks.

Risk relating to investment in our Shares

- (i) No Prior Market for Our Shares;
- (ii) Delay in or Abortion of the Listing;
- (iii) Potential Acquisition and Joint Ventures;
- (iv) Forward Looking Statements;
- (v) Future Capital Injections; and
- (vi) Future Growth.

The details of the aforementioned risks are provided in the "Risk Factors" in Section 4 of this Prospectus. If you are unsure about any of the information contained in the section on "Risk Factors", you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers.

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2. INFORMATION SUMMARY *(Cont'd)*

2.8 Utilisation of Proceeds

We expect the proceeds from the Public Issue of RM8.00 million to be fully utilised as follows:

	Proceeds RM'000	Estimated timeframe for utilisation from the date of Listing
R&D	4,770	Within 36 months
Overseas expansion	1,000	Within 48 months
Working capital	430	Within 24 months
Estimated listing expenses	1,800	Within 3 months
	8,000	

Further details on the utilisation of the gross proceeds are set out in Section 3.7 of this Prospectus.

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3. PARTICULARS OF THE PUBLIC ISSUE

3.1 Introduction

This Prospectus is dated 12 September 2008.

A copy of this Prospectus has been registered with the SC. We have also lodged a copy of this Prospectus, together with the Application Forms with the ROC. Neither the SC nor the ROC takes any responsibility for its contents.

The approval of the SC for the Flotation Exercise was obtained via its letters dated 31 March 2008 and 31 July 2008, shall not be taken to indicate that the SC recommends the Public Issue. You should rely on your own evaluation to assess the merits and risks of the Public Issue.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as a prescribed security. In consequence thereof, the Shares offered through this Prospectus will be deposited with Bursa Depository and any dealing in these Shares will be carried out in accordance with the SICDA and the Rules of Bursa Depository. We will not issue share certificates to successful applicants.

An application will be made to Bursa Securities within three (3) Market Days of the issuance of this Prospectus for admission to the Official List and for the listing of and quotation for our entire enlarged issued and fully paid-up share capital on the MESDAQ Market. Our Shares will be admitted to the Official List of the MESDAQ Market and the official quotation will commence upon receipt of confirmation from the Bursa Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of the applications for the Public Issue Shares will be conditional upon permission being granted by Bursa Securities to deal in and for the listing of and quotation for our entire enlarged issued and paid-up ordinary shares on the MESDAQ Market. Accordingly, all monies paid in respect of any application accepted from you will be returned in full without interest if the said permission for the listing is not granted within six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC) provided that we are notified by or on behalf of Bursa Securities within the aforesaid timeframe. If any such monies are not repaid within fourteen (14) days after we become liable to repay it, the provision of sub-section 232(2) of the CMSA shall apply accordingly.

Pursuant to the MMLR, we need to have at least 25% of the total number of shares for which listing is sought in the hands of a minimum number of 1,000 public shareholders holding not less than 100 shares at the point of our admission to the MESDAQ Market. In the event that the above requirement is not met pursuant to this Public Issue, we may not be allowed to proceed with our listing on the MESDAQ Market. In such an event, monies paid in respect of all applications will be returned in full without interest if the said permission is not granted.

Persons submitting applications by way of Application Forms or by way of Electronic Share Application or Internet Share Application must have a CDS account. In the case of an application by way of Application Form, an applicant should state his CDS account in the space provided in the Application Form. In the case of an application by way of Electronic Share Application, only an applicant who is an individual and has a CDS account can make an Electronic Share Application and the applicant shall furnish his CDS account number to the Participating Financial Institutions by way of keying in his CDS account number if the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so.

3. PARTICULARS OF THE PUBLIC ISSUE (*Cont'd*)

In the case of an application by way of Internet Share Application, the applicant can make an application only if he has a CDS account and an existing account with access to the Internet financial services facilities with the Internet Participating Financial Institutions by way of keying in his CDS account number into the online application form. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application or Internet Share Application.

No person is authorised to give any information or make any representation not contained herein in connection with the Public Issue and if given or made, such information or representation must not be relied upon as having been authorised by us. Neither the delivery of this Prospectus nor any Public Issue made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date hereof.

This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for or an offer to sell any Public Issue Share in any jurisdiction in which such invitation or offer is not authorised or lawful or to any person to whom it is unlawful to make such an invitation or offer. Persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions. The distribution of this Prospectus is subject to Malaysian laws and we take no responsibility for the distribution of this Prospectus outside Malaysia.

The SC assumes no responsibility for the correctness of any statements made or opinion or reports expressed in this Prospectus. Admission to the Official List of the MESDAQ Market is not to be taken as an indication of the merits of our Company or our Shares.

You should rely on your own evaluation to assess the merits and risks of the Public Issue and an investment in us. In considering the investment, if you are in doubt about this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

3.2 Indicative Timetable

The indicative timetable of events leading up to the listing of and quotation for our entire issued and paid-up capital are as follows:

Event	Tentative Dates
Opening date of application	12 September 2008
Closing date of application	23 September 2008
Tentative date for balloting of applications	25 September 2008
Tentative date for despatch of notices of allotment to successful applicants	7 October 2008
Tentative Listing date	8 October 2008

The application period will open at 10.00 a.m. on Friday, 12 September 2008 and will remain open until 5.00 p.m. on Tuesday, 23 September 2008 or such further period or periods as our Directors and Managing Underwriter in their absolute discretion may mutually decide.

If the closing date of the application is extended, the dates for the balloting, allotment and listing of our entire issued and paid-up share capital on the MESDAQ Market would be extended accordingly and we will notify the public via an advertisement in a widely circulated daily English and Bahasa Malaysia newspapers within Malaysia.

3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

3.3 Purpose of the Public Issue

The purposes of the Public Issue are as follows:

- (i) to obtain the listing of and quotation for our entire enlarged issued and paid-up share capital on the MESDAQ Market;
- (ii) to provide our Group with access to the capital markets to raise funds for future expansion and growth;
- (iii) to provide an opportunity for investors and institutions, business associates, eligible Directors and employees and the public to participate in the future growth of our Group;
- (iv) to enhance the stature of our Group in the marketing of its products and services and to retain its existing employees and attract new skilled personnel; and
- (v) to raise proceeds required for funding of the requirements listed in Section 3.7 of this Prospectus.

3.4 Share Capital

	No. of Shares	RM
Authorised share capital	250,000,000	25,000,000
Issued and paid-up share capital		
As at the date of this Prospectus	124,390,500	12,439,050
To be issued and credited pursuant to the Public Issue	25,000,000	2,500,000
Enlarged issued and fully paid-up share capital upon Listing	149,390,500	14,939,050

We have only one class of shares, being ordinary shares of RM0.10 each. The Public Issue Shares will rank pari passu in all respects with our other existing Shares including voting rights and will be entitled to all rights and dividends and distributions that may be declared subsequent to the date of allotment thereof.

Subject to any special rights attaching to any shares which we may issue in the future, the holders of ordinary shares in our Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by our Company as dividends and other distributions and in respect of any surplus in the event of the liquidation of our Company, in accordance with our Articles of Association.

At any of our general meeting, each Member shall be entitled to be present and to vote. The Member may vote in person or by proxy or by attorney or authorised representative. On resolution to be decided on a show of hands, every Member, who is personally present and entitled to vote, or by proxy or by attorney or other duly authorised representative shall have one (1) vote. On resolution to be decided by a poll, every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for every one (1) share he holds.

3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

3.5 Details of the Public Issue

The Public Issue, representing 16.74% of our enlarged issued and paid-up share capital, at an issue price of RM0.32 per Share are payable in full upon application, is subject to the terms and conditions of this Prospectus and will be allotted in the following manner:

(i) Public

3,000,000 Public Issue Shares, representing approximately 2.01% of our enlarged issued and paid-up share capital will be made available for application by the Public.

(ii) Eligible Directors and employees, and other persons who have contributed to the success of our Group

4,000,000 Public Issue Shares, representing approximately 2.68% of our enlarged issued and paid-up share capital will be made available for application by the eligible Directors, employees, and other persons who have contributed to the success of our Group.

The allocation criteria for the Public Issue Shares to eligible Directors and employees of our Group, as approved by our Board, have taken into consideration, amongst others, the seniority level, category of employees, years of employment with our Group and other factors. A total of three (3) eligible Directors and twenty five (25) employees of our Group have been allocated with pink form shares.

The Pink Form Allocation to the Directors are as follows:

Name of Directors	Number of Shares allocated
Professor Dato' Dr Omar @ S. Omar bin Abdul Rahman	80,000
S Gunaseharan a/l P Subramaniam	80,000
Dato' Dr Mhd Nordin bin Mohd Nor	80,000
Total	240,000

(iii) Selected investors by way of private placement

18,000,000 Public Issue Shares, representing approximately 12.05% of our enlarged issued and paid-up share capital will be made available for application by way of private placement to selected investors.

There is no minimum subscription amount to be raised from the Public Issue. All the Public Issue Shares under Section 3.5 (i) and 3.5 (ii) above have been fully underwritten by the Underwriters.

Any undersubscription in any of the Public Shares under Section 3.5 (i) and 3.5 (ii) will be made available for subscription from any of the other categories, whenever there is oversubscription in such other categories. Thereafter, any remaining Public Issue Shares not subscribed for under Section 3.5 (i) and 3.5 (ii) will be made available for subscription by the Underwriters in proportions specified in the Underwriting Agreement dated 8 August 2008.

The Public Issue Shares under Section 3.5 (iii) will not be underwritten as irrevocable undertakings have been obtained from the selected investors to subscribe for their respective entitlements.

3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

3.6 Basis of Arriving at the Public Issue Price

The Public Issue Price was determined and agreed upon by our Directors and PIVB as the Adviser, Managing Underwriter, Underwriter and Placement Agent, after taking into consideration the following factors:

- (i) our Group's operating and financial history and position as outlined in Section 5 and Section 11 of this Prospectus;
- (ii) our Group's forecasted net EPS of 2.68 sen (computed based on our forecasted consolidated PAT of approximately RM3.99 million for the FYE 2008 and our enlarged issued and paid-up share capital of 149,390,500 Shares), and our forecasted net PE Multiple of approximately 11.94 times for the FYE 2008 as set out in Section 11 of this Prospectus;
- (iii) future plans, strategies and prospects of our Group as outlined in Section 5 of this Prospectus;
- (iv) our proforma consolidated NA per Share after the Public Issue of RM0.16 computed based on the proforma consolidated NA of RM23.32 million as at 31 March 2008 and the enlarged issued and paid-up share capital of 149,390,500 Shares;
- (v) the forecasted net dividend yield of 4.19% as set out in Section 11 of this Prospectus; and
- (vi) outlook of the animal feed additive industry as set out in Section 6 of this Prospectus.

Our market capitalisation will be RM47.80 million, derived based on the Public Issue Price and our enlarged issued and paid-up share capital of 149,390,500 Shares.

However, you should note that the market prices of our Shares upon and subsequent to the listing on the MESDAQ Market are subject to vagaries of the market forces and other uncertainties, which may affect the price of Shares being traded. You should also bear in mind the risk factors set out in Section 4 of this Prospectus before deciding whether or not to invest in our Shares.

3.7 Utilisation of Proceeds

The total gross proceeds of RM8.00 million from the Public Issue will be utilised by our Group in the following manner:

	Note	Proceeds RM'000	Estimated timeframe for utilisation from the date of Listing
R&D	(i)	4,770	Within 36 months
Overseas expansion	(ii)	1,000	Within 48 months
Working capital	(iii)	430	Within 24 months
Estimated listing expenses	(iv)	1,800	Within 3 months
		8,000	

3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

Notes:

- (i) The utilisation of R&D proceeds is expected to be over a thirty-six (36) months period from the date of listing, which includes purchases of R&D facilities of RM2.41 million, expenses for technical commitments of approximately RM1.41 million and the remaining proceeds are allocated for hiring of additional full-time R&D staff. A breakdown of expenditure is as follows:

(a) Purchases of R&D facilities

Our Group plans to purchase a pilot plant which consists of bio-reactors which will be used in the production of direct fed microbials and metabolites for trial purposes. We also plan to purchase one (1) unit each of the microbiology laboratory, phytochemical analyser and extractor, laboratory animals' facilities and emulsifier facilities to enhance our R&D facilities. The purpose of the microbiology laboratory is to culture and isolate cultivar in the early phase of R&D, where our Group's R&D team identifies promising novel agents to be developed into new products. Phytochemical analyser and extractor are utilised to assist in development of plant extracts, while laboratory animals' facilities will be used to house and board research animals. In addition, emulsifier facilities will be required to mix different media of product candidates and altered into a homogenous and stable form.

In addition to that, our Group plans to set up a Phyto research facility which consists of plant extractors, grinders, dryer and mixer and planting material to develop phytochemicals based on planting materials from local flora which will be subsequently developed into growth promoters. The plant extractor, grinder, dryer and mixer will be utilised to investigate plant extracts which may reveal significant potency and efficacy levels.

The cost breakdown for each type of facility is shown below:

Type of R&D facility	Total Budgeted Cost to be Financed via Proceeds RM'000
Pilot plant*	950
Microbiology laboratory, phytochemical analyser and extractor, laboratory animals' facilities and emulsifier facilities	650
Phyto research facility	810
Total	2,410

Note:

- * The purchase of the pilot plant will be funded partly by internally generated funds.

(b) Technical Commitment

We will relentlessly provide the technical commitment in our R&D projects by appointing technical advisers, attending technical conferences and financing our R&D projects. The technical advisers committee will comprise of academics and scientists with advanced degrees or extensive experiences in the field of animal health research and biotechnology. The technical advisers will be responsible for advising us on policies related to R&D, trends and developments in animal health research and biotechnology, recruitments of scientists and professionals as well as assisting in developing technical co-operations and information exchanges with universities and research institutes around the world.

The technical conferences relate to academic and biotechnology courses and seminars that will be attended by members of our R&D team and Technical Advisory Board during the course of the next three (3) years.

3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

The R&D project expenses are related to the R&D and testing of potential products under our Group's product development plan. These consist mainly of expenses incurred as part of carrying out field efficacy trials for potential products as well as the consumables used during R&D activities. For each stage of an R&D project, we will undertake clinical, non-clinical and exploratory studies as well as perform demonstration and seeding activities in relation to our Group's potential products.

(c) Payroll costs

It is expected that the number of R&D personnel and Technical Managers head count will increase gradually over the next three (3) years to the projected fourteen (14) staff by 2010. The R&D and Technical Managers, which include a microbiologist and a biotechnologist, will assist our Group's Head of R&D to conduct R&D activities in terms of future product development, monitor field efficacy trials and provide technical assistance to customers.

Over the next three (3) years, we will undertake R&D activities that will focus on development of new products to assist our Group to become a leader in the animal feed additive market. The products earmarked for the R&D activities are mainly the Orgacids product range, direct fed microbials, immune modulators and plant extracts.

- (ii) *Recognising the need to globalise its products in order to remain competitive, our Group has allocated a portion of our gross proceeds from the Public Issue for overseas expansion in its target markets. The allocation of RM1.00 million will be primarily for the remuneration of overseas business manager, trade exhibitions and overseas travelling for the next forty-eight (48) months.*

We have begun marketing our products in Thailand, Taiwan, Vietnam and the Philippines. In the immediate and medium term, it is our intention to commence distribution of our products via appointment of distributors in Indonesia, India and China. We also plan to expand into the Europe and USA markets in the next three (3) to six (6) years.

- (iii) *The allocation of RM0.43 million as additional working capital for our Group is necessary to allow us to purchase raw materials and for machinery maintenance and utility expenses. We also intend to intensify the marketing efforts by directing part of the working capital for purposes of employment of additional sales and marketing staff.*

- (iv) *The estimated listing expenses are as follows:*

	RM'000
Professional fees	1,067
Underwriting, brokerage and placement fees	270
Printing of Prospectus and advertising fees	65
Issuing House	120
Fees to the authorities	50
Miscellaneous	228
Total	1,800

Any difference arising from the proposed utilisation as set out above will be adjusted accordingly to our working capital requirements.

We will bear all expenses and fees incidental to the listing and quotation for our entire issued and paid-up share capital on the MESDAQ Market, which include underwriting commission, placement fees, brokerage, professional fees, authorities' fees, advertising and other fees the aggregate of which is estimated to be RM1.80 million.

3. PARTICULARS OF THE PUBLIC ISSUE (*Cont'd*)

3.8 Brokerage, Placement Fees and Underwriting Commission

3.8.1 Brokerage

Brokerage fees are payable by us in respect of the Public Issue Shares at the rate of 1.00% on the Public Issue Price in respect of successful applications which bear the stamps of PIVB, participating organisation of Bursa Securities, members of the Association of Banks in Malaysia, members of Malaysian Investment Banking Association or MIH.

3.8.2 Placement Fees

The placement fees are payable by our Company to the Placement Agent at a rate of up to 1.00% of the Public Issue Price in respect of the number of shares successfully placed out.

3.8.3 Underwriting Commission

We had entered into a conditional underwriting agreement with PIVB and MIDF Investment on 8 August 2008 ("Underwriting Agreement") to underwrite 7,000,000 Public Issue Shares available for application by the Public, the eligible Directors, employees, and other persons who have contributed to the success of our Group.

The underwriting commission is payable by our Company at a rate of 2.00% of the Public Issue Price for the 7,000,000 Public Issue Shares underwritten. We will also be paying our Managing Underwriter a management fee of 0.50% of the 7,000,000 Public Issue Shares underwritten multiplied by the Public Issue Price.

3.9 Salient Terms of the Underwriting Agreement

The following are, *inter alia*, some salient terms reproduced from the Underwriting Agreement. The capitalised terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement:

Clause 2.3 Conditions precedent

The obligations of the Underwriter under this underwriting agreement are in all respects conditional upon:

- (a) *an application being made to Bursa Securities within three (3) Market Days from the date of issue of the Prospectus for admission to the Official List of the MESDAQ Market, and approval being in principle granted by Bursa Securities for the listing of and quotation for all the issued and paid-up share capital of the Company on the MESDAQ Market (and if such approvals shall be conditional, all conditions thereto have been complied with to the satisfaction of the Underwriters) on or prior to the Closing Date or such longer period as may be specified by the SC, and the Underwriters being reasonably satisfied that such listing and quotation will be granted three (3) clear Market Days after the Public Issue Shares have been issued and despatched to entitled holders;*
- (b) *the registration of the Prospectus and such other documents as may be required in accordance with the Capital Market and Services Act 2007 in relation to the Public Issue Shares with the SC and lodgement of the Prospectus with the ROC on or before the date of issue of the Prospectus, on or before their release pursuant to the Public Issue;*

3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

- (c) *the 18,000,000 new Shares reserved for placement by the Placement Agent being placed out by it, such placement being in compliance with and meeting all relevant regulatory requirements pertaining to the same (if any), and such placement to be completed on or before the Closing Date;*
- (d) *the issuance of the Prospectus within three (3) months from the date of this underwriting agreement or such extended time as the Parties may mutually agree in writing;*
- (e) *there having been on or prior to the Closing Date, neither any adverse change nor any development reasonably likely to result in any adverse change in the condition (financial or otherwise) of the Issuer, which is material in the context of the Public Issue Shares from that set forth in the Prospectus, nor the occurrence of any event which makes any of the representations and warranties contained in Clause 3 in the opinion of the Managing Underwriter (which opinion is final and binding) untrue and incorrect in any material respect as though they had been given and made on such date with reference to the facts and circumstance than subsisting, nor the occurrence of any event contained in Clause 11.1;*
- (f) *the delivery to the Managing Underwriter prior to the date of the registration of the Prospectus with the SC of a certified true copy by an authorised officer of the Issuer of all the resolutions of the directors of the Issuer and the shareholders in general meeting approving this underwriting agreement, the Prospectus, the Public Issue and authorising the execution of this underwriting agreement and the issuance of the Prospectus;*
- (g) *the delivery to the Managing Underwriter on the Closing Date of such reports and confirmations dated on the Closing Date from the Board of Directors of the Issuer as the Managing Underwriter may reasonably require to ascertain that there is no material change of condition or circumstances subsequent to the date of this underwriting agreement that would or may have an adverse effect on the performance or financial position of the Issuer;*
- (h) *the Managing Underwriter having been satisfied that adequate arrangements have been made by the Issuer to ensure payment of the expenses referred to in Clause 12.1;*
- (i) *the issue, offering and subscription of the Public Issue Shares pursuant to and in accordance with the provisions of the Prospectus are not prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia (including without limitation Bursa Securities) and all consents, approvals, authorisations or other orders required by the Issuer under such laws for or in connection with the Public Issue and/or the listing of and quotation for the Public Issue Shares have been obtained and are in full force and effect on the Closing Date;*
- (j) *the Managing Underwriter having been satisfied that the Issuer has complied and that the issuance of the Public Issue Shares are in compliance with the policies, guidelines and requirements of the SC and Bursa Securities and all revisions, amendments and/or supplements thereto;*
- (k) *the issue and offering of the Public Issue Shares having been approved by the FIC and MITI;*
- (l) *the placees of the Public Issue having validly subscribed for their respective entitlements to the Placement Shares by the Closing Date and such subscription having been confirmed in writing by the Issuer to the Managing Underwriter and the Underwriters; and*

3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

(m) *this Agreement having been duly executed by all parties and stamped.*

Clause 2.4 Waiver

The Managing Underwriter may, without prejudice to any of its rights, in consultation with the other Underwriters, waive all or any of the conditions precedent, except for any conditions required by a mandatory rule of law or a mandatory requirement of governmental, public or regulatory authorities in connection with this Agreement. Any waiver granted shall be notified to the other Underwriters in writing and shall not preclude the Managing Underwriter from requiring that such waived condition be subsequently complied with at a later date.

Clause 2.5 Non satisfaction

Subject to Clause 2.4 (Waiver), in the event any of the conditions precedent are not fulfilled or complied with to the reasonable satisfaction of the Managing Underwriter by the Closing Date, the Managing Underwriter, after consultation with the Underwriters, shall be entitled to terminate this Agreement by notice in writing to the Issuer and in such event the provisions of Clause 10 (Termination) shall apply but without prejudice to the rights of the Underwriters under Clause 7 (Underwriting Commission) and Clause 12 (Costs and Expenses). The parties hereto shall, after termination of this Agreement in accordance with this Clause 2.5, be released and discharged from their respective obligations hereunder and this Agreement shall become null and void and of no further force and effect and none of the parties shall have any claim against the other.

Clause 10.1 Termination

(a) *If at any time prior to the Closing Date the Underwriters have notice of:*

- (i) *any material breach of the undertakings or obligations in this underwriting agreement by the Issuer; or*
- (ii) *any material and adverse change rendering any of the warranties or representations in sub-clause 3.1 inaccurate in a material and adverse respect;*

and such breach or material and adverse change, if capable of remedy or restoration, is not remedied or restored within such reasonable number of days as stipulated in a written notice by the Underwriters to the Issuer giving notice and particulars of such breach or material and adverse change to the Issuer, then the Underwriters will be entitled to terminate this underwriting agreement by prior written notice to the Issuer.

(b) *If at any time prior to the Closing Date the Issuer has notice of:*

- (i) *any material breach of the undertakings or obligations in this underwriting agreement by the Underwriters or the Managing Underwriter or any of them; or*
- (ii) *any material and adverse change rendering any of the warranties or representations in sub-clause 4.3 inaccurate in a material and adverse respect;*

and such breach or change, if capable of remedy or restoration, is not remedied or restored within such reasonable number of days as stipulated in a written notice by the Issuer to the Underwriters or the Managing Underwriter (as the case may be) giving notice and particulars of such breach or material and adverse change to the Underwriters or the Managing Underwriter (as the case may be), then the Issuer will be entitled to terminate this underwriting agreement by prior written notice to the Underwriters.

3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

Clause 10.2 Consequences of termination

Upon delivery of the notice under sub-clause 10.1, this underwriting agreement will terminate and thereafter each party's rights and obligations will cease and none of the parties will have any claim against each other, except for the liability of the parties under clause 7 (where applicable) and sub-clauses 10.3 and 12.2.

Clause 11.1 Force Majeure

It will be an event of Force Majeure if in the reasonable opinion of the parties:

- (a) the success of the Public Issue is seriously and materially jeopardised by the coming into force of or change in any laws or Governmental regulations, directives, policy or ruling in any jurisdiction which seriously affects or will seriously affect the business and/or financial position of the Issuer, and which are beyond the reasonable control of the Issuer and Underwriters;*
- (b) there is a material change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange rates that would materially prejudice the success of the offer of the Underwritten Shares and their distribution or sale (whether in the primary market or in respect of dealings in the secondary market);*
- (c) the success of the Public Issue is seriously jeopardised by the Kuala Lumpur Composite Index falling below 800 points and remaining below 800 points for 3 consecutive market days at any time between the effective date of this underwriting agreement and the Closing Date;*
- (d) any event or series of events beyond the reasonable control of the Issuer and Underwriters including (without limitation) acts of government, acts of God (including, without limitation, the occurrence of a tsunami and/or earthquakes), acts of terrorism, strikes, national disorder, declaration of a state of emergency, lock outs, fire, explosion, flooding, landslide, civil commotion, sabotage, acts of war, diseases or accidents have occurred which have or are likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Public Issue or pursuant to the underwriting of the Underwritten Shares; or*
- (e) there is any imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities due to exceptional financial circumstances or otherwise.*

Clause 11.2 Consequence of Force Majeure

- (a) In the event of a force majeure under sub-clause 11.1, any party may, subject to prior consultation with the other parties, at any time prior to the Closing Date:*
 - (i) terminate this underwriting agreement by notice to the other parties; or*
 - (ii) request that the Closing Date be extended to such reasonable date as the parties may decide.*

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4. RISK FACTORS

Prior to making an investment decision, you should carefully consider, along with the other matters in this Prospectus, the risks set out below. The risks set out below are not an exhaustive list of the challenges that we currently face or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on us or our Shares.

Risks relating to our Group and Industry

4.1 Business Risks

Our Group is principally involved in the R&D, manufacturing and marketing of animal health products in the animal feed additive market. We are therefore subject to certain risks inherent to the animal feed additive market in which we operate. The growth and development of the animal feed additives market is wholly dependent on the livestock industry, and is determined by the forces of supply and demand for livestock products such as poultry meat, eggs, pork, milk, beef and mutton. As such, risks inherent to the livestock industry such as limitation of the usage of feed additives due to high livestock production costs and high cost of inputs such as building material and farm equipment and small export market for livestock products will also have an impact to the animal feed additives market.

In relation to the animal feed additive market, certain additives such as antibiotic growth promoters have shown to leave residues in animals that could eventually cause harm to human beings. Due to concerns on food safety, there has been a transition within the animal feed additives market from the usage of antibiotic to non-antibiotic feed additives. In Malaysia, this transition is still slow due to a number of reasons, particularly the lack of controls and regulations on the use of antibiotic feed additives, lack of awareness of farmers on the benefits of alternatives to antibiotics and farmers' unwillingness towards changing feed formulation on the basis that it could lead to short-term loss in production output and efficiency level due to the required lead time before the farmers can restore their productivity level. This slow transition may have an impact on our Group's business as we focus on the non-antibiotic feed additive segment of the animal feed additives market.

Other business risks include, but not limited to, the lack of regulatory framework for product registration in Malaysia, resulting in influx of imported feed additives as barriers to entry are low for small to medium start-up companies and subsidiaries of foreign manufacturers that are solely involved in the process of distribution and sale of imported feed additives.

Our Group seeks to limit these risks through maintaining a wide range of quality animal health products, maintaining sole distributorship rights of Pfizer products that have good reputation in the market and extend our efforts in R&D of non-antibiotic feed additives. However, there is no assurance that any change to the business risks will not have a material adverse effect on our Group's business.

4.2 Epidemics

The animal feed additive market is wholly dependent on the livestock industry with poultry and swine remaining as the key livestock components in terms of production volume and revenues in the region and are the key consumers of animal feed and animal feed additives.

The threat of diseases such as HPAI, FMD and the Beta Agonist scare is one of the industry challenges which will adversely affect the supply and demand for livestock products, both domestically and internationally. The first occurrence of the HPAI outbreak in 2004 had severely dampened the local consumption as well as the export markets. The recurrence of any of the diseases will certainly affect the consumers' confidence and in a worst case scenario, may severely harm our Group's financial performance and prospects.

4. RISK FACTORS (*Cont'd*)

Under the strong government support from the respective affected regions for disease control, outbreaks such as the HPAI problem is likely to be resolved in the long run, which will in turn restore consumers' confidence. In fact, the government has shown that outbreaks in the local livestock industry can be successfully controlled. Initially, any outbreak in any particular part of the country will spark panic nationwide. However, Malaysia has proven its capability to the world in containing certain outbreaks from spreading. While other neighbouring countries in the region such as Vietnam, Thailand and Indonesia have failed in containing outbreaks of the bird flu, Malaysia had done so in four (4) occasions during 2006 and 2007. As of to date, there is no human case reported in Malaysia as a result of outbreaks such as the bird flu, which bodes well for our Group for the FYE 2008. Our Directors believe that the recovery of the supply and demand for livestock products is on the cards in the near future, which would thereby result in favourable effect on the animal feed additive market and our Group's financial and business prospects.

As a further mitigating factor and as described in detail under Section 4.13 below, we have plans to expand our reach geographically. In essence, while the broadening of our overseas markets assist in enhancing our financial performance, it will also help reduce our sales dependence on a particular country and hence, lessen the risks of our products becoming subject to risk of epidemics.

However, there can be no assurance that such epidemics can be resolved entirely and will not have a material adverse effect on our Group's business.

4.3 Competition

The animal feed additive market is generally characterised by the large number of manufacturers, distributors and foreign subsidiaries that supply feed additives to End-Users. End-Users include feedmillers, animal farms such as poultry or swine farms and integrators. Distributors get their supply from local and foreign manufacturers and some distributors are also the manufacturers whereas others consist of either large companies or small start-up companies who are solely involved in the process of distribution of feed additives. Subsidiaries are actually the sales or marketing offices of foreign manufacturers set up domestically in which they only sell their parent companies' branded products.

There are approximately 120 companies present in the feed additive market in Malaysia which include manufacturers, distributors, and subsidiaries of foreign manufacturers. Due to the large number of participants, the feed additive market in Malaysia is very competitive. Many companies in Malaysia are active as both manufacturer and distributor while other companies are only manufacturers or distributors. There are no dominant participants in the market. However, products differ through quality, price and brand, as branded products are perceived to have a higher quality, and are thus priced higher compared to the cheaper generic products. The feed additive market can be segmented into three (3) tiers, namely, manufacturers cum distributors, distributors, and subsidiaries, with all companies in all three (3) tiers competing with each other in the market.

(Source: IMR Report by Frost & Sullivan)

Our Group competes under the manufacturers cum distributors' category in which competition is quite intense due to combination of many participants in the market and all the market participants hold a small share of the market. Product quality, brand name and price are the key competitive factors utilised to gain market share.

Our Group seeks to limit these risks through capturing more market share via its wide range of innovative and quality animal health products, maintaining sole rights to distribute highly regarded Pfizer products and enhancing our commitment and efforts in R&D of non-antibiotic feed additives particularly in the organic acid compounds segment, for which there is growing market potential. One of our Group's products that is in the pipeline is the direct-fed microbial product that is developing in line with the industry shift towards "green" and organic product. Nevertheless, any changes to the competitive environment may have a material adverse effect on our Group's business.

4. RISK FACTORS (Cont'd)

4.4 Biotechnology Risks

Our Group is subject to inherent risks involved in biotechnology R&D such as the ability to produce new animal health products that are safe and efficacious, the ability to obtain necessary regulatory approvals and the complexity of the R&D process involved in the development of new animal health products. In addition, the nature of biotechnology R&D also means that there are high costs involved in the development of biotechnology-based products which may have lead times of several years to reach its commercial status. As our Group is involved in the field of biotechnology R&D, the uncertainty involved in the development and commercialisation process of biotechnology products may affect the ability of our Group to introduce new animal health products.

Over the years, our Group has been successful in developing our own proprietary animal health products on the strength of our own in-house R&D team's capabilities. In order to mitigate the risk associated with biotechnology R&D, our Group will continuously engage in biotechnology R&D activities that focus on the development of efficacious, safe and cost competitive animal health products, which are essential to the product's commercial success. In addition, to strengthen our biotechnology R&D capabilities, our Group also collaborates with universities, government agencies and technical advisers to carry out certain portion of our biotechnology R&D activities. However, there can be no assurance that such activities will result in our Group being successful in developing new animal health products for commercialisation.

4.5 Supply of Raw Materials and Products

A continuous supply of raw materials and products is essential to ensure the smooth running of the manufacturing process and business of our Group. Any shortage of raw materials and products may adversely affect our business.

Our Group sources its raw materials and products from local and overseas suppliers particularly from our long term business partner, Pfizer. We do not foresee any difficulties in procuring the raw materials and products as they are readily available from local and overseas suppliers and we are able to identify additional suppliers should the need arises. Our Group has established a long-standing relationship with our suppliers. In addition, our Group plans to invest in the production of plant extract and Lactic Acid used in the upstream production which enables cost savings on raw materials and reduces dependency on raw material suppliers. Brief details on this project are disclosed under Section 5.4.5 of this Prospectus.

However, no assurance can be given that there will not be any difficulty in procuring the raw materials and products and if our Group encounters any such difficulty, no assurance can be given that our Group's business activities will not be affected.

4.6 Fluctuation in Prices of Raw Materials and Products

Raw materials used in the production of our animal health products consist of natural ingredients such as phosphoric acid, silica, vitamins and minerals. For instance, Orgacids contains Lactic Acid, Malic Acid, Tartaric Acid, Citric Acid, Formic Acid, Phosphoric Acid and a plant extract. Raw materials and distribution costs constitute a significant part of the cost of sales and therefore are vital for us to ensure that raw materials and distribution costs are sourced at the lowest cost possible. Notwithstanding a good sourcing network, these raw materials and costs are subject to fluctuations in prices as determined by the open market.

In addition, the demand of our Group's animal health products is linked to the movement of the price of raw materials of the End-Users, amongst others. The escalating cost of corn and soybean, which are raw materials used by the End-Users may indirectly affect the demand of our Group's products, due to reaction of the End-Users to reduce the usage of animal health products, especially animal feed additives in their farms.

4. RISK FACTORS (*Cont'd*)

We will focus on two (2) key thrusts to mitigate the global effects of rises in price to the demand of our Group's products:

- (i) Local market – We will promote the use of non-antibiotic feed additives and the rest of our Group's products to the End-Users, across different animal species. This will be done through awareness campaigns and promotional activities to encourage farmers to adopt good practices to achieve food quality that is safe for humans, animals and the environment. As the consumers become more health conscious and concerned about what they eat, this will encourage the farmers to improve their farming practices i.e. to use animal health products, which will benefit our Group as well. Essentially, adverse effects of the global price increase will have little impact on the demand of our Group's products through better education on the advantages of using products such as non-antibiotic feed additives.
- (ii) Export market – We will pursue expansion of our Group's overseas markets. The Group's strategies include targeting development in countries where product registration is easier to achieve, tapping into our Group's regional network and increase capacity and improve to a GMP-compliant plant to meet expected demand, as described in more detail under Section 5.7.1 of this Prospectus.

A further mitigating factor to us as a manufacturer cum distributor and as well as the industry in general is that a significant portion of such cost increase could be imputed into our selling price, thus avoiding a squeeze in our profit margin. In addition, the Directors expect that prices of farm produce such as broiler chicken, chicken eggs and swine to increase in the near future based on the escalating cost of raw materials. However, the prices of farm produce can be fairly unpredictable as they are affected by factors such as the Government's intervention in controlling the said prices.

4.7 Threat of Substitutes

Each type of additive in the feed additive market segment has a different characteristic, and hence a different function in the animal farm production and it is their particular strengths and weaknesses that determine its usefulness to different farm animals. As such, all the products in the feed additive market have a part to play in animal production and are not easily substituted between the classes. There are many product categories in this segment that are being used as alternatives to antibiotic growth promoters. These alternatives such as organic acid compounds, direct-fed microbials, plant extracts, immune modulators, and enzymes also work to promote growth and increase feed efficiency of farm animals in their own specific way. Due to each of these products having different indications, they do not substitute each other but may be combined to optimize their performance.

(Source: IMR Report by Frost & Sullivan)

Within the animal feed additive market, the products that are most vulnerable to substitutes are the antibiotic related feed additives due to market forces and impending legislation. They will be replaced by non-antibiotic feed additives such as organic acid compounds, direct fed microbials, immune modulators and plant extracts.

The threat of other products replacing organic acid compounds, in turn, as non-antibiotic feed additives is low as it is a specialised product and it is at present, the best alternative based on currently available technology. The other animal feed additives mentioned may be considered substitutes, but only to a limited extent, as these products have different indications and are more efficacious when used in combination with organic acids rather than in isolation. The threat of single acids replacing organic acid compounds is also low as the price-performance trade off is poor in comparison.

Our Group seeks to limit these risks through implementing the product development strategy, market penetration strategy and market development strategy. However, there can be no assurance that such strategies will result in our Group being successful in overcoming the threats of substitutes.

4. RISK FACTORS (*Cont'd*)

Our Group's principal product, Orgacids provides us with a competitive advantage in the non-antibiotic feed additive market as one of the best alternatives in replacing the antibiotic feed additives. However, there are currently a number of brands in the organic acid market such as Luctacid, Acid Lac, Salkil and others which compete within the same product segment and there remains a risk of product substitution.

4.8 Protection of IP Rights

Our Group's success is dependent upon our ability to protect our IP rights. There can be no assurance that our Group will be able to continue to protect our proprietary and IP rights against infringement, unauthorised third-party copying and exploitation, any of which may have a material and adverse impact on our Group's business, operating results and financial conditions.

In order to protect our Group's IP in Malaysia, we had submitted applications to the IPC on 20 April 2005 for the registration of patents in relation to product formulation and production procedure for "Orgacids". The request for full substantive examination has been filed with IPC on 7 September 2005. The duration of a patent, when the certificate of grant of patent is issued, will be 20 years from the date of application. In addition, we have also applied for the registration of patents for Orgacids in Vietnam, Thailand, Taiwan and the Philippines in 2006. We also had trademarks registered for Sunzen (Company Logo), Pfactor, Orgacids, Xalba-8 and Eimeriax in Malaysia. Orgacids is a registered trademark in Thailand, Vietnam, Iran, Taiwan and India while pending approval in China, Indonesia, Pakistan and the Philippines (Zenacids). Besides that, our Group has other various products registered in Thailand and Vietnam.

Third parties may exploit these IP rights in those countries in which they have not been registered or otherwise protected. In addition, the filing for and granting of patents will result in public disclosure of the product formulations of our Group which may lead to exploitation of the product formulations in countries where there is no or limited patent protection.

To further mitigate this risk, our Group has procured our key management personnel who have personal, detailed knowledge of our products' formula, formulation process and procedures to sign confidentiality letters, which may reduce the possibility of copying of products. Our Group also ensures that trade secrets are protected by way of limiting technical knowledge to the key management and segregating formulation and processing knowledge amongst members of the production team.

Our Directors believe that our Group has taken reasonable steps in the protection of our IP rights and if the need arises, our Group is prepared to initiate legal proceedings against parties deemed to have infringed our Group's proprietary rights.

4.9 Legal Uncertainties Concerning Contractual Agreements

Our Group has entered into various agreements and arrangements in relation to our business and operations. These include, inter alia, distribution agreements, tenancy agreements, facility/term loan agreements and letters of offers from financial institutions, research collaboration projects, working arrangements, sale and purchase agreements and other agreements related to the business of our Group. The documentation evidencing such agreements and arrangements were either prepared in-house or by the other contracting party or external lawyers. Although our Directors believe that these contractual agreements have not been breached by the parties involved and have been in compliance with the relevant laws and regulations in Malaysia and other countries whose laws and regulations our Group may be subject to, there is no assurance that these contractual agreements or arrangements may not subsequently be found to be subject to legal uncertainties or litigation proceedings, as there are risks which are inherent in doing business, particularly in business overseas.

We seek to mitigate this risk by actively seeking legal advice as and when necessary on any new agreements or arrangements that are not common to our operations or are not in the ordinary course of our business or if there be any material changes in the status of existing agreements or arrangements or the laws affecting the same.

4. RISK FACTORS (Cont'd)

4.10 Financial Risks**Borrowings**

Save as disclosed in Section 11, our Group has no other borrowings in the form of term loans, trust receipts, letters of credit, bankers' acceptance or hire purchase financing. At present, we are able to meet our financial obligations through a combination of internally generated funds and internal credit facilities. As the interest charged on bank borrowings is dependent on prevailing interest rates and total outstanding loans, any future fluctuations of the interest rates could have material effects on our Group's profitability and financial position. However, we are of the opinion that our prudent cash flow management will be able to generate sufficient funds for the repayment of bank borrowings and credit facilities.

Our Group's current bank borrowings and banking and credit facilities consist of bills payable, term loans, over drafts, letters of credits, trust receipts, bankers' acceptance facilities and bank guarantees. Although these facilities do not, in the ordinary course of business, limit our Group's operating and financial flexibilities, there are however some covenants contained in various banking and credit facilities which oblige us to obtain prior approvals for any changes in the shareholders and/or management, and which restrict us from incurring further indebtedness and providing further security to any other persons other than in the ordinary course of business, and there is no guarantee that any future banking and credit facilities would not contain such covenants. Our Directors are aware of such covenants and shall take all precautions necessary to prevent such breach.

Furthermore, there can be no assurance that our Group's performance would remain favourable in the event of adverse changes in interest rates or loaned amounts. Our failure to repay our borrowings and service the interests in future may have a material adverse effect on us.

Material Commitments and Indebtedness

Save as disclosed in Section 11, there are no material commitments or indebtedness incurred or known to be incurred by our Group which may have a substantial impact on the financial position of our Group.

However, there can be no assurance that our Group will not have any further material commitments or indebtedness in future.

4.11 Control by Substantial Shareholders

Upon completion of the Public Issue, four (4) substantial shareholders, namely Dr Tan Kim Sing, Dr Kok Poe Chu, Dr Teo Kim Lai and Dr Fong Chan Seng, will in aggregate, beneficially own approximately 62.81% of our enlarged issued and paid-up share capital. As a result, these shareholders, acting together, will be able to effectively control the outcome of certain matters requiring the vote of our shareholders unless they are required to abstain from voting by law and/or the relevant authorities.

As a step towards good corporate governance, our Group has established an audit committee comprising three (3) independent non-executive directors to ensure that any future transactions involving related parties, if any, are entered into on arms-length basis. There are also control procedures in place to ensure business decisions are arrived at via careful judgments and rational basis, instead of undue influence.

4. RISK FACTORS (Cont'd)

4.12 Dependence on Key Personnel

Our Group's future performance depends on a significant extent on the continued efforts and abilities as well as the networking of our Directors, senior management, key technical and sales and marketing personnel. Accordingly, the loss of any of these individuals could have a direct adverse impact on our future performance. Our Directors recognise that our Group's continuing success depends on, amongst others, our ability to retain existing Directors, senior management and key technical personnel and at the same time attract new skilled personnel to strengthen our work force.

We seek to mitigate this risk by offering our employees competitive remuneration and benefit packages, training and maintaining a conducive working environment. In addition, our Group currently enjoys good relationships with our employees and these employees do not belong to any trade union. However, there can be no assurance that the measures taken or to be taken will be successful and that any change in our Group's existing key employees will not have any material effect on our Group's business and operations.

4.13 Dependence on Particular Products and Markets

Our Group is mainly involved in the R&D, manufacturing and marketing of animal health products in the animal feed additive market. For the FYE 2007 and the three (3) months FPE 31 March 2008, sales from the feed additives product category contributed to approximately 53.46% and 56.99%, respectively, of our Group's total proforma turnover.

In mitigating our Group's dependence on particular products, we have actively pursued our plans to diversify our range of products. Currently, our Group plans to leverage our strength in biotechnology R&D to both extend the current range of products as well as develop animal health products that are progressive and have a large untapped market potential. Due to the possibility of human health risks posed by antibiotics, the EU has banned certain antibiotics used as growth promoters in 1998, and implemented a total antibiotic growth promotants ban from 1 January 2006. This had resulted in increased interest in alternatives to antibiotic growth promoters. Our Directors are confident that there will be good demand for our Group's existing and future products as we focus on the non-antibiotic feed additive segment of the feed additive market.

However, while our Group seeks to develop new products through our R&D activities, there can be no assurance that such R&D activities will be successful or that such new products can be marketed successfully.

As at 31 March 2008, our Group's products were sold in Southeast Asian countries such as Singapore, Vietnam and the Philippines, as well as Taiwan and Hong Kong. In order to limit the risks of dependence on a particular market, our Group plans to expand and develop our products' potential in other overseas markets such as Indonesia, India and China in the near future and the USA and Europe markets within the next three (3) to six (6) years. While our Group continues to promote or make sales overseas, there will be no assurance that our Group will continue to be successful in marketing to more countries. There can also be no assurance that our Group would be able to sustain and continue to maintain sales level in our existing markets.

4.14 Dependence on Key Customers and Failure of Ongoing Relationships

Our Group is dependent on our key customers for continued orders as on an overall basis, our Group's revenue is currently based on purchase orders ("POs") instead of long-term sales contracts or formal agreements. It is common in the industry for manufacturers of animal feed additives to work from confirmed POs on a regular basis. As such, our Group's sales may be affected in the event of failure in any of these relationships, since we depend on the goodwill of and relationship with certain key customers while not entering into long-term sales contracts with these customers.

4. RISK FACTORS (Cont'd)

However, our Board is of the opinion that most of our customers or End-Users are repeat customers or End-Users, and will continue to do so until there is a negative development relating to our Group's products or until emergence of other products in the market that are more effective.

Further, although our Group does not have any long-term sales contracts or formal agreements in place, our Group has over the years, through our Directors, enjoyed good relationships with our customers. With our Group's ability to cater to our customers' need and demand for high product quality, we have consistently obtained recurring orders. To alleviate the dependence of key customers, we are also expanding our product range as well as our target markets.

However, there can be no assurance that our Group's business relationship with them will not be disrupted and the loss of any of our major customers will not have an adverse impact on the operations and financials of our Group.

4.15 Foreign Market Risk and Foreign Currency Fluctuation Risk

Our Group plans to expand its marketing and distribution network into overseas markets from the proceeds received from the Public Issue. Therefore, this would expose our Group to certain foreign market risks which include, but are not limited to risks of foreign exchange controls, adverse political and economic conditions and differing regulatory and operating requirements. In particular, our Group may be affected by unfavourable regulatory requirements which may delay our future plans to enter such countries. This may affect our Group's future growth and revenue. We intend to appoint suitable partners as distributors for overseas markets to minimise our Group's exposure to the risks inherent in the foreign markets.

Our Group will also be exposed to foreign currency fluctuations as a result of its overseas expansion and the most commonly used currency in our Group's business is the USD. As the RM is currently a managed float, the effects of foreign currency risks are less significant. Nevertheless, in the event that the RM becomes a free float currency, the Group may have a greater exposure to foreign currency risks and as such, there is no assurance that any future significant fluctuations in exchange rates or any financial crisis will not have any impact on the revenue and earnings of our Group.

4.16 Political, Economic and Regulatory Considerations

Adverse developments in political, economic and regulatory conditions in Malaysia and other countries in which our Group may operate could materially and adversely affect the financial prospects of our Group. Political and economic uncertainties that could unfavourably affect our Group include, amongst others, changes in political leadership, risk of war, nullification of existing orders, global economic downturn, changes in interest rates, methods of taxation and currency exchange rules and contracts. Our Group could also be affected by laws, regulations and guidelines which regulate the poultry and swine livestock industries in terms of issuing of license for farming purposes and prohibition of certain animal health products.

In addition, certain of our Group's products are subject to the impending ban on antibiotics in the near future. However, this is expected to have minimal impact on our Group's operations since our Group will be focusing mainly on the R&D of alternatives to antibiotics, as well as having developed our own proprietary non-antibiotic feed additive product, Orgacids.

Whilst our Group strives to continually take effective measures such as prudent financial management and efficient operating procedures, there is no assurance that adverse political and economic factors will not materially affect our Group.

4. RISK FACTORS (Cont'd)

4.17 Operating risks

There is no assurance that our financial results will not be adversely affected by disruptions to our production caused by defects on the plant and machinery and equipment as well as delays in attaining the optimum operating capacity for our plant. However, based on our Group's past experience in running and operating our plant, our Directors are confident that we will be able to overcome any problems related to our plant's operations.

Other risks, which are also inherent to our business, include amongst others, fire outbreaks, disruption of electric supply, disruption in our distribution channels, flood and theft which would affect our Group's business operations.

In attempting to address these possible risks, our Group has in place certain risk-management plans and pre-emptive measures as follows:

- (i) Fire fighting system such as fire hydrants, fire hose reels and fire extinguishers are installed in our Group's factory premises. Moreover, if there are any consequential loss arising from fire or extraneous perils, our Group would be compensated by the relevant insurance coverage for the replacement cost of the assets and any resulting consequential loss;
- (ii) Our Group has taken up insurance coverage on, amongst others, fire, consequential loss, on plant and machinery, stocks and trade materials and office equipment, tools, utensils, fixtures and fittings; and
- (iii) Our Group has engaged the services of security companies for guarding and patrolling the factory premises and surroundings. In addition, although the factories are in operation eight (8) hours every day, we uphold security for twenty-four (24) hours, which includes supervisors and shift leaders guarding the premises to prevent unauthorised entry.

With the abovementioned risk management practices/plans in place, the operational risks of our Group are mitigated to a certain extent. To date, there has not been any major disruption to our operations or damage in relation to the occurrence of any of the above.

4.18 Insurance Risks

Our Directors believe that our Group's production facilities, plant and machinery as well as stocks located within the factories are adequately insured against unforeseen events such as fire, consequential loss, loss of money, public liability, burglary and personal accidents.

Our Group is aware of the consequences arising from inadequate insurance coverage that could have an adverse impact on our business operations. In ensuring such risks are maintained, our Group regularly reviews and ensures adequate insurance coverage for our assets.

Our Group has taken the necessary measures to ensure that our assets are adequately covered by insurance. However, there can be no assurance that the insurance coverage would be adequate for the replacement cost of all assets of our Group, including but not limited to, any consequential costs arising thereof.

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4. **RISK FACTORS** (*Cont'd*)

Risks relating to investment in our Shares

4.19 No Prior Market for Our Shares

There has been no public market for our Shares prior to the Public Issue. There can be no assurance that an active market for our Shares will develop upon our Listing or, if developed, that such market will be sustained. The market price, liquidity and trading volume of our Shares may be volatile. There can also be no assurance that the Public Issue Price will correspond to the price at which our Shares will be traded on the MESDAQ Market upon or subsequent to our Listing or that an active market for our Shares will develop and continue upon or subsequent to our Listing.

The Public Issue Price was entirely determined and agreed upon by us and the Managing Underwriter. Among the factors considered in determining the issue price of our Shares in addition to prevailing market conditions, were our Group's financial and operating history and condition, management and the prospects of the animal feed additive industry in which we operate.

4.20 Delay in or Abortion of the Listing

We believe that our Listing may be delayed or aborted due to the occurrence of any one or more of the following events, which may not be exhaustive:

- (i) the placees identified under the private placement fail to take up the portion of Shares allocated to them;
- (ii) the Underwriters fail to honour their obligations under the Underwriting Agreement;
- (iii) we are unable to meet the public spread requirement, that is, at least 25% of the enlarged issued and paid-up capital must be held by a minimum number of 1,000 public shareholders at the point of our admission to the MESDAQ Market; or
- (iv) we are unable to obtain clearance from Bursa Securities for our admission to the Official List for the quotation of our entire enlarged issued and paid-up share capital.

Our Directors will endeavour to ensure that our Company complies within the various Listing Requirements, including the public spread requirement imposed by Bursa Securities to ensure the success of the Listing. However, there is no assurance that the abovementioned factors will not cause a delay in or abortion of the Listing.

4.21 Potential Acquisitions and Joint Ventures

Our Group may from time to time engage in acquisitions of companies with complementary products in the animal health feed additive industry. If opportunities arise, our Group intends to acquire new businesses, products or technologies or enter into synergistic joint ventures that our Group believes will be in the interest of our shareholders. There can be no assurance that our Group will be able to successfully identify, negotiate or finance such acquisitions and joint ventures, or to integrate such acquisitions and joint ventures with its current business, or to benefit from such acquisitions and joint ventures. Furthermore, the acquisitions and joint ventures may cause our Group to seek additional capital which may or may not be available on satisfactory terms.

As a mitigating factor, our Group's management will exercise due diligence prior to undertaking such potential acquisitions and joint ventures.

4. RISK FACTORS (Cont'd)

4.22 Forward Looking Statements

Certain statements in this Prospectus are based on historical data which may not be reflective of future results and other statements which are forward looking in nature, and are subject to uncertainties, contingencies and other exogenic factors. All forward looking statements are based on estimates and assumptions made by our Group and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward looking statements. Such factors include, amongst others, general economic and business conditions, competition, the impact of new laws and regulations affecting our Group and industry, changes in interest rates and changes in foreign exchange rates.

Although our Group believes that the expectations reflected in such forward-looking statements are reasonable at this point of time, there can be no assurance that such expectations will prove to have been correct. Due to these uncertainties, the inclusion of forward looking statements in this Prospectus should not be regarded as a representation or warranty by our Group, PIVB or any other advisers that the plans and objectives of our Group will be achieved.

4.23 Future Capital Injections

Our Directors believe that the net proceeds from the Public Issue, together with cash flows generated from our Group's operations and other existing sources of funds, will be sufficient to meet our Group's projected working capital and other cash requirements. However, our Group, subsequent to this offering, may need to raise substantial additional capital to fund the ongoing development and expansion of our business, including our R&D and sales and marketing efforts, the amount of which cannot be quantified at this juncture.

There is no assurance that future events may not cause our Group to seek additional capital sooner. If additional capital is required, there can be no assurance that it will be available or if available, that it will be on terms satisfactory or favourable to our Group. The issue of additional equity by us may result in the dilution of interests of our shareholders.

4.24 Future Growth

Although our Group strives to achieve our growth targets as set out in our three (3)-year business development plan, our Group's future growth will be very much dependent upon, among other things, our ability to enter into strategic marketing or other arrangements on a timely basis and on favourable terms, hire and retain skilled management, financial, technical and marketing personnel, successfully manage growth including monitoring operations and controlling costs, and obtain adequate financing when needed. Our Directors believe that our Group's successful listing on the MESDAQ Market will serve to provide our Group with the financial capabilities to increase our growth in sales and business development and to further expand our business in the animal feed additive industry in both local and foreign markets.

However, there is no assurance that our Group will be able to successfully implement our business plan or that unanticipated change in market forces, financial constraints or technical difficulties will not occur which would result in material delays in our implementation or even deviation from our original plans. In addition, the actual results may differ from our business plan due to rapid changes in the animal feed additive industry as well as the competitive environment.

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5. INFORMATION ON OUR GROUP

5.1 History

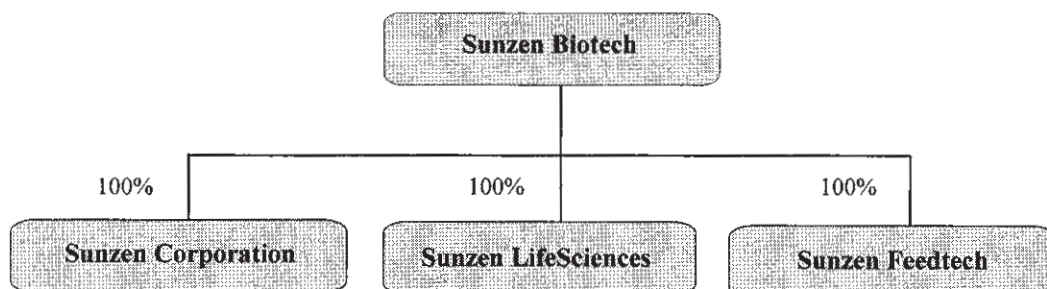
Our Company was incorporated on 8 February 2005 under the Act as a public limited company. Our Group consists of Sunzen Biotech and our wholly owned subsidiaries, namely, Sunzen Corporation, Sunzen LifeSciences and Sunzen Feedtech.

Our principal activities are that of investment holding and manufacturing of animal health products. The principal activities of our subsidiaries are:

Subsidiaries of Sunzen Biotech	Principal activities
Sunzen Corporation	Distribution and marketing of animal health products
Sunzen LifeSciences	R&D and commercialisation of in-feed anti bacterial products and supplements for animal health production
Sunzen Feedtech	Dormant

Our Group develops, manufactures and markets animal health products for livestock and companion animals. As a BioNexus Status company, we also focus on R&D of in-feed anti bacterial products and supplements for animal health production. R&D is the most important activity in our business as it is the bedrock of our mission and it helps to create sustainable earnings and ensure our long term business success. Our marketed products include nutritional feed supplements, feed additives, veterinary pharmaceuticals, animal vaccines and other animal health products such as disinfectants. Although we produce various animal health products, our main focus is in the animal feed additive market.

The corporate structure of our Group is as follows:



The origination of our Group is closely associated with Pfizer, the world's largest animal health company. In 1972, a Pfizer office was established in Malaysia to market and distribute Pfizer products in Malaysia, Singapore and Brunei. In 1998, the headquarters in the US decided to streamline their businesses. They relinquished distribution and marketing control in countries where they could leave them in trusted, proven hands and one of these was the Malaysian office. Pfizer invited the then existing management team which includes, amongst others, Dr Tan Kim Sing, Dr Kok Poe Chu, Dr Teo Kim Lai and Dr Fong Chan Seng, to undertake a management buyout. The new company that was established to take over the local Pfizer operations was named Sunzen Corporation and was profitable yearly since its establishment.

After the initial few years of operations, we have established our own R&D team and started developing our own animal health products after recognising the potential of our Group's technical capabilities and favourable market conditions for the non-antibiotic feed additive products. We made our breakthrough in 2003, with the introduction of Orgacids, our own non-antibiotic feed additive. Orgacids is an organic acid compound formulated from natural substances, which enhances the productivity, health and growth of livestock. Orgacids has been well received domestically, as well as in foreign markets such as in the Philippines, Taiwan, Vietnam and Thailand.

5. INFORMATION ON OUR GROUP (Cont'd)

5.2 Share Capital

The authorised share capital of Sunzen Biotech is RM25,000,000 divided into 250,000,000 ordinary shares of RM0.10 each. The current issued and fully paid-up share capital is RM12,439,050 comprising 124,390,500 Sunzen Biotech Shares. Upon the completion of the Public Issue, our enlarged issued and paid-up share capital will be RM14,939,050 comprising 149,390,500 Sunzen Biotech Shares.

Details of the changes in issued and paid-up share capital of Sunzen Biotech since the date of incorporation are set out below:

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Cumulative Issued and paid-up share capital RM
8.2.2005	200	0.10	Subscribers' shares	20
18.4.2008	103,975,480	0.10	Acquisition	10,397,568
18.4.2008	20,414,820	0.10	Assumption and Settlement of Advances	12,439,050

As at 15 August 2008, being the latest practicable date prior to the printing of this Prospectus, no person has an option or is entitled to be given an option to subscribe for any shares of our Group.

5.3 Flotation Exercise

In conjunction with, and as an integral part of the listing and quotation for our entire issued and paid-up share capital on the MESDAQ Market, we undertook the following exercises which were approved by the following authorities:

- (i) SC vide its letters dated 31 March 2008 and 31 July 2008;
- (ii) FIC (through SC), vide its letters dated 31 March 2008 and 31 July 2008; and
- (iii) MITI vide its letters dated 12 May 2008 and 30 July 2008.

5.3.1 Acquisition

Acquisition of the entire issued and paid-up share capital of Sunzen Corporation comprising 2,000,000 ordinary shares of RM1.00 each for a total consideration of RM10,397,548 to be satisfied by the issuance of 103,975,480 Shares to the vendors of Sunzen Corporation. The Shares are issued to the Promoters in the following manner:

Vendors	No. of Sunzen Corporation shares to be acquired	% of share capital	Purchase consideration RM	No. of new Sunzen Biotech Shares to be issued
Dr Tan Kim Sing	659,960	33.00	3,430,983	34,309,830
Dr Kok Poe Chu	345,696	17.28	1,797,195	17,971,950
Dr Teo Kim Lai	251,416	12.57	1,307,055	13,070,550
Dr Fong Chan Seng	251,416	12.57	1,307,055	13,070,550
Other vendors (excluding the Promoters)	491,512	24.58	2,555,260	25,552,600
Total	2,000,000	100.00	10,397,548	103,975,480

5. INFORMATION ON OUR GROUP (Cont'd)

The purchase consideration for the acquisition of Sunzen Corporation was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the audited NTA of Sunzen Corporation of RM10,397,548 as at 31 December 2006.

The Acquisition was completed on 18 April 2008.

5.3.2 Assumption and Settlement of Advances

Assumption and settlement of advances amounting to RM2,041,482 owed by Sunzen Corporation to its Directors and shareholders as at 31 December 2006 by Sunzen Biotech, via the issuance of 20,414,820 Shares.

Please refer to Section 7.1.4 of this Prospectus for the change in shareholdings of the Promoters upon completion of the Assumption and Settlement of Advances.

The Assumption and Settlement of Advances was completed on 18 April 2008.

5.3.3 Public Issue

We will issue 25,000,000 new Shares at an issue price of RM0.32 per Share pursuant to the Public Issue which represent approximately 16.74% of our enlarged issued and paid-up share capital and will be allocated in the following manner:

- (i) 3,000,000 new Sunzen Biotech Shares representing approximately 2.01% of our enlarged issued and paid-up share capital will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions;
- (ii) 4,000,000 new Sunzen Biotech Shares representing approximately 2.68% of our enlarged and issued and paid-up share capital will be reserved for the eligible Directors, employees and persons who have contributed to the success of the Sunzen Biotech Group; and
- (iii) 18,000,000 new Sunzen Biotech Shares representing approximately 12.05% of our enlarged issued and paid-up share capital will be made available for application by way of private placement to selected investors.

5.3.4 Listing and quotation on the MESDAQ Market

Upon completion of the Public Issue, our issued and paid-up share capital of RM14,939,050 comprising 149,390,500 Sunzen Biotech Shares will be listed on the MESDAQ Market.

5.4 Business Overview

5.4.1 Our Group's Products

We sell animal health products for livestock and companion animals. Our products can be divided into five (5) major categories:

- (i) nutritional feed supplements;
- (ii) feed additives;
- (iii) veterinary pharmaceuticals;
- (iv) animal vaccines; and
- (v) others (disinfectants, companion animal products etc.)

In Malaysia, we sell our products directly to large-scale customers and through distributors. In Thailand, the Philippines, Taiwan and Vietnam, we have appointed third-party distributors.

5. INFORMATION ON OUR GROUP (Cont'd)

Our portfolio consists of products which were researched and/or developed, manufactured and/or marketed by our Group:

(i) Nutritional feed supplements

Product Offered	Antibiotic/ Non-Antibiotic	Description and Application
Sunz-Vit	Non-Antibiotic	Sunz-Vit is a soluble multi-vitamin supplement, administered through drinking water, to control stress during vaccination, change of weather, transportation and other stressful conditions. It is also used to improve productivity and support disease treatment. 100 gram is dissolved in 225 litres of water and given to the animal for 3-7 days.
Sunz-Lyte	Non-Antibiotic	Sunz-Lyte is a soluble compound containing a balanced amount of electrolytes and multi-vitamins designed to alleviate stressful conditions, and to improve the productivity of livestock. It contains Sodium, Potassium and Chloride ions, Vitamin B6, Vitamin C, Calcium Panthothenate, Folic Acid and Niacinamide. It is recommended for treatment and prevention of dehydration resulting from heat stress, diarrhoea, infections with fever or other stressful conditions. It is also indicated for supportive treatment of bacterial infections. For treatment, 200gram is dissolved in 90 litres of drinking water and fed to the animal for 3 days. For prevention, 200gram is dissolved in 180 litres and administered for 3-7 days.
Pfactor range	Non-Antibiotic	<p>The Pfactor range is a vitamin premix which is added to feed to improve the performance and general health of the animal. The premix is an optimum blend of Vitamins A, D3, B1, B2, B6, B12, E, K, Calcium Panthothenate, Folic Acid, Niacin, Biotin, Manganese, Zinc, Iron, Copper, Cobalt, Iodine and Selenium.</p> <p>2kg of premix is mixed with every 1 MT of feed. The formula is derived by reference to nutrient requirement publications and field performance data. Pfactor 001 to Pfactor 005 are formulated for pigs of all ages, including growing swine, gilts, pregnant sows, herd boars and young breeding stock.</p> <p>Pfactor 006 and Pfactor 007 are formulated for hen layers, poultry starter, replacement pallets and broilers to improve egg production, egg shell quality, overall health, maximum growth and efficient feed utilization.</p>
Pfi-Min range	Non-Antibiotic	The Pfi-Min range is a mineral premix. It is formulated specially to provide trace minerals for livestock during the different period of growth. It contains a balanced amount of Manganese, Zinc, Iron, Copper, Cobalt, Iodine and Selenium. It is used by adding 0.5 kg to 1 MT of feed. Pfi-Min 1 is formulated for poultry while Pfi-Min 2 is formulated for swine.

5. INFORMATION ON OUR GROUP (Cont'd)

(i) Nutritional feed supplements (cont'd)

Product Offered	Antibiotic/ Non-Antibiotic	Description and Application
Vita-Stress	Non-Antibiotic	Vita-Stress is a concentrated soluble multi-vitamin supplement and consists of Vitamins A, B2, B6, B12, C, D, E and K, Calcium Panthothenate, Folic Acid and Niacinamide. It is used during times of stress in particular as a supportive treatment during outbreak of diseases or excessive heat conditions where it is considered that normal assimilation or utilization of dietary vitamins has been impaired.
Pfi-Lyte	Non-Antibiotic	Pfi-Lyte is a water soluble compound containing high concentration of electrolytes and soluble multi-vitamins. It contains Sodium, Potassium, Chloride and Carbonate ions and Vitamins A, B1, B2, B6, B12, C, D, E and K. It is recommended for treatment and prevention of dehydration resulting from heat stress, diarrhoea, chronic infections with prolonged fever or other stressful conditions. It is also indicated for supportive treatment of bacterial infections. It is recommended for oral administration via drinking water or feed.

(ii) Feed Additives

Product Offered	Antibiotic/ Non-Antibiotic	Description and Application
Orgacids range	Non-Antibiotic	<p>Orgacids is an organic acid compound which promotes the growth of the animal and improves feed efficiency. It is made from natural compounds: Lactic Acid, Formic Acid, Tartaric Acid, Malic Acid, Citric Acid and Orthophosphoric Acid.</p> <p>Orgacids improves the health of animals, lowers their mortality rate, lowers cholesterol levels, kills bacteria such as <i>Salmonella Enteritidis</i> and <i>E.coli</i>, reduces diarrhea and improves weight gain. It also promotes the growth of <i>Lactobacillus</i> and other beneficial organisms in the gastro-intestinal tract. In layers, it increases the size of eggs, reduces soiling, broken shells and eliminates <i>Salmonella Enteritidis</i>. It works by quickly reducing the pH value of the gut contents and maintaining its acidifying activities throughout the gastro-intestinal tract where it helps the animal digest and absorb nutrients better. It is used by adding 1-2 kg per MT of feed.</p> <p>As a non-antibiotic feed additive, Orgacids is safe for inclusion in the feed until the animal reaches market maturity age. It does not pose residue problems. Unlike antibiotics, it does not require a withdrawal period before the animal can be slaughtered. In addition, Orgacids acts directly on the bacterial cell, thus there is no way for the bacteria to develop any resistance, even after prolonged use. In the Philippines, the product is sold under the name Zenacids.</p>

5. INFORMATION ON OUR GROUP (Cont'd)

(ii) Feed Additives (cont'd)

Product Offered	Antibiotic/ Non-Antibiotic	Description and Application
BioSynn	Non-Antibiotic	BioSynn is a direct fed microbial complex composed of <i>Lactobacillus</i> and <i>Saccharomyces</i> microorganisms. It improves the animal's performance and health by balancing the intestinal beneficial microflora, improving the digestive process and absorption of nutrients, and stimulating the immune system. It is used by adding 1-2 kg per MT of feed.
OM-200	Antibiotic	OM-200 contains oxytetracycline, an antibiotic. It is recommended for treatment or prevention of livestock diseases caused by Gram Positive and Gram Negative bacteria. At a low usage rate, it stimulates growth, and thus improving weight gain and the feed conversion ratio. OM-200 also controls MMA (mastitis, metritis, agalactia) in sows and chronic respiratory disease in poultry. It is a good broad spectrum antibiotic because it is stable in acidic and alkali media in the feed, water, body fluids and body tissues. It is used by adding 0.5-3.0 kg per MT of feed, depending on the potency required.
Eimeriax-12%	Antibiotic	Eimeriax-12% is an anticoccidial. It contains salinomycin which controls coccidiosis in broiler, caused by the <i>Eimeria</i> species. This is a common parasitic problem in poultry that can cause huge economic losses. It is used by adding 0.5 kg per MT of broiler feed.

(iii) Others

Product Offered	Antibiotic/ Non-Antibiotic	Description and Application
Xalba-8	Non-Antibiotic	Xalba-8 is a powerful Glutaraldehyde disinfectant that is highly effective against viral, bacterial and fungal diseases. It has a rapid kill time, high cleaning power, stability in dilution and is effective at all temperatures. It is also safe for all livestock, it is non-corrosive and is usable on all types of surfaces.

Going forward, our Group will be focusing its resources on the R&D of new "green" animal health products.

5.4.2 Products Distributed by Our Group

In addition, due to the long-standing and close relationship we have with Pfizer, we continue to be the sole and exclusive distributor of their products in Malaysia, Singapore and Brunei. Besides Pfizer, we also distribute products for other manufacturers.

5. INFORMATION ON OUR GROUP (Cont'd)

Our distribution products consist of:

(i) Feed additives

Product Distributed	Antibiotic/ Non-Antibiotic	Manufacturer
Lincomix 110	Antibiotic	Pfizer
Lincomix S	Antibiotic	Pfizer
Neomycin Sulphate	Antibiotic	Pfizer
Lincospectin 44	Antibiotic	Pfizer
Lincospectin 880	Antibiotic	Pfizer
Tucoprim	Antibiotic	Pfizer
Lincomix 600	Antibiotic	Pfizer
Stafac 50	Antibiotic	Phibro
Stafac 500	Antibiotic	Phibro

(ii) Veterinary pharmaceuticals

Product Distributed	Antibiotic/ Non-Antibiotic	Manufacturer
Clamoxyl INJ	Antibiotic	Pfizer
Dectomax	Antibiotic	Pfizer
Draxxin	Antibiotic	Pfizer
Excede	Antibiotic	Pfizer
Excenel RTU	Antibiotic	Pfizer
Lincospectin SS	Non-Antibiotic	Pfizer
Lutalyse	Antibiotic	Pfizer
TM/LA	Antibiotic	Pfizer
Excenel SP	Antibiotic	Pfizer
Lincospectin SP	Antibiotic	Pfizer
Neomiz 325	Antibiotic	Pfizer
TM Pinkeye	Antibiotic	Pfizer

(iii) Animal Vaccines

Product Distributed	Antibiotic/ Non-Antibiotic	Manufacturer
Respisure	Non-Antibiotic	Pfizer
Respisure One	Non-Antibiotic	Pfizer
PR Vac Plus	Non-Antibiotic	Pfizer
Aradicator	Non-Antibiotic	Pfizer
Litterguard LTC	Non-Antibiotic	Pfizer
Swine Fever	Non-Antibiotic	Malaysian Vaccines & Pharmaceuticals Sdn Bhd
Sunvac IBD D	Non-Antibiotic	PT Vaksindo Satwa Nusantara

5. INFORMATION ON OUR GROUP (Cont'd)

(iii) Animal Vaccines (Cont'd)

Product Distributed	Antibiotic/ Non-Antibiotic	Manufacturer
Sunvac IBD L	Non-Antibiotic	PT Vaksindo Satwa Nusantara
Sunvac ND (K)	Non-Antibiotic	PT Vaksindo Satwa Nusantara
Sunvac ND LASOTA/1B H120	Non-Antibiotic	PT Vaksindo Satwa Nusantara
Sunvac IB H120	Non-Antibiotic	PT Vaksindo Satwa Nusantara
Sunvac ND Clone	Non-Antibiotic	PT Vaksindo Satwa Nusantara

(iv) Others

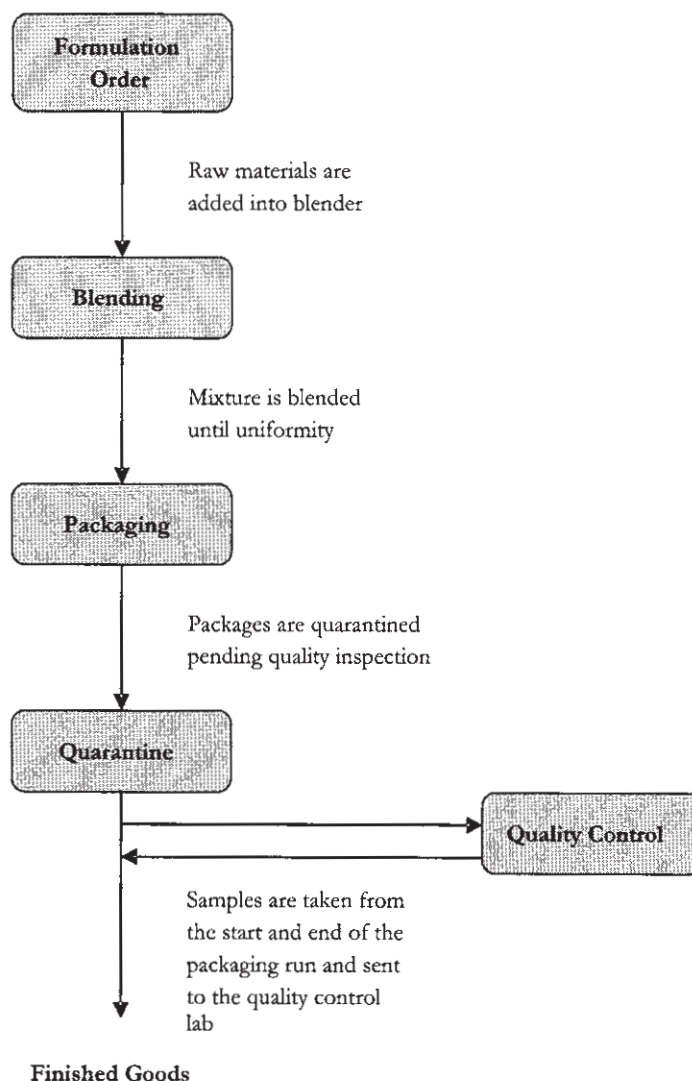
Product Distributed	Antibiotic/ Non-Antibiotic	Manufacturer
Clavulox Tabs	Antibiotic	Pfizer
Clavamox Tabs	Antibiotic	Pfizer
Clavulox RTU	Antibiotic	Pfizer
Clavamox DROP	Antibiotic	Pfizer
Vibravet Tab	Antibiotic	Pfizer
Primor Tabs	Antibiotic	Pfizer
First Dose CPV	Non-Antibiotic	Pfizer
Leukocell 2	Non-Antibiotic	Pfizer
Primucell FIP	Non-Antibiotic	Pfizer
Vanguard 5/L	Non-Antibiotic	Pfizer
Vanguard Plus 5/L	Non-Antibiotic	Pfizer
Vanguard Plus 5/CV-L	Non-Antibiotic	Pfizer
Vanguard Plus CPV/CV	Non-Antibiotic	Pfizer
Felocelll CVR	Non-Antibiotic	Pfizer
Pet Tinic	Non-Antibiotic	Pfizer
Pet La Liquid	Non-Antibiotic	Pfizer
Visorbis	Non-Antibiotic	Pfizer
Favor	Non-Antibiotic	Pfizer
Pet Tabs Plus	Non-Antibiotic	Pfizer
Pet Cals Tab	Non-Antibiotic	Pfizer
Rimadyl Chew	Non-Antibiotic	Pfizer
Rimadyl Caplet	Non-Antibiotic	Pfizer
Rimadyl Injectable	Non-Antibiotic	Pfizer
Antirobe Aquadrops	Antibiotic	Pfizer
CIDR 1380 Cattle	Non-Antibiotic	Pfizer
Cidirol Capsules	Non-Antibiotic	Pfizer
CIDP 330 Sheep/Goat	Non-Antibiotic	Pfizer
Felex Plus	Non-Antibiotic	Pfizer
Equaban	Non-Antibiotic	Pfizer

5. INFORMATION ON OUR GROUP (Cont'd)

5.4.3 Production Process and Flowchart

The production process is based on a standard operating procedure starting from ordering of raw materials until to the release of the finished product for sale.

A majority of our products follow a standard production sequence. The raw materials are weighed and prepared according to the formulation order and then added into the blender. The mixture is blended for several minutes or until uniformity. The end product is packed into designated bags and quarantined. Samples are taken from the beginning and end of the packaging run, and sent to the quality control lab for inspection and tests. After clearance, the products are released for sale.

Standard Production Flowchart

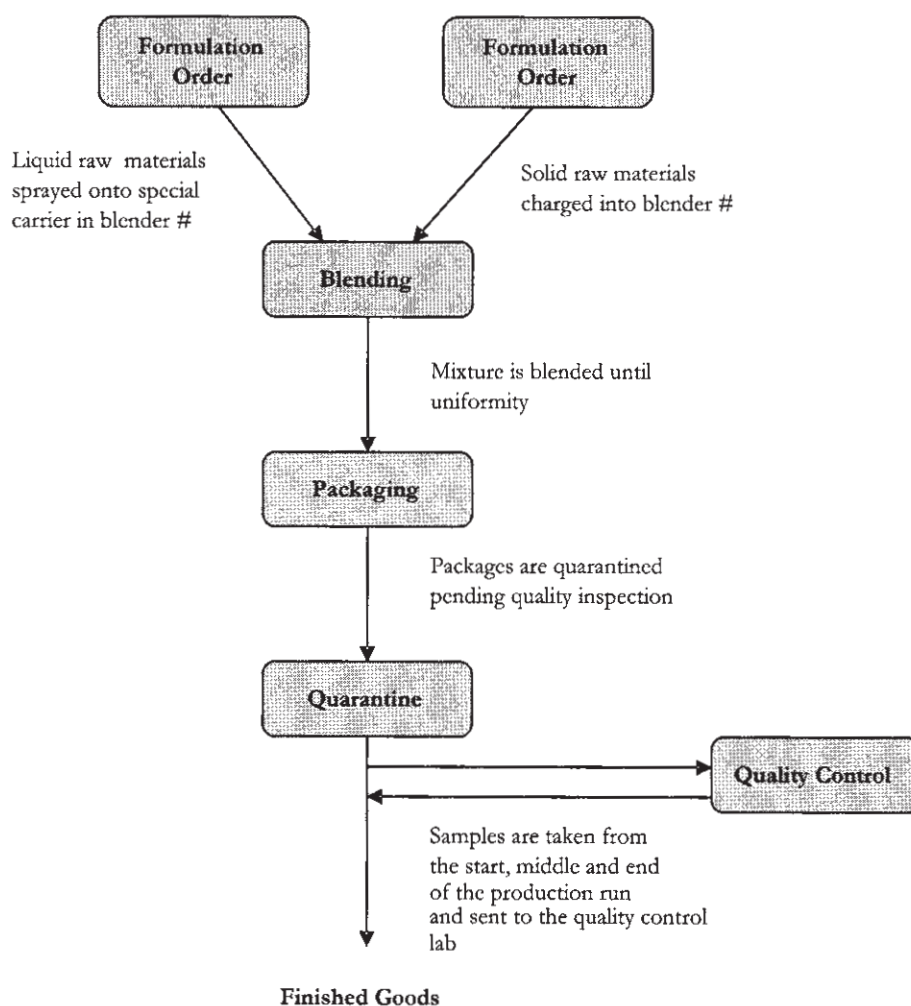
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5. INFORMATION ON OUR GROUP (Cont'd)

In the manufacture of Orgacids, the raw materials are first weighed and prepared according to the formulation order. The liquid materials are premixed with distilled water in a tank while the solid materials are charged into the blender. The liquid mixture is sprayed into the blender. A special chemical or carrier, enables the raw materials to combine homogenously together. The mixture is then blended for several minutes or until uniformity. The packages are packed into designated bags and quarantined. Samples are taken from the beginning, middle and end of the packaging run, and sent to the quality control lab for inspection and tests. After clearance, the products are released for sale.

The production flowchart for manufacturing Orgacids is described below. We have a patent application protecting the formulation and the manufacturing process of Orgacids, pending approval.

Production Flowchart For Orgacids



Note:

Process is subject of a patent application.

5. INFORMATION ON OUR GROUP (Cont'd)

5.4.4 Principal Markets

We have market presence in several countries through our extensive marketing and distribution network. For the FYE 2007 and for the three (3) months FPE 31 March 2008, our Group's revenue analysis by local and foreign markets is as follows:

Revenue	FYE 2007		Three (3) months FPE 31 March 2008	
	RM'000	%	RM'000	%
Local sales				
Malaysia	19,995	86.40	5,117	83.16
Foreign sales				
Singapore	854	3.69	197	3.20
Taiwan	806	3.48	290	4.71
Vietnam	1,059	4.58	371	6.03
Philippines	221	0.96	145	2.36
Thailand	145	0.63	-	-
India	25	0.11	-	-
Brunei	26	0.11	-	-
Hong Kong	-	-	33	0.54
Pakistan	10	0.04	-	-
Total	23,141	100.00	6,153	100.00

5.4.5 Production capacity

Our manufacturing plant's maximum capacity is based on a single shift, operating during normal working hours. When there is an increase in demand, the number of shifts will be increased to two (2) shifts, where there will be a day shift operating during normal working hours and a night shift operating from 8.00 p.m. to 5.00 a.m.

Equipments	Production output in FYE 2007*	Approximate maximum capacity for 1 full shift
2-ton horizontal mixer	53 MT per month	132 MT per month
1-ton horizontal mixer	74 MT per month	110 MT per month
Total (Existing mixers)	127 MT per month	242 MT per month

Note:

* Our production output capacity is based on the mixing process, which is determined based on the capacity of the mixers. Our auto packer and sewing machine capacity is not disclosed as it performs the packaging process only.

We will be acquiring one (1) additional mixer to be financed via additional borrowings in the FYE 2009, thus bringing our total mixers to three (3).

We currently have commissioned two (2) units of pilot scale fermentation vats to produce Lactic Acid via fermentation of milk. In 2006, we invested in some pilot scale production and have successfully commissioned two (2) units of steam distillation for the extraction of the *Cymbopogon citratus* i.e. "Serai Makan" under the guidance of FRIM. We intend to commence contract farming to produce Serai Makan on a large scale basis in the FYE 2009.

In respect of these pilot scale projects, we plan to acquire five (5) additional fermentation vats and five (5) additional units of steam distillation in the FYE 2009, which will be financed via additional borrowings from financial institutions.

We do not foresee any major constraint to the Group's production capacity as the Group plans to purchase additional machines as mentioned above to cater for its expansion for the next three (3) years.

5. INFORMATION ON OUR GROUP (Cont'd)

5.4.6 Approvals, Major Licences and Permits

As at 15 August 2008, save as disclosed below, there are no other approvals, major licences or permits obtained by our Group.

Issuing Authority	Type of licence	Date of issue/ validity period	Equity/other conditions imposed	Status of compliance/ application
Approval MITI	Pioneer Status for the production of "animal feed supplement"	Obtained on 3 November 2006 Valid from 1 January 2006 to 31 December 2010	The tax exemption of 70% on the statutory income for a period of five (5) years for the production of animal feed supplement are subject to the following conditions: (i) Our Company is to add value of at least 25% to the production of animal feed supplement; and (ii) Total staff in management, technical and supervisory levels is to achieve a level of at least 15% of Our Company's total manpower.	Sunzen Biotech already enjoys the 70% exemption Complied Complied. Please refer to Section 5.4.15 for further information.
Biotech Corp	BioNexus Status	Valid commencing 23 July 2007	The BioNexus Status is subject to full compliance to the following terms and conditions: (i) Sunzen LifeSciences must conduct only the following Qualifying Activities: R&D and commercialisation of in-feed anti bacterial products and supplement for animal health production; (ii) Sunzen LifeSciences must conduct the Qualifying Activities at the following location: No.11, Jalan Anggerik Mokara 31/47, Kota Kemuning, 40200 Shah Alam, Selangor; (iii) Sunzen LifeSciences must commence the Qualifying Activities within 60 days from 23 July 2007;	Complied. The principal activities of Sunzen LifeSciences is the R&D and commercialisation of in-feed anti bacterial products and supplement for animal health production Complied. Sunzen LifeSciences commenced its business since incorporation on 3 January 2007 and commenced the Qualifying Activities from 23 July 2007.

5. INFORMATION ON OUR GROUP (Cont'd)

Issuing Authority	Type of licence	Date of issue/ validity period	Equity/other conditions imposed	Status of compliance/ application
			<p>(iv) Sunzen LifeSciences must immediately notify Biotech Corp of <i>inter alia</i>: any circumstances that have occurred which would materially affect Sunzen LifeSciences or its performance of the Qualifying Activities, and any substantial change in the nature of the operations of Sunzen LifeSciences or the manner in which Sunzen LifeSciences implements and operates the Qualifying Activities;</p> <p>(v) The following circumstances are <i>inter alia</i> deemed to be defaults on the part of Sunzen LifeSciences which may entitle Biotech Corp to revoke the grant of BioNexus Status: Breach – Sunzen LifeSciences fails to comply with the terms and conditions of the grant of the BioNexus Status; Failure to perform – Sunzen LifeSciences fails to or is unable to achieve or fulfil its objectives, financial projections or assurances as contained in the Application Documents (including but not limited to Sunzen LifeSciences' Business Plan) and/or any subsequent update documents or Biotech Corp determines, in its opinion, that progress is not to its satisfaction; and</p> <p>(vi) The award of the BioNexus Status is personal to Sunzen LifeSciences, and cannot be assigned, pledged or otherwise transferred, in whole or in part, to any other entity.</p>	<p>Not applicable. There have been no circumstances or substantial change in the nature of operations that could materially affect Sunzen LifeSciences or its performance of the Qualifying Activities.</p> <p>Not applicable. There have been no defaults as stated in condition (v) by Sunzen LifeSciences that may entitle Biotech Corp to revoke the grant of BioNexus Status.</p> <p>Noted</p>

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5. INFORMATION ON OUR GROUP (Cont'd)

Issuing Authority	Type of licence	Date of issue/ validity period	Equity/other conditions imposed	Status of compliance/ application
<u>Licences</u> MITI	Manufacturing licence for producing animal feed supplement (Licence No.: A 015601)	Obtained on 22 June 2006 There is no expiry date of which Sunzen Biotech is aware.	Not applicable	Not applicable
Jabatan Kesihatan Negeri Selangor	Type A poisons licence ¹ granted under Section 26(2) of the Poisons Act 1952 to import, store and deal generally in all poisons (Licence Register No. BA131/2008, 0032514)	From 1 January 2008 to 31 December 2008	Not applicable	Not applicable
Majlis Bandaraya Shah Alam	Industrial licence for processing of animal food, warehouse, unlit advertisements and number plate (Licence No. 031013520070001)	Up to 31 December 2008	Temporary licence	Not applicable
Majlis Bandaraya Shah Alam	Industrial licence for processing of animal food, warehouse, unlit advertisements and number plate (Licence No. 031011420060001)	Up to 31 December 2008	Not applicable	Not applicable

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5. INFORMATION ON OUR GROUP (Cont'd)

Issuing Authority	Type of licence	Date of issue/ validity period	Equity/other conditions imposed	Status of compliance/ application
Department of Livestock Development, Ministry of Agriculture, Thailand	(i) Certificate of product registration for Orgacids; and (ii) Approved label for Orgacids	18 June 2004 Information for label certified as true on 11 June 2004. There is no expiry date of which Sunzen Corporation is aware.	Not applicable	Not applicable
Department of Animal Health, Ministry of Agriculture and Rural Development, Socialist Republic of Vietnam	Certificate of Import Registration for Veterinary Product (reference number 77 QLT/GCN) for Sunzen Corporation to import its Sunz-Lyte, Sunz-Vit, Pfi-Lyte, Vitastress and Pfactor 002 products into Vietnam	9 November 2007 Expiring on 12 May 2013	Not applicable	Not applicable
Department of Encouragement of Agriculture and Forestry Development, Ministry of Agriculture and Rural Development, Socialist Republic of Vietnam	Letter / certificate dated 18 December 2002 certifying that Orgacids and Pfactor 001 to 007 products are qualified for import into Vietnam, provided that the imported products retain the quality mentioned in the files registered with the said department, and provided that the products bear labels and trademarks in the Vietnamese language when sold in the market.	18 December 2002 There is no expiry date of which Sunzen Corporation is aware.	Not applicable	Not applicable

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5. INFORMATION ON OUR GROUP (Cont'd)

Issuing Authority	Type of licence	Date of issue/ validity period	Equity/other conditions imposed	Status of compliance/ application
Animal Feeds Standard Division, Bureau of Animal Industry, Department of Agriculture, Republic of the Philippines	Certificate of Product Registration dated 21 November 2006 (BAI Licence No. VDAPDI-0044, BAI Registration No. VRI-04-2178, Classification: Bx/Initial (Acidifier)) in respect of the registration of the generic product containing the following ingredients: Lactic Acid, Formic Acid, Malic Acid, Tartaric Acid, Citric Acid, Orthophosphoric Acid, brand: Zenacids Feed Premix Power, and stating that the Manufacturer/ Trader/ Distributor of the same is Sunzen Corporation and Pfizer.	From 30 July 2006 to 29 July 2011	Not applicable	Not applicable

Note:

1. Pursuant to Section 26(2) of the Poisons Act 1952, this licence may only be granted to a person who is a licensed pharmacist; hence the licence is in the name of Lie Poh Chong, a pharmacist employed by Sunzen Corporation.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.4.7 IP Rights

We regard our IP rights as critical to our continued success and have taken steps, which we believe to be necessary and customary in our industry to protect our rights to that IP. Our Group's IP includes the following:

(a) Patents

Our Group had submitted applications for the registration of patents in relation to the following:

Application No.	Issuing Authority	Subject Matter	Submission Date	Status
PI 20051744	IPC	1. Product Formulation for Orgacids 2. Production Procedure for Orgacids	20 April 2005	Pending ⁽¹⁾ (when certificate of grant of patent is issued, the duration of patent is 20 years from the date of filing)
50530/SC3	National Office of IP, Vietnam	Orgacids	20 April 2006	Pending
0601001792	Thai Patent Office, Department of IP, Ministry of Commerce, Bangkok, Thailand	Orgacids	20 April 2006	Pending
95113913	Taiwan IP Office Ministry of Economic Affairs	Orgacids	19 April 2006	Pending
1-2006-000222	IP Office of Philippines	Orgacids	20 April 2006	Pending ⁽²⁾

Notes:

- (1) This application is still pending. It was filed on 20 April 2005 and the request for substantive examination was filed on 7 September 2005. The response to the Substantive Examination Report was filed on 2 July 2008. Awaiting issuance of Clear Report / Notice of Allowance, for which issuance may take approximately one year, provided no further objections are raised.
- (2) An Office Action from the Philippines Patent Office was issued on 5 October 2007 and has been responded to. The Patent Application was published on 26 May 2008, and a search report has been issued. The request for substantive examination together with payment of the substantive examination fee must be filed by 26 November 2008.

(b) Trademarks

Our Group has obtained approvals for the following trademarks in Malaysia, Thailand, Vietnam, Iran, Taiwan and India:

Malaysia

Trade Mark No.	Issuing Authority	Subject Matter	Class/ Category	Date of Registration	Validity Period
01003665	IPC	Sunzen logo	Class 5	23 March 2001	10 years
03000624	IPC	Pfactor	Class 5	16 January 2003	10 years
03000628	IPC	Orgacids	Class 5	16 January 2003	10 years

5. INFORMATION ON OUR GROUP (Cont'd)

Malaysia (cont'd)

Trade Mark No.	Issuing Authority	Subject Matter	Class/ Category	Date of Registration	Validity Period
05006694	IPC	Xalba-8	Class 5	29 April 2005	10 years
05006696	IPC	Eimeriax	Class 5	29 April 2005	10 years

Thailand

Trade Mark No.	Issuing Authority	Subject Matter	Class/ Category	Date of Registration	Validity Period
Kor 188342	Trademark Office, Thailand	Pfactor	Category 31	10 February 2003	10 years
Kor 188343	Trademark Office, Thailand	Orgacids	Category 31	10 February 2003	10 years
Kor 189877	Trademark Office, Thailand	Pfi-Lyte	Category 31	10 February 2003	10 years
Kor 189878	Trademark Office, Thailand	Sunzen logo	Category 31	10 February 2003	10 years

Vietnam

Trade Mark No.	Issuing Authority	Subject Matter	Class/ Category	Date of Registration	Validity Period
53793	National Office of IP, Vietnam	Pfactor	Class 05	19 April 2004	10 years
54628	National Office of IP, Vietnam	Sunzen logo	Class 05	8 June 2004	10 years
54629	National Office of IP, Vietnam	Pfi-Lyte	Class 05	8 June 2004	10 years
54630	National Office of IP, Vietnam	Orgacids	Class 05	8 June 2004	10 years
86813	National Office of IP, Vietnam	VitaStress	Class 05	21 August 2007	10 years
86814	National Office of IP, Vietnam	OM	Class 05	21 August 2007	10 years
86420	National Office of IP, Vietnam	Eimeriax	Class 05	17 August 2007	10 years

Iran

Trade Mark No.	Issuing Authority	Subject Matter	Class/ Category	Date of Registration	Validity Period
130248	Iranian IP Office	Orgacids	Class 5	15 April 2006	Expiring on 16 July 2015