

(Company No : 680889-W)

SUNZEN BIOTECH BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

		Current Quarter Ended 31.12.2019 (Unaudited) RM'000	Corresponding Quarter Ended 31.12.2018 (Unaudited) RM'000	Current Year-To-Date Ended 31.12.2019 (Unaudited) RM'000	Corresponding Year-To-Date Ended 31.12.2018 (Unaudited) RM'000
Revenue	A9	44,302	74,444	239,864	296,160
Operating profit		2,164	6,635	12,456	17,942
Operating expenses		(16,759)	(14,461)	(32,431)	(24,728)
Finance expenses		(209)	(52)	(582)	(172)
Loss before tax	B2,B3	(14,804)	(7,878)	(20,557)	(6,958)
Income tax (expense)/credit	B8	(221)	(26)	(34)	29
Loss from continuing operations		(15,025)	(7,904)	(20,591)	(6,929)
Profit/(Loss) from discontinued operations	B4	750	79	1,435	(8)
Loss after tax		(14,275)	(7,825)	(19,156)	(6,937)
Other comprehensive (expense)/income net of tax <i>Items that may be reclassified subsequently to profit or loss</i>					
Revaluation surplus on property, plant and equipment		(170)	2,445	-	2,445
Foreign currency translation		23	(349)	434	(359)
		(147)	2,096	434	2,086
Total comprehensive expense		(14,422)	(5,729)	(18,722)	(4,851)
(Loss)/Profit after tax attributable to:					
Equity holders of the company					
-Continuing operations		(13,523)	(7,966)	(18,893)	(6,928)
-Discontinued operations		750	50	1,433	(11)
Non-controlling interests					
-Continuing operations		(1,502)	63	(1,698)	-
-Discontinued operations		-	28	2	2
		(14,275)	(7,825)	(19,156)	(6,937)
Total comprehensive expense attributable to:					
Equity holders of the company		(12,871)	(5,644)	(17,178)	(4,677)
Non-controlling interests		(1,551)	(85)	(1,544)	(174)
		(14,422)	(5,729)	(18,722)	(4,851)
(Loss)/profit per ordinary share (sen) attributable to equity holders of the company:					
Basic (loss)/earnings per share (sen)					
-Continuing operations	B15	(2.56)	(1.58)	(3.58)	(1.37)
-Discontinued operations		0.14	0.01	0.27	(0.00)
Diluted (loss)/earnings per share (sen)					
-Continuing operations	B15	(2.56)	(1.58)	(3.58)	(1.37)
-Discontinued operations		0.14	0.01	0.27	(0.00)

Note:-

The above condensed consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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SUNZEN BIOTECH BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	As At Financial Year End 31.12.2019 (Unaudited) RM'000	As At Financial Year End 31.12.2018 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		61,872	61,530
Investment property		1,860	1,860
Deferred tax assets		-	580
Product development expenditure		-	-
Intangible asset		103	141
		<u>63,835</u>	<u>64,111</u>
Current assets			
Inventories		12,438	14,452
Trade receivables		9,851	21,416
Other receivables, deposits and prepayments		6,665	3,725
Tax recoverable		1,164	2,357
Fixed and short term deposits with licensed banks		15,877	15,499
Cash and bank balances with licensed banks and other financial institution		16,794	26,014
		<u>62,789</u>	<u>83,463</u>
TOTAL ASSETS		<u>126,624</u>	<u>147,574</u>
EQUITY			
Share capital	A6	76,524	75,547
Treasury shares	A6	(956)	(336)
Warrants Reserve		10,909	10,909
Retained profits		(3,680)	13,744
Revaluation reserve		15,754	15,790
Merger deficit		(8,397)	(8,397)
Currency translation reserve		(35)	(317)
Total equity attributable to equity holders of the Company		<u>90,119</u>	<u>106,940</u>
Non-controlling interests		5,793	7,701
TOTAL EQUITY		<u>95,912</u>	<u>114,641</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		2,938	3,451
Hire purchase payables	B10	711	934
Term loans	B10	14,820	3,550
		<u>18,469</u>	<u>7,935</u>
Current liabilities			
Trade payables		6,440	12,637
Other payables and accruals		4,868	9,196
Hire purchase payables	B10	179	420
Term loans	B10	756	521
Bank overdraft		-	1,410
Tax payable		-	814
		<u>12,243</u>	<u>24,998</u>
TOTAL LIABILITIES		<u>30,712</u>	<u>32,933</u>
TOTAL EQUITY AND LIABILITIES		<u>126,624</u>	<u>147,574</u>
Net assets per ordinary share (RM) attributable to equity holders of the Company		<u>0.17</u>	<u>0.20</u>

Note:-

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

The net assets per share attributable to equity holders of the Company is calculated based on net assets value divided by the number of ordinary shares in issue at the end of the reporting period of 528,764,688 (2018: 524,097,917) excluding treasury shares held.

(Company No. : 680889-11)

SUNZEN BIOTECH BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Atributable to equity holders of the Company										
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Warrants Reserve RM'000	Revaluation Reserve RM'000	Merger Deficit RM'000	Currency Translation Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Quarter ended 31 December 2019 (Unaudited)											
Balance at 1 January 2019	75,547	-	(336)	10,909	15,790	(8,397)	(317)	13,744	106,940	7,701	114,641
Loss after tax for the financial year	-	-	-	-	-	-	-	(17,460)	(17,460)	(1,690)	(19,150)
Other comprehensive(expense)/income, net of tax for the financial year:											
- Foreign currency translation	-	-	-	-	-	-	282	-	282	152	434
Total comprehensive (expense)/income for the financial year	-	-	-	-	(36)	-	282	(17,460)	(17,178)	(1,544)	(18,722)
Amortisation on revaluation reserve	-	-	-	-	-	-	-	36	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(364)	(364)
Purchase of treasury shares	-	-	(620)	-	-	-	-	-	(620)	-	(620)
Issuance of shares	977	-	-	-	-	-	-	-	977	-	977
Balance at 31 December 2019	76,524	-	(956)	10,909	15,754	(8,397)	(35)	(3,680)	90,119	5,793	95,912
Balance at 1 January 2018	63,286	-	(242)	10,909	13,369	(8,397)	(134)	20,663	99,454	266	99,720
(Loss)/Profit after tax for the financial year	-	-	-	-	-	-	-	(6,939)	(6,939)	2	(6,937)
Other comprehensive(expense)/income, net of tax for the financial year:											
- Revaluation surplus on property, plant and equipment	-	-	-	-	2,445	-	-	-	2,445	-	2,445
- Foreign currency translation	-	-	-	-	-	-	(183)	-	(183)	(176)	(359)
Total comprehensive (expense)/income for the financial year	-	-	-	-	2,445	-	(183)	(6,939)	(4,677)	(174)	(4,851)
Amortisation on revaluation reserve	-	-	-	-	(24)	-	-	24	-	-	-
Issued of shares pursuant to acquisition of a subsidiary	12,050	-	-	-	-	-	-	(4)	12,050	4	12,050
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	(4)	(4)	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	7,605	7,605
Purchase of treasury shares	-	-	(94)	-	-	-	-	-	(94)	-	(94)
Issuance of shares	211	-	-	-	-	-	-	-	211	-	211
Balance at 31 December 2018	75,547	-	(336)	10,909	15,790	(8,397)	(317)	13,744	106,940	7,701	114,641

Note:

The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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SUNZEN BIOTECH BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Current Year To Date Ended 31.12.2019 (Unaudited) RM'000	Corresponding Year To Date Ended 31.12.2018 (Unaudited) RM'000
Cash flows from/(for) operating activities		
(Loss)/Profit before tax		
-Continuing operations	(20,557)	(6,958)
-Discontinued operations	1,435	17
Adjustments for:-		
Amortisation of intangible assets	117	22
Bargain purchase arising from acquisition of a subsidiary	-	(5,383)
Bad debts written off	48	-
Depreciation of property, plant and equipment	3,046	2,383
Gain on disposal of a subsidiary	(1,599)	-
Impairment loss on property, plant and equipment	5,117	6,021
Impairment loss on goodwill	-	2,139
Impairment loss on trade receivables	2,425	511
Impairment loss on other receivables	4,049	-
Interest income	(480)	(585)
Interest expense	474	278
Inventories written off	171	272
Loss/(Gain) on disposal of property, plant and equipment	433	(66)
Unrealised loss/(gain) on foreign exchange	31	(44)
Write down of inventories	954	766
Operating loss before working capital changes	(4,336)	(627)
Decrease in inventories	888	1,532
Decrease in trade and other receivables	3,045	13,817
Decrease in trade and other payables	(10,709)	(15,982)
Cash for operations	(11,112)	(1,260)
Tax paid	(1,684)	(1,968)
Tax refunded	2,261	239
Interest paid	(438)	(279)
Net cash for operating activities	(10,973)	(3,268)
Cash flows (for)/from investing activities		
Interest received	480	585
Proceeds from disposal of property, plant and equipment	192	691
Purchase of property, plant and equipment	(3,463)	(1,851)
Purchase of investment property	-	-
Disposal/(Acquisition) of subsidiary	1,357	(2,178)
Net cash for investing activities	(1,434)	(2,753)
Cash flows (for)/from financing activities		
Drawdown of term loan	5,000	-
Repayment of term loans	(564)	(446)
Repayment of hire purchase obligations	(220)	(640)
Purchase of treasury shares	(620)	(94)
Proceeds from issuance of shares	977	211
Net cash from/(for) financing activities	4,573	(969)
Net decrease in cash and cash equivalents	(7,834)	(6,990)
Cash and cash equivalents at beginning of the financial year	40,103	47,400
Foreign exchange difference	402	(307)
Cash and cash equivalents at end of the financial year	32,671	40,103
Cash and cash equivalents comprise:		
Fixed and short term deposits with licensed banks	15,877	15,499
Cash and bank balances with licensed banks and other financial institution	16,794	24,604
	32,671	40,103

Note:-

The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE INTERIM STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

A. NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD 134 (MFRS 134): INTERIM FINANCIAL REPORTING

A1. Basis of reporting preparation

The unaudited interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market (“ACE LR”). The unaudited interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2018.

The following MFRS and Interpretation issued by the MASB are not yet effective for adoption by the Group and are not expected to have any material impacts on the financial statements of the Group.

Amendments effective for financial periods beginning on or after 1 January 2020

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3 Business Combination - Definition of a Business
- Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material
- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures-Interest Rate Benchmark Reform

Amendments effective for financial periods beginning on or after 1 January 2021

- Insurance Contracts

A2. Auditors’ report on preceding annual financial statements

The audited financial statements of the Company and its subsidiaries for the FYE 31 December 2018 were not subjected to any qualification.

A3. Seasonal or cyclical factors

Trading of crude palm oil and related products segment in the current quarter was impacted by price fluctuation and external factors.

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A4. Items of unusual nature and amount

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence during the current quarter under review.

A5. Material changes in estimates

There were no material changes in estimates of amounts reported that will have a material effect in the current quarter under review.

A6. Issuances, cancellations, repurchase, resale and repayments of debt and equity securities

In the current quarter under review, the Company repurchased its 739,800 shares from the open market for RM101,106. The total number of ordinary shares in issue as at 31 December 2019 was 535,046,088, of which 6,281,400 are treasury shares.

A7. Dividend paid

There was no dividend paid in the current quarter under review.

A8. Restatement of comparative figures

The comparative figures of the Statement of Profit and Loss and other Comprehensive Income have been restated for conforming to the presentation of discontinued operations in the current financial year in connection to the disposal of 70% equity interest in Amplio Ingredients Sdn. Bhd. on 4 July 2019.

A9. Segmental information

	Current Quarter Ended 31 December 2019 RM'000	Corresponding Quarter Ended 31 December 2018 RM'000	Current Year-To-Date Ended 31 December 2019 RM'000	Corresponding Year-To-Date Ended 31 December 2018 RM'000
Revenue				
Manufacturing and trading of animal health products ("AH")	4,396	1,955	11,954	15,303
Trading of crude palm oil and related products ("CPO")	25,067	61,101	173,744	254,551
Traditional Chinese medicine, herbal health foods and beverages, bird nest ("TCM")	14,839	11,388	54,166	26,306
Total	44,302	74,444	239,864	296,160

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A10. Valuation of property, plant and equipment

Revaluation of the Group's freehold lands and buildings has been brought forward without any amendments from the financial statement for FYE 31 December 2018.

A11. Capital commitments

Capital commitment authorised but not provided for in the interim financial statements under review as follows:

	31 December 2019	31 December 2018
	RM'000	RM'000
Approved and contracted for:		
- acquisition of plant and equipment	1,864	3,606
- purchase of CPO and raw materials	14,998	7,922

The outstanding balance for acquisition of plant and equipment as at 31 December 2019 is made up of balance brought forward from the previous years.

A12. Recurrent Related Party Transaction

	Current Quarter	Current Year-To-Date
	31 December 2019	31 December 2019
	RM'000	RM'000
Purchase of finished product	1,014	2,109

Sunzen palma Sdn Bhd, a 70% owned subsidiary of Sunzen, has entered into recurrent related party transaction with Palma Tech Product Sdn Bhd, which is owned by a Director of Sunzen Palma Sdn Bhd.

The Directors of the Company are of the opinion that above transaction is made in the ordinary course of business and is on normal commercial terms which are not more favourable to the related party than those generally available to the public.

A13. Material subsequent event after the Reporting Period

There were no material events subsequent to the end of the current quarter that have not been reflected in the financial statements, which are likely to substantially affect the current quarter results.

A14. Changes in the Composition of the Group

There were no changes in the corporate structure of the Group up to 31 December 2019 since the previous reporting date.

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A15. Contingent Liabilities

	31 December 2019 RM'000	31 December 2018 RM'000
Unsecured corporate guarantee given to bank for banking facilities to subsidiaries	514	903
Bank guarantee to vendor for purchase of CPO by a subsidiary	1,000	1,000
	<u>1,514</u>	<u>1,903</u>

B. ADDITIONAL INFORMATION REQUIRED UNDER THE ACE LR

B1. Review of performance of the Company and its principal subsidiaries for the current quarter and financial year-to-date

	Current Quarter Ended 31 December 2019 RM'000	Corresponding Quarter Ended 31 December 2018 RM'000	Current Year-To-Date Ended 31 December 2019 RM'000	Corresponding Year-To-Date Ended 31 December 2018 RM'000
Revenue	44,302	74,444	239,864	296,160
Loss before tax	(14,804)	(7,878)	(20,557)	(6,958)

Group's revenue from continuing operations reported 40.49% decrease compared to the corresponding quarter, while year-to-date's revenue decreased by 19.01%.

Loss before tax from continuing operations for the current quarter reported an increase mainly due to allowance of impairment loss of RM4.92 million on trade and other receivables, inventories written down of RM1.22 million as well as the impairment loss on plant and equipment of RM5.12 million. Year-to-date, Group posted a higher loss in the current year mainly attributed to factors mentioned above.

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B2. Review of performance of the operating segments of the Company and its principal subsidiaries for the current quarter and financial year-to-date

	Current Quarter Ended 31 December 2019 RM'000	Corresponding Quarter Ended 31 December 2018 RM'000	Current Year-To-Date Ended 31 December 2019 RM'000	Corresponding Year-To-Date Ended 31 December 2018 RM'000
<u>Revenue</u>				
Manufacturing and trading of animal health products ("AH")	4,396	1,955	11,954	15,303
Trading of crude palm oil and related products ("CPO")	25,067	61,101	173,744	254,551
Traditional Chinese medicines, herbal foods and beverages, bird nest ("TCM")	14,839	11,388	54,166	26,306 ⁺
Total revenue	44,302	74,444	239,864	296,160
<u>Results</u>				
Manufacturing and trading of animal health products	(6,829)	(4,693)	(9,140)	(7,489)
Trading of crude palm oil and related products	(3,176)	(2,300)	(3,924)	(2,584)
Traditional Chinese medicines, herbal foods and beverages, bird nest	(2,750)	(307)	(3,444)	(129) ⁺
Others	(2,049)	(578)	(4,049) [^]	3,244 [*]
Loss before tax	(14,804)	(7,878)	(20,557)	(6,958)

* includes RM5.383 million being bargain purchase arising from acquisition of TCM of 70% equity interest and also the impairment loss on goodwill of RM2.139 million arising from previous acquisition of Amplio Ingredients Sdn Bhd.

[^] Impairment loss on other receivables.

⁺ a seven-month period as TCM business was acquired only in June 2018.

AH segment's revenue increased in the current quarter compared to the corresponding quarter, while year-to-date showed a 21.88% decrease in revenue. Higher loss incurred in the current quarter and current year-to-date mainly due to impairment loss on plant and equipment.

CPO segment's revenue decreased by 58.97% in the current quarter compared to the corresponding quarter, while year-to-date posted 31.74% lower. Higher losses reported in the current quarter and current year-to-date mainly due to impairment loss on trade receivables.

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B2. Review of performance of the operating segments of the Company and its principal subsidiaries for the current quarter and financial year-to-date (Cont'd)

TCM segment's revenue in the current quarter increased by 30.30% compared to the corresponding quarter while year-to-date on average reported an increase. Higher loss reported in the current quarter and current year-to-date largely due to impairment loss on trade receivables (Yanming Resources), inventories written down and higher operating expenses incurred.

B3. Loss before tax

Loss before tax is arrived after (charging)/crediting:-

	Current Quarter Ended 31 December 2019 RM'000	Corresponding Quarter Ended 31 December 2018 RM'000	Current Year-To-Date Ended 31 December 2019 RM'000	Corresponding Year-To-Date Ended 31 December 2018 RM'000
Interest income	166	146	480	585
Interest expense	(195)	(100)	(474)	(278)
Depreciation	(787)	(772)	(3,046)	(2,383)
Amortisation	(89)	(9)	(117)	(22)
Bad debt written off	(29)	-	(48)	-
Inventories written off	(26)	(213)	(171)	(272)
Write down of inventories	(1,216)	(660)	(954)	(766)
Bargain purchase arising from acquisition of a subsidiary	-	1,758	-	5,383
Impairment loss on property, plant and equipment	(5,117)	(6,021)	(5,117)	(6,021)
Impairment loss on goodwill	-	(2,139)	-	(2,139)
Impairment loss on trade receivables	(2,872)	(515)	(2,425)	(511)
Impairment loss on other receivable	(2,049)	-	(4,049)	-
(Loss)/Gain on disposal of property, plant and equipment	(265)	(2)	(433)	66
Gain/(Loss) on derivative financial instrument:				
- realised	-	(129)	(111)	(246)
- unrealised	-	142	-	-
Gain/(Loss) on foreign exchange:				
- realised	43	(8)	(33)	(53)
- unrealised	(70)	(8)	(31)	44

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B4. Profit/(Loss) from discontinued operations

On 4 July 2019, the Company announced disposal of its 70% owned subsidiary, Amplio Ingredients Sdn. Bhd. for a sale consideration of RM1.5 million.

	Current Year-To-Date 31.12.2019 RM'000	Corresponding Year-To-Date 31.12.2018 RM'000
Revenue	3,114	5,314
Operating profit	1,347	1,590
Operating expenses	(1,198)	(1,357)
Finance expenses	(142)	(215)
Profit before tax	7	18
Income tax expense	-	(26)
Profit/(loss) after tax	7	(8)

Effects of disposal on the financial position are as follows:

	As at 31.12.2019 (Unaudited) RM'000
Property, plant and equipment	4,308
Investment property	2,228
Inventories	1,749
Trade and other receivables	1,757
Cash and bank balances	573
Term loans	(4,762)
Hire purchase payables	(305)
Trade and other payables	(3,132)
Bank overdraft	(1,430)
Net assets disposed off	986
Sales consideration	1,500
Deferred consideration waived	800
Allowance for impairment loss	(250)
Non-controlling interest	364
	2,414
Net assets disposed off	(986)
	1,428
Profit for the period	7
Profit from discontinued operations	1,435

Net cash inflow arising from disposal of subsidiary is as follows:

Cash consideration received	500
Add: cash and cash equivalents, net with bank overdraft	857
	1,357

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B5. Material changes in the current quarter's results compared to the results of the immediate preceding quarter

	Current Quarter Ended 31 December 2019 RM'000	Preceding Quarter Ended 30 September 2019 RM'000	Variance	
			RM'000	%
Revenue	44,302	62,047	(17,745)	(28.60)
Loss before tax	(14,804)	(3,170)	(11,634)	367.00

Group's revenue from continuing operations for the current quarter reported a decrease compared to preceding quarter mainly due to decrease in the contribution from trading of CPO segment.

Group posted a higher loss before tax from continuing operations compared to the preceding quarter mainly attributed to the impairment loss on trade and other receivables, inventories written down as well as the impairment loss on plant and equipment.

B6. Prospects

The Group's Animal Health Division is focusing on creating values to palm fruit for use in livestock industry. This is done by extracting various natural bioactives from palm fruits and formulate them into products with "Functional Activities". These include increasing milk production, better natural pigment, increased body immunity and prevention of certain bacterial, fungal and viral infections. These products also help in marbling of lean meat and overall growth performance in animals.

Agriculture sector contributed about 7.3% to GDP in 2018 and within this, livestock production contributed about 14.9% and remains an important sector in the national economic growth. (Source: National Agro-Food Policy 2011-2020)

The animal health division strives to promote and assist livestock industry in implementing total biosecurity system in order to prevent and reduce disease transmission in livestock production.

TCM Division strives to improve production efficiency of its existing plant facilities and to deploy new Apps to expand on its e-commerce marketing activities.

B7. Profit forecast and profit guarantee

No profit forecast or profit guarantee has been issued by the Group in the current quarter.

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B8. Income tax expense/(credit)

	Current Quarter Ended 31 December 2019 RM'000	Corresponding Quarter Ended 31 December 2018 RM'000	Current Year-To-Date Ended 31 December 2019 RM'000	Corresponding Year-To-Date Ended 31 December 2018 RM'000
<u>Income tax expense</u>				
Current financial year	83	40	202	145
Under provision in prior financial year	1	35	1	59
	<u>84</u>	<u>75</u>	<u>203</u>	<u>204</u>
<u>Deferred tax expense</u>				
Current financial year	137	(49)	(169)	(233)
Total	<u>221</u>	<u>26</u>	<u>34</u>	<u>(29)</u>

The 100% tax exemption from the statutory income derived from qualifying activities granted to Sunzen Lifesciences Sdn Bhd under BioNexus status had ended on 31 December 2019.

B9. Status of Corporate Proposal

As at announcement date of this report, there were no corporate proposals which were already announced but not completed yet.

Share Issuance Scheme (“SIS”), with effective date 15 April 2016

Pursuant to the establishment of SIS of up to 30% of the Company’s issued and paid-up capital (excluding treasury shares) for the eligible Directors and employees of Sunzen and its subsidiaries (excluding dormant subsidiaries), the Company has yet to finalise the details of the eligibility and allocation criteria as well as exercise of the SIS.

SIS is subject to any adjustments in accordance with the by-laws, the Subscription Price shall be the higher of the following:

- (i) the Five-day volume weight average market price (5D-VWAP) of the Company’s Shares immediately preceding the date of offer of the SIS Option, as quoted on Bursa Securities, with discount of not more than 10%; or
- (ii) the par value of the Company’s Shares.

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B9. Status of Corporate Proposal (Cont'd)**Warrants**

The total number of respective Warrants exercised and Warrants yet to be exercised as at 31 December 2019 as follows:

Description	Expiry date	Exercise price (RM)	Number of Warrants listed	Number of Warrants exercised	Number of warrants expired*	Number of Warrants to be exercised
Warrants 2016/2021	25.02.2021	0.25	179,423,296	-	-	179,423,296

B10. Group borrowings and debt securities

The Group's borrowings as at 31 December 2019 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Short-term borrowings</u>			
Hire purchases	179	-	179
Term loans	756	-	756
	<u>935</u>	<u>-</u>	<u>935</u>
	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Long-term borrowings</u>			
Hire purchases	711	-	711
Term loans	14,820	-	14,820
	<u>15,531</u>	<u>-</u>	<u>15,531</u>
Total	<u>16,466</u>	<u>-</u>	<u>16,466</u>

Ecolite Biotech secured RM10 million facility from a licensed bank, which includes RM5 million for term loan, RM0.50 million as bank overdraft and RM4.50 million for trade facility.

B11. Material Litigation

As at the date of this announcement, neither the Company nor any of its subsidiaries is engaged in any material litigation and arbitration either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Directors are not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Company or its subsidiaries.

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B12. Dividend declared or recommended

No dividend was declared for the current quarter under review.

B13. Disclosure of nature of outstanding derivatives

There was no outstanding derivatives as at reporting period.

B14. Disclosure of gains/losses arising from fair value changes of financial liabilities

There were no gains or losses arising from fair value changes of financial liabilities as at the reporting period.

B15. (Loss)/Profit per ordinary share

Basic (loss)/profit per ordinary share is calculated based on Group's (loss)/profit after tax attributable to equity holders of the Company for the financial year over the weighted average number of ordinary shares in issue during the financial year excluding treasury shares.

	Current Quarter Ended 31 December 2019	Corresponding Quarter Ended 31 December 2018	Current Year-To-Date Ended 31 December 2019	Corresponding Year-To-Date Ended 31 December 2018
(Loss)/profit after tax attributable to equity holders of the Company (RM'000)				
-Continuing operations	(13,523)	(7,966)	(18,893)	(6,928)
-Discontinued operations	750	50	1,433	(11)
Weighted average number of ordinary shares in issue excluding treasury shares (RM'000)	527,991	505,742	527,991	505,742
Basic (loss)/profit per ordinary share (sen)				
-Continuing operations	(2.56)	(1.58)	(3.58)	(1.37)
-Discontinued operations	0.14	0.01	0.27	(0.00)

Diluted (loss)/profit per ordinary share is calculated based on Group's (loss)/profit after tax attributable to equity holders of the Company for the financial year over the weighted average number of ordinary shares in issue during the financial year and adjustment for assumed exercise of Warrants of 527,991,440 (2018: 517,312,469).

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This quarterly report for the financial period ended 31 December 2019 has been reviewed and approved by the Board of Directors of Sunzen Biotech for release to Bursa Securities.

Date: 27 February 2020