

**SUNZEN BIOTECH BERHAD**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

	Note	Current Quarter Ended 30.06.2020 (Unaudited) RM'000	Corresponding Quarter Ended 30.06.2019 (Unaudited) RM'000	Current Year-To-Date Ended 30.06.2020 (Unaudited) RM'000	Corresponding Year-To-Date Ended 30.06.2019 (Unaudited) RM'000
Revenue	A9	12,679	69,716	34,020	136,628
<b>Operating profit</b>		<b>2,184</b>	3,936	<b>3,462</b>	8,256
Operating expenses		(3,844)	(5,240)	(8,115)	(10,497)
Finance costs		(164)	(202)	(357)	(335)
<b>Loss before tax</b>	B2,B3	<b>(1,824)</b>	(1,506)	<b>(5,010)</b>	(2,576)
Income tax (expense)/credit	B7	(46)	(46)	135	81
<b>Loss after tax</b>		<b>(1,870)</b>	<b>(1,552)</b>	<b>(4,875)</b>	<b>(2,495)</b>
<b>Other comprehensive (expense)/income, net of tax</b> <i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation		(59)	11	(37)	369
		(59)	11	(37)	369
<b>Total comprehensive expense</b>		<b>(1,929)</b>	(1,541)	<b>(4,912)</b>	(2,126)
Loss after tax attributable to:					
Equity holders of the company		(1,696)	(1,303)	(4,264)	(2,264)
Non-controlling interests		(174)	(249)	(611)	(231)
		<b>(1,870)</b>	<b>(1,552)</b>	<b>(4,875)</b>	<b>(2,495)</b>
Total comprehensive expense attributable to:					
Equity holders of the company		(1,687)	(1,298)	(4,288)	(2,044)
Non-controlling interests		(242)	(243)	(624)	(82)
		<b>(1,929)</b>	<b>(1,541)</b>	<b>(4,912)</b>	<b>(2,126)</b>
Loss per ordinary share (sen) attributable to equity holders of the company:	B14				
-Basic		(0.32)	(0.25)	(0.81)	(0.43)
-Diluted		(0.32)	(0.25)	(0.81)	(0.43)

Note: -

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

**SUNZEN BIOTECH BERHAD**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

	Note	As At Financial Year End 30.06.2020 (Unaudited) RM'000	As At Financial Year End 31.12.2019 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		61,156	61,850
Investment property		370	370
Right-of-use assets		100	140
Deferred tax assets		235	235
Intangible asset		84	103
		<u>61,945</u>	<u>62,698</u>
<b>Current assets</b>			
Inventories		18,870	12,485
Trade receivables		6,827	14,183
Other receivables, deposits and prepayments		1,088	3,547
Tax recoverable		1,527	1,164
Fixed and short term deposits with licensed banks		15,375	15,877
Cash and bank balances with licensed banks and other financial institution		16,089	16,880
		<u>59,776</u>	<u>64,136</u>
Assets held for sales		1,490	1,490
<b>Total current assets</b>		<u>61,266</u>	<u>65,626</u>
<b>TOTAL ASSETS</b>		<u>123,211</u>	<u>128,324</u>
<b>EQUITY</b>			
Share capital	A6	76,524	76,524
Treasury shares	A6	(956)	(956)
Warrants Reserve		10,909	10,909
Accumulated losses		(6,735)	(2,471)
Revaluation reserve		15,754	15,754
Merger deficit		(8,397)	(8,397)
Currency translation reserve		(21)	3
<b>Total equity attributable to equity holders of the Company</b>		<u>87,078</u>	<u>91,366</u>
Non-controlling interests		5,188	5,812
<b>TOTAL EQUITY</b>		<u>92,266</u>	<u>97,178</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease Liabilities		23	63
Deferred tax liabilities		3,022	3,174
Hire purchase payables	B9	623	711
Term loans	B9	14,509	14,820
		<u>18,177</u>	<u>18,768</u>
<b>Current liabilities</b>			
Trade payables		7,514	6,377
Other payables and accruals		4,300	4,985
Lease Liabilities		80	80
Hire purchase payables	B9	184	179
Term loans	B9	690	756
Tax payable		-	1
		<u>12,768</u>	<u>12,378</u>
<b>TOTAL LIABILITIES</b>		<u>30,945</u>	<u>31,146</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>123,211</u>	<u>128,324</u>
<b>Net assets per ordinary share (RM) attributable to equity holders of the Company</b>		<u>0.16</u>	<u>0.17</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 2019 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 (2019: 528,764,688) excluding treasury shares held.

**SUNZEN BIOTECH BERHAD**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

	← Attributable to equity holders of the Company →							Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Warrants Reserve RM'000	Revaluation Reserve RM'000	Merger Deficit RM'000	Currency Translation Reserve RM'000	Retained Earnings/ (Accumulated Losses) RM'000			
<b>Quarter ended 30 June 2020</b> (Unaudited)										
<b>Balance at 1 January 2020</b>	76,524	(956)	10,909	15,754	(8,397)	3	(2,471)	91,366	5,812	97,178
Loss after tax for the financial period	-	-	-	-	-	-	(4,264)	(4,264)	(611)	(4,875)
Other comprehensive expense, net of tax for the financial period:										
- Foreign currency translation	-	-	-	-	-	(24)	-	(24)	(13)	(37)
Total comprehensive expense for the financial period	-	-	-	-	-	(24)	(4,264)	(4,288)	(624)	(4,912)
<b>Balance at 30 June 2020</b>	<b>76,524</b>	<b>(956)</b>	<b>10,909</b>	<b>15,754</b>	<b>(8,397)</b>	<b>(21)</b>	<b>(6,735)</b>	<b>87,078</b>	<b>5,188</b>	<b>92,266</b>
<b>Quarter ended 30 June 2019</b> (Unaudited)										
<b>Balance at 1 January 2019</b>	75,547	(336)	10,909	15,790	(8,397)	(317)	13,744	106,940	7,701	114,641
Loss after tax for the financial period	-	-	-	-	-	-	(2,264)	(2,264)	(231)	(2,495)
Other comprehensive (expense)/ income, net of tax for the financial period:										
- Foreign currency translation	-	-	-	-	-	220	-	220	149	369
Total comprehensive (expense)/income for the financial period	-	-	-	-	-	220	(2,264)	(2,044)	(82)	(2,126)
Purchase of treasury shares	-	(519)	-	-	-	-	-	(519)	-	(519)
Issuance of shares	977	-	-	-	-	-	-	977	-	977
<b>Balance at 30 June 2019</b>	<b>76,524</b>	<b>(855)</b>	<b>10,909</b>	<b>15,790</b>	<b>(8,397)</b>	<b>(97)</b>	<b>11,480</b>	<b>105,354</b>	<b>7,619</b>	<b>112,973</b>

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

**SUNZEN BIOTECH BERHAD**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

	Current Year To Date Ended 30.06.2020 (Unaudited) RM'000	Corresponding Year To Date Ended 30.06.2019 (Unaudited) RM'000
<b>Cash flows from/(for) operating activities</b>		
Loss before tax	(5,010)	(2,576)
<b>Adjustments for:-</b>		
Amortisation of intangible assets	19	19
Allowance for/(Reversal of) impairment loss on trade receivables	177	(481)
Bad debt written off	-	18
Depreciation of property, plant and equipment	1,465	1,623
Depreciation of right-of-use assets	40	-
(Gain)/Loss on disposal of property, plant and equipment	(26)	879
Interest income	(286)	(185)
Interest expense	347	268
Inventories written off	252	118
Reversal of impairment loss on property, plant and equipment	-	(660)
Unrealised loss/(gain) on foreign exchange	101	(35)
Write down/(back) of inventories	568	(292)
Operating loss before working capital changes	<u>(2,353)</u>	<u>(1,304)</u>
(Increase)/Decrease in inventories	(7,205)	1,113
Decrease/(Increase) in trade and other receivables	9,426	(2,276)
Increase/(Decrease) in trade and other payables	663	(2,476)
<b>Cash from/(for) operations</b>	<u>531</u>	<u>(4,943)</u>
Tax paid	(380)	(1,192)
Tax refunded	-	1,030
Interest paid	(354)	(226)
<b>Net cash for operating activities</b>	<u>(203)</u>	<u>(5,331)</u>
<b>Cash flows (for)/from investing activities</b>		
Interest received	286	185
Proceeds from disposal of property, plant and equipment	70	125
Purchase of property, plant and equipment	(815)	(2,617)
Purchase of investment property	-	(241)
<b>Net cash for investing activities</b>	<u>(459)</u>	<u>(2,548)</u>
<b>Cash flows (for)/from financing activities</b>		
Drawdown of term loan	11	104
Repayment of term loans	(381)	(347)
Repayment of hire purchase obligations	(83)	(87)
Repayment of lease liabilities	(40)	-
Purchase of treasury shares	-	(519)
Proceeds from issuance of shares	-	977
<b>Net cash (for)/ from financing activities</b>	<u>(493)</u>	<u>128</u>
Net decrease in cash and cash equivalents	(1,155)	(7,751)
Cash and cash equivalents at beginning of the financial period	32,757	40,103
Foreign exchange difference	(138)	399
<b>Cash and cash equivalents at end of the financial period</b>	<u>31,464</u>	<u>32,751</u>
<b>Cash and cash equivalents comprise:</b>		
Fixed and short term deposits with licensed banks	15,375	21,475
Cash and bank balances with licensed banks and other financial institution	16,089	11,276
	<u>31,464</u>	<u>32,751</u>

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

# **SUNZEN BIOTECH BERHAD**

[Registration No. 200501003843 (680889-W)]

(Incorporated in Malaysia)

## **NOTES TO THE INTERIM STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

### **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 2019.

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 to MFRSs 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 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures-Interest Rate Benchmark Reform

#### **Amendments to MFRSs effective date yet to be determined**

- 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.

#### **A2. Auditors’ report on preceding annual financial statements**

The audited financial statements of the Company and its subsidiaries for the FYE 31 December 2019 were not subjected to any qualification.

#### **A3. Seasonal or cyclical factors**

The sales performance of TCM segment, which involves herbal foods and beverages, traditional Chinese medicines and bird nest, is partially influenced by seasonal factor.

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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, there were no changes to the number of ordinary shares in issue neither were there any repurchases of own shares in the open market. As at the quarter ended, the number of ordinary shares in issue was 535,046,088, of which 6,281,400 were treasury shares.

**A7. Dividend paid**

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

**A8. Comparative figures**

The comparative figures 2019 included contribution of Amplio Ingredients Sdn. Bhd., where the 70% equity previously held was only disposed of on 4 July 2019.

**A9. Segmental information**

	<b>Current Quarter Ended 30 June 2020 RM'000</b>	<b>Corresponding Quarter Ended 30 June 2019 RM'000</b>	<b>Current Year-To-Date Ended 30 June 2020 RM'000</b>	<b>Corresponding Year-To-Date Ended 30 June 2019 RM'000</b>
<b>Revenue</b>				
Manufacturing and trading of animal health products (“AH”)	3,285	2,024	6,722	3,921
Trading of crude palm oil and related products (“CPO”)	897	52,041	12,143	104,149
Traditional Chinese medicine, herbal health foods and beverages, bird nest (“TCM”)	8,497	14,239	15,155	25,444
Food ingredients products ^	-	1,412	-	3,114
<b>Total</b>	12,679	69,716	34,020	136,628

^ Disposed of on 4 July 2019

**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 financial year ended 31 December 2019.

**A11. Capital commitments**

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

	<b>30 June 2020 RM'000</b>	<b>30 June 2019 RM'000</b>
Approved and contracted for:		
- acquisition of plant and equipment	1,864	2,590
- purchase of packaging materials	749	6,768

The outstanding balance for acquisition of plant and equipment as at 30 June 2020 is made up of balance brought forward from the previous years.

**A12. Recurrent Related Party Transaction**

In the current quarter under review, there were no recurrent related party transactions.

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**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 30 June 2020 since the previous reporting date.

**A15. Contingent Liabilities**

	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Unsecured corporate guarantee to bank for granting banking facilities to subsidiaries	5,314	711
Bank guarantee to vendor for purchase of CPO by a subsidiary, expiring 31 July 2020	1,000	1,000
	<u>6,314</u>	<u>1,711</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**

	<b>Current Quarter Ended 30 June 2020 RM'000</b>	<b>Corresponding Quarter Ended 30 June 2019 RM'000</b>	<b>Current Year-To-Date Ended 30 June 2020 RM'000</b>	<b>Corresponding Year-To-Date Ended 30 June 2019 RM'000</b>
Revenue	12,679	69,716	34,020	136,628
Loss before tax	(1,824)	(1,506)	(5,010)	(2,576)

The Group reported 81.81% lower in revenue compared to the corresponding quarter mainly attributed to the decline in the trading of crude palm oil and the sales demand for foods and beverages by consumers as impacted by the Covid 19's movement control measure in the country as well as oversea market. Year-to-date's revenue contracted by 75.10% mainly related to the factors as explained earlier.

The Group registered a loss before tax which reported 21.12% higher, mainly due to the provision for inventories written down in the current quarter under review. Current year-to-date's loss before tax was almost doubled compared to the preceding year, mainly due to the decrease in profit contribution not only from animal health segment but also TCM segment particularly for foods & beverages and bird nest business.

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

	<b>Current Quarter Ended 30 June 2020 RM'000</b>	<b>Corresponding Quarter Ended 30 June 2019 RM'000</b>	<b>Current Year-To-Date Ended 30 June 2020 RM'000</b>	<b>Corresponding Year-To-Date Ended 30 June 2019 RM'000</b>
<b><u>Revenue</u></b>				
Manufacturing and trading of animal health products (“AH”)	3,285	2,024	6,722	3,921
Trading of crude palm oil and related products (“CPO”)	897	52,041	12,143	104,149
Traditional Chinese medicines, herbal foods and beverages, bird nest (“TCM”)	8,497	14,239	15,155	25,444
Food ingredient products ^	-	1,412	-	3,114
<b>Total revenue</b>	<b>12,679</b>	<b>69,716</b>	<b>34,020</b>	<b>136,628</b>
<b><u>Results</u></b>				
Manufacturing and trading of animal health products	(1,428)	(615)	(2,598)	(1,230)
Trading of crude palm oil and related products	(150)	(286)	(830)	(563)
Traditional Chinese medicines, herbal foods and beverages, bird nest	(246)	(762)	(1,582)	(768)
Food ingredient products ^	-	157	-	(15)
<b>Loss before tax</b>	<b>(1,824)</b>	<b>(1,506)</b>	<b>(5,010)</b>	<b>(2,576)</b>

^ Disposed of on 4 July 2019

AH segment’s revenue increased by 62.30% compared to the corresponding quarter, which was mainly driven by rumen by-pass fat and functional products sales. Year-to-date’s revenue increased by 71.44%, mainly contributed by these two products mentioned. The loss in the current quarter and year-to-date was partially impacted by higher raw material price coupled with increased production costs for rumen by-pass fat products.

CPO segment’s revenue reduced substantially in the current quarter compared to the corresponding quarter, to mitigate potential credit risk on trade receivable in light of low profit contribution and the outbreak of Covid-19 pandemic. Current quarter reported a lower loss, however the current year-to-date’s loss was still higher mainly due to the provision for impairment loss on trade receivable in the preceding quarter.

**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 for the current quarter reported 40.33% lower compared to the corresponding quarter, mainly dragged by Covid-19's movement control measure, particularly impacting the local consignment sales for foods & beverages and export sales for bird nest. Current year-to-date's revenue decreased by 40.44% compared previously, mainly due to the above-mentioned factor. Current quarter's loss decreased particularly due to the reduction in selling and distribution expenses, however, current year-to-date's loss still reported higher mainly due to export sales for bird nest in the first quarter was hit by the lockdown in China after the outbreak of Covid 19 pandemic.

**B3. Loss before tax**

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

	<b>Current Quarter Ended 30 June 2020 RM'000</b>	<b>Corresponding Quarter Ended 30 June 2019 RM'000</b>	<b>Current Year-To-Date Ended 30 June 2020 RM'000</b>	<b>Corresponding Year-To-Date Ended 30 June 2019 RM'000</b>
Interest income	127	86	286	185
Interest expense	(159)	(179)	(347)	(268)
Bad debt written off	-	(18)	-	(18)
Depreciation of property, plant and equipment	(735)	(826)	(1,465)	(1,623)
Depreciation of right-of-use assets	(20)	-	(40)	-
Amortisation of intangible assets	(10)	(10)	(19)	(19)
Inventories written off	(198)	(75)	(252)	(118)
Inventories written (down)/back	(614)	155	(568)	292
Reversal of impairment loss on property, plant and equipment	-	660	-	660
Reversal of/(Allowance for) impairment loss on trade receivables	195	252	(177)	481
Gain/(Loss) on disposal of property, plant and equipment	68	(922)	26	(879)
Gain/(Loss) on foreign exchange:				
- realised	204	(14)	239	(19)
- unrealised	(118)	42	(101)	35

**B4. Material changes in the current quarter's results compared to the results of the immediate preceding quarter**

	<b>Current Quarter Ended 30 June 2020 RM'000</b>	<b>Preceding Quarter Ended 31 March 2020 RM'000</b>	<b>Variance</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	12,679	21,341	(8,662)	(40.59)
Loss before tax	(1,824)	(3,186)	1,362	(42.75)

The Group achieved a lower revenue compared to preceding quarter mainly due to the decrease in the trading of CPO in the current quarter and also the impacts of Covid-19's movement control order on supply chain operation.

Current quarter under review reported a lower loss before tax in spite of having lower revenue, mainly attributed to the improved profit contribution coupled with lower operating expenses for TCM segment. The recovery of other receivables and the reduction in other operating expenses for the CPO segment also accounted for the lower loss in the current quarter.

**B5. Prospects**

The Board is of the opinion that the animal health business for the second half of 2020 is expected to improve in light of business activities started to resume after the outbreak of Covid-19 pandemic is under control. Moving forward, the animal health division will continue to focus on developing value added Functional range of products as well as strengthening marketing activities on Farm Biosecurity, Feed and Water sanitisation. In addition, the Group is poised to expand Acidifier in oversea market by promoting the importance of Feed Biosecurity for sustainability in livestock production.

While for TCM segment, the production for OEM products is expected to increase in the coming quarters. Currently, Ecolite is negotiating with several customers on the new products, which are expected to be launched by the end of this year. Sales for bird nest from oversea market is also expected to pick up in the coming quarters in view of the increase in the sales orders on hand.

**B6. 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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**B7. Income tax expense/(credit)**

	<b>Current Quarter Ended 30 June 2020 RM'000</b>	<b>Corresponding Quarter Ended 30 June 2019 RM'000</b>	<b>Current Year-To-Date Ended 30 June 2020 RM'000</b>	<b>Corresponding Year-To-Date Ended 30 June 2019 RM'000</b>
<b><u>Income tax expense</u></b>				
Current financial year	8	-	16	62
	8	-	16	62
<b><u>Deferred tax expense</u></b>				
Current financial year	38	46	(151)	(143)
<b>Total</b>	46	46	(135)	(81)

**B8. 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 is currently in the midst of finalising the details of the eligibility and allocation criteria as well as the exercising right for 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 5-day volume weighted 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.

**Warrants**

On 30 June 2020, the total number of Warrant 2016/2021 to be exercised with an exercise price of RM0.25 per ordinary share, expiring 25 February 2021 is 179,423,296.

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**B9. Group borrowings and debt securities**

The Group's borrowings as at 30 June 2020 were as follows:

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b><u>Short-term borrowings</u></b>			
Hire purchases	184	-	184
Term loans	690	-	690
	<u>874</u>	<u>-</u>	<u>874</u>
	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b><u>Long-term borrowings</u></b>			
Hire purchases	623	-	623
Term loans	14,509	-	14,509
	<u>15,132</u>	<u>-</u>	<u>15,132</u>
<b>Total</b>	<u>16,006</u>	<u>-</u>	<u>16,006</u>

**B10. 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.

**B11. Dividend declared or recommended**

No dividend was declared for the current quarter under review.

**B12. Disclosure of nature of outstanding derivatives**

There was no outstanding derivatives as at reporting period.

**B13. 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.

**SUNZEN BIOTECH BERHAD**  
[Registration No. 200501003843 (680889-W)]  
(Incorporated in Malaysia)

**B14. Loss per ordinary share**

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

	<b>Current Quarter Ended 30 June 2020</b>	<b>Corresponding Quarter Ended 30 June 2019</b>	<b>Current Year-To-Date Ended 30 June 2020</b>	<b>Corresponding Year-To-Date Ended 30 June 2019</b>
Loss after tax attributable to equity holders of the Company (RM'000)	(1,696)	(1,303)	(4,264)	(2,264)
Weighted average number of ordinary shares in issue excluding treasury shares (RM'000)	529,011	524,818	529,011	524,818
Basic loss per ordinary share (sen)	(0.32)	(0.25)	(0.81)	(0.43)

Diluted loss per ordinary share is calculated based on Group's loss after tax attributable to equity holders of the Company for the financial period over the weighted average number of ordinary shares in issue during the financial period and adjustment for assumed exercise of Warrants of 529,011,288 (2019: 524,818,191).

This quarterly report for the financial period ended 30 June 2020 has been reviewed and approved by the Board of Directors of Sunzen Biotech for release to Bursa Securities.

Date: 25 August 2020