

**SUNZEN BIOTECH BERHAD**  
(Incorporated in Malaysia)

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

	Note	Current Quarter Ended 30.09.2020 (Unaudited) RM'000	Corresponding Quarter Ended 30.09.2019 (Unaudited) RM'000	Current Year-To-Date Ended 30.09.2020 (Unaudited) RM'000	Corresponding Year-To-Date Ended 30.09.2019 (Unaudited) RM'000
Revenue	A9	<b>20,358</b>	62,047	<b>54,378</b>	195,562
<b>Operating profit</b>		<b>3,862</b>	3,383	<b>7,324</b>	10,292
Operating expenses		<b>(3,602)</b>	(6,373)	<b>(11,717)</b>	(15,672)
Finance costs		<b>(129)</b>	(180)	<b>(486)</b>	(373)
<b>Profit/(Loss) before tax</b>	B2, B3	<b>131</b>	(3,170)	<b>(4,879)</b>	(5,753)
Income tax (expense)/credit	B7	<b>(78)</b>	106	<b>57</b>	187
Profit/(Loss) after tax from continuing operations		<b>53</b>	(3,064)	<b>(4,822)</b>	(5,566)
Profit/(Loss) after tax from discontinued operations	A8	-	(1,000)	-	685
<b>Profit/(Loss) after tax</b>		<b>53</b>	(4,064)	<b>(4,822)</b>	(4,881)
<b>Other comprehensive income/(expense), net of tax</b> <i>Items that may be reclassified subsequently to profit or loss</i>					
Revaluation surplus on property, plant and equipment		-	170	-	170
Foreign currency translation		<b>(10)</b>	42	<b>(47)</b>	411
		<b>(10)</b>	212	<b>(47)</b>	581
<b>Total comprehensive income/(expense)</b>		<b>43</b>	(3,852)	<b>(4,869)</b>	(4,300)
Profit/(Loss) after tax attributable to:					
Equity holders of the company		<b>(383)</b>	(4,099)	<b>(4,647)</b>	(4,687)
Non-controlling interests		<b>436</b>	35	<b>(175)</b>	(194)
		<b>53</b>	(4,064)	<b>(4,822)</b>	(4,881)
Total comprehensive income/(expense) attributable to:					
Equity holders of the company		<b>(385)</b>	(3,889)	<b>(4,673)</b>	(4,307)
Non-controlling interests		<b>428</b>	37	<b>(196)</b>	7
		<b>43</b>	(3,852)	<b>(4,869)</b>	(4,300)
<b>Basic (loss)/earnings per share (sen)</b>					
-continuing operations	B14	(0.07)	(0.59)	(0.88)	(1.02)
-discontinued operations	B14	-	(0.19)	-	0.13
<b>Diluted (loss)/earnings per share (sen)</b>					
-continuing operations	B14	(0.07)	(0.59)	(0.88)	(1.02)
-discontinued operations	B14	-	(0.19)	-	0.13

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 SEPTEMBER 2020**

	Note	As At Financial Year End 30.09.2020 (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		60,931	61,850
Investment property		370	370
Right-of-use assets		80	140
Deferred tax assets		235	235
Intangible asset		75	103
		<u>61,691</u>	<u>62,698</u>
<b>Current assets</b>			
Inventories		14,678	12,485
Trade receivables		7,950	14,183
Other receivables, deposits and prepayments		986	3,547
Tax recoverable		1,578	1,164
Fixed and short term deposits with licensed banks		15,453	15,877
Cash and bank balances with licensed banks and other financial institution		20,331	16,880
		<u>60,976</u>	<u>64,136</u>
Assets held for sales		-	1,490
<b>Total current assets</b>		<u>60,976</u>	<u>65,626</u>
<b>TOTAL ASSETS</b>		<u>122,667</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		(7,118)	(2,471)
Revaluation reserve		15,754	15,754
Merger deficit		(8,397)	(8,397)
Currency translation reserve		(23)	3
<b>Total equity attributable to equity holders of the Company</b>		<u>86,693</u>	<u>91,366</u>
Non-controlling interests		5,616	5,812
<b>TOTAL EQUITY</b>		<u>92,309</u>	<u>97,178</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease Liabilities		3	63
Deferred tax liabilities		3,079	3,174
Hire purchase payables	B9	580	711
Term loans	B9	14,347	14,820
		<u>18,009</u>	<u>18,768</u>
<b>Current liabilities</b>			
Trade payables		7,359	6,377
Other payables and accruals		4,123	4,985
Lease Liabilities		80	80
Hire purchase payables	B9	171	179
Term loans	B9	616	756
Tax payable		-	1
		<u>12,349</u>	<u>12,378</u>
<b>TOTAL LIABILITIES</b>		<u>30,358</u>	<u>31,146</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>122,667</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 SEPTEMBER 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 September 2020</b>										
<b>(Unaudited)</b>										
<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	-	-	-	-	-	-	(4,647)	(4,647)	(175)	(4,822)
Other comprehensive expense, net of tax for the financial period:										
- Foreign currency translation	-	-	-	-	-	(26)	-	(26)	(21)	(47)
Total comprehensive expense for the financial period	-	-	-	-	-	(26)	(4,647)	(4,673)	(196)	(4,869)
<b>Balance at 30 September 2020</b>	<b>76,524</b>	<b>(956)</b>	<b>10,909</b>	<b>15,754</b>	<b>(8,397)</b>	<b>(23)</b>	<b>(7,118)</b>	<b>86,693</b>	<b>5,616</b>	<b>92,309</b>
<b>Quarter ended 30 September 2019</b>										
<b>(Unaudited)</b>										
<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	-	-	-	-	-	-	(4,687)	(4,687)	(194)	(4,881)
Other comprehensive income/(expense), net of tax for the financial period:										
- Revaluation surplus on property, plant and equipment	-	-	-	119	-	-	-	119	51	170
- Foreign currency translation	-	-	-	-	-	261	-	261	150	411
Total comprehensive income/(expense) for the financial period	-	-	-	119	-	261	(4,687)	(4,307)	7	(4,300)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(364)	(364)
Purchase of treasury shares	-	(519)	-	-	-	-	-	(519)	-	(519)
Issuance of shares	977	-	-	-	-	-	-	977	-	977
<b>Balance at 30 September 2019</b>	<b>76,524</b>	<b>(855)</b>	<b>10,909</b>	<b>15,909</b>	<b>(8,397)</b>	<b>(56)</b>	<b>9,057</b>	<b>103,091</b>	<b>7,344</b>	<b>110,435</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 SEPTEMBER 2020**

	<b>Current Year To Date Ended 30.09.2020 (Unaudited) RM'000</b>	<b>Corresponding Year To Date Ended 30.09.2019 (Unaudited) RM'000</b>
<b>Cash flows from/(for) operating activities</b>		
(Loss)/Profit before tax		
-continuing operations	(4,879)	(5,753)
-discontinued operations	-	685
<b>Adjustments for:-</b>		
Amortisation of intangible assets	28	28
Reversal of impairment loss on trade receivables	(920)	(447)
Bad debt written off	124	-
Depreciation of property, plant and equipment	2,203	2,259
Depreciation of right-of-use assets	60	-
(Gain)/Loss on disposal of property, plant and equipment	(80)	168
Gain on disposal of a subsidiary	-	(599)
Reversal of impairment loss on property, plant and equipment	(49)	-
(Reversal of)/Allowance for impairment loss on other receivables	(714)	2,000
Interest income	(361)	(314)
Interest expense	473	279
Inventories written off	302	145
Unrealised loss/(gain) on foreign exchange	112	(39)
Allowance for/(Reversal of) inventories written down	582	(262)
Operating loss before working capital changes	(3,119)	(1,850)
(Increase)/Decrease in inventories	(3,077)	1,079
Decrease in trade and other receivables	10,097	2,360
Increase/(Decrease) in trade and other payables	330	(3,089)
<b>Cash from/(for) operations</b>	<b>4,231</b>	<b>(1,500)</b>
Tax paid	(452)	(1,618)
Tax refunded	-	1,369
Interest paid	(486)	(243)
<b>Net cash from/(for) operating activities</b>	<b>3,293</b>	<b>(1,992)</b>
<b>Cash flows from/(for) investing activities</b>		
Interest received	361	314
Proceeds from disposal of property, plant and equipment	71	185
Proceeds from disposal of asset held for sale	1,550	-
Purchase of property, plant and equipment	(1,287)	(2,884)
Disposal of a subsidiary	-	1,107
<b>Net cash from/(for) investing activities</b>	<b>695</b>	<b>(1,278)</b>
<b>Cash flows (for)/from financing activities</b>		
Drawdown of term loan	-	5,000
Repayment of term loans	(598)	(411)
Repayment of hire purchase obligations	(141)	(143)
Repayment of lease liabilities	(60)	-
Purchase of treasury shares	-	(519)
Proceeds from issuance of shares	-	977
<b>Net cash (for)/from financing activities</b>	<b>(799)</b>	<b>4,904</b>
Net increase in cash and cash equivalents	3,189	1,634
Cash and cash equivalents at beginning of the financial period	32,757	40,103
Foreign exchange difference	(162)	452
<b>Cash and cash equivalents at end of the financial period</b>	<b>35,784</b>	<b>42,189</b>
<b>Cash and cash equivalents comprise:</b>		
Fixed and short term deposits with licensed banks	15,453	18,741
Cash and bank balances with licensed banks and other financial institution	20,331	23,448
	<b>35,784</b>	<b>42,189</b>

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 SEPTEMBER 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.

**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 profit/(loss) from discontinued operations in respect of Amplio Ingredients Sdn. Bhd., where the disposal of 70% equity was done on 4 July 2019.

**A9. Segmental information**

	<b>Current Quarter Ended 30 September 2020 RM'000</b>	<b>Corresponding Quarter Ended 30 September 2019 RM'000</b>	<b>Current Year-To-Date Ended 30 September 2020 RM'000</b>	<b>Corresponding Year-To-Date Ended 30 September 2019 RM'000</b>
<b>Revenue</b>				
Manufacturing and trading of animal health products ("AH")	6,105	3,637	12,827	7,558
Trading of crude palm oil and related products ("CPO")	1,621	44,528	13,764	148,677
Traditional Chinese medicine, herbal health foods and beverages, bird nest ("TCM")	12,632	13,882	27,787	39,327
<b>Total</b>	<b>20,358</b>	<b>62,047</b>	<b>54,378</b>	<b>195,562</b>

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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 financial year ended 31 December 2019.

**A11. Capital commitments**

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

	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>
Approved and contracted for:		
-acquisition of plant and equipment	1,245	2,590
-purchase of raw materials, packaging materials and products, tools and consumables	1,722	8,464

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

**A12. Recurrent Related Party Transaction**

There were no recurrent related party transactions in the current quarter under review.

**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 for the period up to 30 September 2020 since the previous reporting date.

**A15. Contingent Liabilities**

	<b>30 September 2020 RM'000</b>	<b>30 September 2019 Rm'000</b>
Unsecured corporate guarantee to bank for granting banking facilities to subsidiaries	5,165	614
Bank guarantee to vendor for purchase of CPO by a subsidiary	-	1,000
<b>Total</b>	5,165	1,614

**SUNZEN BIOTECH BERHAD**  
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**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</b>	<b>Corresponding Quarter Ended</b>	<b>Current Year-To-Date Ended</b>	<b>Corresponding Year-To-Date Ended</b>
	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2020 RM'000</b>	<b>30 September 2019 RM'000</b>
Revenue	20,358	62,047	54,378	195,562
Profit/(Loss) before tax	131	(3,170)	(4,879)	(5,753)

The Group reported a lower revenue compared to the corresponding quarter and year-to-date on the lower contribution from the trading of crude palm oil segment.

The Group registered a profit before tax of RM0.13 million for the current quarter as against a loss of RM3.17 million in the corresponding quarter mainly attributed to the reversal of impairment loss on trade and other receivables and also the lower operating expenses incurred. Current year-to-date's loss before tax has reduced by 15.19% year-on-year on improved bottom-line in the current 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**

	<b>Current Quarter Ended 30 September 2020 RM'000</b>	<b>Corresponding Quarter Ended 30 September 2019 RM'000</b>	<b>Current Year-To-Date Ended 30 September 2020 RM'000</b>	<b>Corresponding Year-To-Date Ended 30 September 2019 RM'000</b>
<b>Revenue</b>				
Manufacturing and trading of animal health products (“AH”)	6,105	3,637	12,827	7,558
Trading of crude palm oil and related products (“CPO”)	1,621	44,528	13,764	148,677
Traditional Chinese medicines, herbal foods and beverages, bird nest (“TCM”)	12,632	13,882	27,787	39,327
<b>Total revenue</b>	<b>20,358</b>	<b>62,047</b>	<b>54,378</b>	<b>195,562</b>

**Results**

Manufacturing and trading of animal health products	(1,507)	(1,059)	(4,105)	(2,311)
Trading of crude palm oil and related products	587	(185)	(243)	(748)
Traditional Chinese medicines, herbal foods and beverages, bird nest	1,051	74	(531)	(694)
Food ingredient products ^	-	(2,000)^	-	(2,000)^
<b>Profit/(Loss) before tax</b>	<b>131</b>	<b>(3,170)</b>	<b>(4,879)</b>	<b>(5,753)</b>

^ Impairment loss on other receivable

AH segment’s revenue compared to the corresponding quarter and year-to-date, increased by 67.86% and 69.71%, respectively, mainly lifted by higher sales of rumen by-pass fat products. The losses in the current quarter and year-to-date were reported higher mainly impacted by higher raw material price for rumen by-pass fat products.

CPO segment reported a reduction in revenue in the current quarter and year-to-date compared to the preceding year, to mitigate potential exposure of credit risk on trade receivable and the low profit margin. Current quarter posted a profit while the current year-to-date’s loss reduced with the partial reversal of impairment loss on trade receivable following the recovery of debts.

**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 and year-to-date reported lower by 9.00% and 29.34%, respectively, year-on-year, mainly impacted by the movement control measure, MCO amid the spread of covid-19 pandemic. However, current quarter delivered a much higher earnings compared to the corresponding quarter mainly attributed to lower operating expenses and the reversal of impairment loss on trade receivables, which helped narrow down the current year-to-date's loss.

**B3. Profit/(Loss) before tax**

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

	<b>Current Quarter Ended 30 September 2020 RM'000</b>	<b>Corresponding Quarter Ended 30 September 2019 RM'000</b>	<b>Current Year-To-Date Ended 30 September 2020 RM'000</b>	<b>Corresponding Year-To-Date Ended 30 September 2019 RM'000</b>
Interest income	75	138	361	314
Interest expense	(126)	(148)	(473)	(279)
Bad debt written off	(124)	-	(124)	-
Depreciation of property, plant and equipment	(738)	(776)	(2,203)	(2,259)
Depreciation of right-of-use assets	(20)	-	(60)	-
Amortisation of intangible assets	(9)	(9)	(28)	(28)
Inventories written off	(50)	(27)	(302)	(145)
(Allowance for)/Reversal of inventories written down	(14)	(30)	(582)	262
Reversal of impairment loss on property, plant and equipment	49	-	49	-
Reversal of/(Allowance for) impairment loss on trade receivables	901	(17)	920	447
Reversal of/(Allowance for) impairment loss on other receivables	579	(2,000)	714	(2,000)
Gain/(Loss) on disposal of property, plant and equipment	54	51	80	(168)
(Loss)/Gain on foreign exchange:				
-realised	(5)	(69)	234	(76)
-unrealised	(11)	4	(112)	39

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

	Current Quarter Ended	Preceding Quarter Ended	Variance	
			RM'000	%
	<b>30 September 2020 RM'000</b>	<b>30 June 2020 RM'000</b>		
Revenue	20,358	12,679	7,679	60.56
Profit/(Loss) before tax	131	(1,824)	1,955	(107.18)

The Group achieved a higher quarter revenue in comparison to the preceding quarter mainly lifted by the increase in the sales of foods and beverages, animal health products as well as the trading of CPO in the current quarter, indicating a recovery after experiencing the slow-down in the preceding quarter due to the implementation of MCO.

Current quarter under review registered a profit before tax as contrast to the loss in the preceding quarter mainly attributed to the reversal of impairment loss on trade and other receivables and also the improved product margin from foods and beverages segment as revenue picked up.

**B5. Prospects**

Animal health business is expected to improve further with more new products to be added to the pipeline focusing on Farm Biosecurity, Feed and Water sanitisation for sustainability in livestock production. The Company would continue to trade cautiously for CPO segment in consideration of the volatility of current CPO price and the potential credit risk involved.

While for foods and beverages business, current production capacity for OEM products is expected to increase in meeting the increase in outstanding book orders. It is also anticipated that new products to be launched by the end of the year.

**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 September 2020 RM'000</b>	<b>Corresponding Quarter Ended 30 September 2019 RM'000</b>	<b>Current Year-To-Date Ended 30 September 2020 RM'000</b>	<b>Corresponding Year-To-Date Ended 30 September 2019 RM'000</b>
<b><u>Income tax expense</u></b>				
Current financial year	57	57	73	119
	<u>57</u>	<u>57</u>	<u>73</u>	<u>119</u>
<b><u>Deferred tax expense/(credit)</u></b>				
Current financial year	21	(163)	(130)	(306)
<b>Total</b>	<u>78</u>	<u>(106)</u>	<u>(57)</u>	<u>(187)</u>

**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, except for the proposed disposal of property as mentioned below.

**Share Issuance Scheme (“SIS”), implemented on 15 April 2016 and is in force for a period of 5 years.**

On 24 November 2015, the Company had obtained its shareholders’ approval for the establishment and implementation 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.

Subject to any adjustments in accordance with the By-Laws, the Option Price shall be based on the 5-day volume weighted average market price (5D-VWAP) of the Company’s Shares immediately preceding the date of offer of the Option, as quoted on Bursa, and at the Option Committee’s discretion with a discount of not more than 10%.

On 9 October 2020, the Company announced that the SIS shall be extended for a further period of five (5) years from 16 April 2021 to 15 April 2026.

**Warrants**

On 30 September 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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**B8. Status of Corporate Proposal (Cont'd)**

**Proposed Disposal of Property**

On 11 November 2020, the Company announced the proposed disposal of its 3-storey factory building at No. 50, Jalan Anggerik Mokara 31/47, Kota Kemuning, 40460 Shah Alam, Selangor Darul Ehsan to Ingredient Plus Properties, the Purchasers for a cash consideration of RM14.20 million. The disposal is expected to be completed within four (4) months from the date of the Sales and Purchase Agreement.

**B9. Group borrowings and debt securities**

The Group's borrowings as at 30 September 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	171	-	171
Term loans	616	-	616
	<u>787</u>	<u>-</u>	<u>787</u>
<b><u>Long-term borrowings</u></b>			
Hire purchases	580	-	580
Term loans	14,347	-	14,347
	<u>14,927</u>	<u>-</u>	<u>14,927</u>
<b>Total</b>	<u>15,714</u>	<u>-</u>	<u>15,714</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 were 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.

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**B14. (Loss)/Earnings per ordinary share**

Basic (loss)/earnings per ordinary share is calculated based on Group's (loss)/profit 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</b>	<b>Corresponding Quarter Ended</b>	<b>Current Year-To-Date Ended</b>	<b>Corresponding Year-To-Date Ended</b>
	<b>30 September 2020</b>	<b>30 September 2019</b>	<b>30 September 2020</b>	<b>30 September 2019</b>
(Loss)/Profit after tax attributable to equity holders of the Company (RM'000)				
-continuing operations	(383)	(3,099)	(4,647)	(5,370)
-discontinued operations	-	(1,000)	-	683
Weighted average number of ordinary shares in issue excluding treasury shares ('000)	528,826	526,610	528,826	526,610
Basic (loss)/profit per ordinary share (sen)				
-continuing operations	(0.07)	(0.59)	(0.88)	(1.02)
-discontinued operations	-	(0.19)	-	0.13

Diluted (loss)/earnings per ordinary share is calculated based on Group's (loss)/profit 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 528,826,338 (2019: 526,609,790).

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

Date: 26 November 2020