

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021**

	Note	Current Quarter Ended 31.03.2021 (Unaudited) RM'000	Corresponding Quarter Ended 31.03.2020 (Unaudited) RM'000	Current Year-To-Date Ended 31.03.2021 (Unaudited) RM'000	Corresponding Year-To-Date Ended 31.03.2020 (Unaudited) RM'000
Revenue	A8	<b>23,650</b>	21,341	<b>23,650</b>	21,341
<b>Operating profit</b>		<b>4,179</b>	1,278	<b>4,179</b>	1,278
Operating expenses		<b>(3,719)</b>	(4,271)	<b>(3,719)</b>	(4,271)
Finance costs		<b>(83)</b>	(193)	<b>(83)</b>	(193)
<b>Profit/(Loss) before tax</b>	B2, B3	<b>377</b>	(3,186)	<b>377</b>	(3,186)
Income tax (expense)/credit	B7	<b>(140)</b>	181	<b>(140)</b>	181
<b>Profit/(Loss) for the financial period</b>		<b>237</b>	(3,005)	<b>237</b>	(3,005)
<b>Other comprehensive income/(expense), net of tax</b> <i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation		<b>56</b>	22	<b>56</b>	22
		<b>56</b>	22	<b>56</b>	22
<b>Total comprehensive income/(expense)</b>		<b>293</b>	<b>(2,983)</b>	<b>293</b>	<b>(2,983)</b>
Profit/(Loss) attributable to:					
Equity holders of the company		<b>(218)</b>	(2,568)	<b>(218)</b>	(2,568)
Non-controlling interests		<b>455</b>	(437)	<b>455</b>	(437)
		<b>237</b>	(3,005)	<b>237</b>	(3,005)
Total comprehensive income/(expense) attributable to:					
Equity holders of the company		<b>(164)</b>	(2,601)	<b>(164)</b>	(2,601)
Non-controlling interests		<b>457</b>	(382)	<b>457</b>	(382)
		<b>293</b>	(2,983)	<b>293</b>	(2,983)
<b>Loss per ordinary share (sen)</b>	B14				
-Basic/Diluted		(0.04)	(0.49)	(0.04)	(0.49)

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 2020 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 31 MARCH 2021**

	Note	As At Financial Year End 31.03.2021 (Unaudited) RM'000	As At Financial Year End 31.12.2020 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		47,959	47,278
Right-of-use assets		119	140
Deferred tax assets		172	162
Intangible asset		66	66
		<b>48,316</b>	<b>47,646</b>
<b>Current assets</b>			
Inventories		14,454	12,269
Trade receivables		8,020	7,662
Other receivables, deposits and prepayments		1,161	2,463
Tax recoverable		1,398	1,384
Fixed and short term deposits with licensed banks		15,600	15,532
Cash and bank balances with licensed banks and other financial institution		25,301	23,204
		<b>65,934</b>	<b>62,514</b>
Assets held for sales		13,022	13,372
<b>Total current assets</b>		<b>78,956</b>	<b>75,886</b>
<b>TOTAL ASSETS</b>		<b>127,272</b>	<b>123,532</b>
<b>EQUITY</b>			
Share capital	A6	76,975	76,524
Treasury shares	A6	(956)	(956)
Warrants reserve		-	10,909
Share option reserve		9,235	9,415
Accumulated losses		(4,974)	(15,664)
Revaluation reserve		15,719	15,719
Merger deficit		(8,397)	(8,397)
Currency translation reserve		(24)	(78)
<b>Total equity attributable to equity holders of the Company</b>		<b>87,578</b>	<b>87,472</b>
Non-controlling interests		6,518	6,012
<b>TOTAL EQUITY</b>		<b>94,096</b>	<b>93,484</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease Liabilities		43	68
Deferred tax liabilities		3,251	3,206
Hire purchase payables	B9	399	428
Term loans	B9	4,673	4,742
		<b>8,366</b>	<b>8,444</b>
<b>Current liabilities</b>			
Trade payables		9,862	5,875
Other payables and accruals		14,548	5,512
Lease Liabilities		80	76
Hire purchase payables	B9	120	121
Term loans	B9	171	10,012
Tax payable		29	8
		<b>24,810</b>	<b>21,604</b>
<b>TOTAL LIABILITIES</b>		<b>33,176</b>	<b>30,048</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>127,272</b>	<b>123,532</b>
<b>Net assets per ordinary share (RM) attributable to equity holders of the Company</b>		<b>0.17</b>	<b>0.17</b>

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 2020 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 530,698,338 (2020: 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 31 MARCH 2021**

	← Attributable to equity holders of the Company →										
	Share Capital RM'000	Treasury Shares RM'000	Warrants Reserve RM'000	Share Option Reserve RM'000	Revaluation Reserve RM'000	Merger Deficit RM'000	Currency Translation Reserve RM'000	(Accumulated Losses) RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
<b>Quarter ended 31 March 2021</b>											
<b>(Unaudited)</b>											
<b>Balance at 1 January 2021</b>	76,524	(956)	10,909	9,415	15,719	(8,397)	(78)	(15,664)	87,472	6,012	93,484
(Loss)/profit for the financial period	-	-	-	-	-	-	-	(218)	(218)	455	237
Other comprehensive income/(expense), net of tax for the financial period:											
- Foreign currency translation	-	-	-	-	-	-	54	-	54	2	56
<b>Total comprehensive (expense)/income for the financial period</b>	-	-	-	-	-	-	54	(218)	(164)	457	293
Transfer of warrants reserve to accumulated losses upon expiry	-	-	(10,908)	-	-	-	-	10,908	-	-	-
Issuance of shares pursuant to:											
- Warrants exercised	2	-	(1)	-	-	-	-	-	1	-	1
- Share option	449	-	-	(180)	-	-	-	-	269	-	269
Issuance of shares to non-controlling interest	-	-	-	-	-	-	-	-	-	49	49
<b>Balance at 31 March 2021</b>	<b>76,975</b>	<b>(956)</b>	<b>-</b>	<b>9,235</b>	<b>15,719</b>	<b>(8,397)</b>	<b>(24)</b>	<b>(4,974)</b>	<b>87,578</b>	<b>6,518</b>	<b>94,096</b>
<b>Quarter ended 31 March 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 for the financial period	-	-	-	-	-	-	-	(2,568)	(2,568)	(437)	(3,005)
Other comprehensive income/(expense), net of tax for the financial period:											
- Foreign currency translation	-	-	-	-	-	-	(33)	-	(33)	55	22
<b>Total comprehensive income/(expense) for the financial period</b>	-	-	-	-	-	-	(33)	(2,568)	(2,601)	(382)	(2,983)
<b>Balance at 31 March 2020</b>	<b>76,524</b>	<b>(956)</b>	<b>10,909</b>	<b>-</b>	<b>15,754</b>	<b>(8,397)</b>	<b>(30)</b>	<b>(5,039)</b>	<b>88,765</b>	<b>5,430</b>	<b>94,195</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 2020 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 31 MARCH 2021**

	<b>Current Year To Date Ended 31.03.2021 (Unaudited) RM'000</b>	<b>Corresponding Year To Date Ended 31.03.2020 (Unaudited) RM'000</b>
<b>Cash flows from/(for) operating activities</b>		
Profit/(Loss) before tax	377	(3,186)
<b>Adjustments for:-</b>		
Amortisation of intangible assets	9	29
Allowance for impairment loss on trade receivables	-	372
Depreciation of property, plant and equipment	530	730
Depreciation of right-of-use assets	21	-
(Gain)/Loss on disposal of property, plant and equipment	(28)	42
Reversal of impairment loss on other receivables	(755)	-
Interest income	(66)	(159)
Interest expense	74	188
Inventories written off	33	54
Unrealised gain on foreign exchange	(7)	(17)
Reversal of inventories written down	(170)	(46)
Operating profit/(loss) before working capital changes	<u>18</u>	<u>(1,993)</u>
Increase in inventories	(1,933)	(5,768)
Decrease in trade and other receivables	1,666	4,283
Increase in trade and other payables	<u>12,724</u>	<u>2,083</u>
<b>Cash from/(for) operations</b>	<u>12,475</u>	<u>(1,395)</u>
Tax paid	(98)	(204)
Interest paid	<u>(76)</u>	<u>(189)</u>
<b>Net cash from/(for) operating activities</b>	<u>12,301</u>	<u>(1,788)</u>
<b>Cash flows from/(for) investing activities</b>		
Interest received	66	159
Proceeds from disposal of property, plant and equipment	30	3
Proceeds from disposal of asset held for sale	350	-
Purchase of property, plant and equipment	<u>(1,222)</u>	<u>(323)</u>
<b>Net cash for investing activities</b>	<u>(776)</u>	<u>(161)</u>
<b>Cash flows (for)/from financing activities</b>		
Repayment of term loans	(9,909)	(185)
Repayment of hire purchase obligations	(30)	(44)
Repayment of lease liabilities	(20)	(20)
Issuance of shares to non-controlling interest	49	-
Proceeds from issuance of shares	<u>270</u>	<u>-</u>
<b>Net cash for financing activities</b>	<u>(9,640)</u>	<u>(249)</u>
Net increase/(decrease) in cash and cash equivalents	<u>1,885</u>	<u>(2,198)</u>
Cash and cash equivalents at beginning of the financial period	<u>38,931</u>	<u>32,757</u>
Foreign exchange difference	<u>85</u>	<u>46</u>
<b>Cash and cash equivalents at end of the financial period</b>	<u>40,901</u>	<u>30,605</u>
<b>Cash and cash equivalents comprise:</b>		
Fixed and short term deposits with licensed banks	15,600	15,997
Cash and bank balances with licensed banks and other financial institution	<u>25,301</u>	<u>14,608</u>
	<u>40,901</u>	<u>30,605</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 2020 and the accompanying explanatory notes attached to the interim financial statements.

# **SUNZEN BIOTECH BERHAD**

[Registration No. 200501003843 (680889-W)]

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## **NOTES TO THE INTERIM STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021**

### **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 2020.

The following MFRS, amendments and Interpretations that have been 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.

#### **MFRSs, Amendments to MFRSs and Interpretations effective for financial periods beginning on or after 1 January 2021**

- Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases - Interest Rate Benchmark Reform Phase 2

#### **MFRSs, Amendments to MFRSs and Interpretations effective for financial periods beginning on or after 1 April 2021**

- Amendment to MFRS 16 Leases - Covid-19-Related Rent Concessions beyond 30 June 2021

#### **MFRSs, Amendments to MFRSs and Interpretations effective for financial periods beginning on or after 1 January 2022**

- Amendments to MFRS 3 Business Combinations - Reference to the Conceptual Framework
- Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018-2020

**A1. Basis of reporting preparation (Cont'd)**

**MFRSs, Amendments to MFRSs and Interpretations effective for financial periods beginning on or after 1 January 2023**

- Amendments to MFRS 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current
- Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

**MFRSs, Amendments to MFRSs and Interpretations effective date yet to be confirmed**

- 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 2020 were not subjected to any qualification.

**A3. Seasonal or cyclical factors**

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**

For the current quarter ended 31 March 2021, there were 1,927,000 shares option exercised and 6,650 warrants 2016/2021 converted bringing the total number of ordinary shares in issue to 536,979,738, out of which 6,281,400 are held as treasury shares which remain the same as previously disclosed.

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**A7. Dividend paid**

There was no payment of dividend in the current quarter under review.

**A8. Segmental information**

	<b>Current Quarter Ended 31 March 2021 RM'000</b>	<b>Corresponding Quarter Ended 31 March 2020 RM'000</b>	<b>Current Year-To-Date Ended 31 March 2021 RM'000</b>	<b>Corresponding Year-To-Date Ended 31 March 2020 RM'000</b>
<b>Revenue</b>				
<b>Manufacturing and trading of animal health products ("AH")</b>	3,414	3,437	3,414	3,437
<b>Trading of crude palm oil products ("CPO")</b>	432	11,246	432	11,246
<b>Traditional Chinese medicine, herbal health foods and beverages, bird nest ("TCM")</b>	19,804	6,658	19,804	6,658
<b>Total</b>	23,650	21,341	23,650	21,341

**A9. 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 2020.

**A10. Capital commitments**

Capital commitments which have been authorised but not provided for in the interim financial statements under review are as follows:

	<b>31 March 2021 RM'000</b>	<b>31 March 2020 RM'000</b>
Acquisition of property, plant and equipment	1,225	1,864

The outstanding balance as at 31 March 2021 is partly made up of balance brought forward from the previous years.

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**A11. Recurrent Related Party Transaction**

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

**A12. 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.

**A13. Changes in the Composition of the Group**

There were no changes in the corporate structure of the Group since the previous reporting date.

The application to strike-off Sunzen Agritechnology (Northern) Sdn. Bhd. has been approved in principle by the Companies Commission of Malaysia (“CCM”) on 2 April 2021.

**A14. Contingent Liabilities**

	<b>31 March 2021 RM'000</b>	<b>31 March 2020 RM'000</b>
Unsecured Corporate Guarantee to financial institutions for banking facilities granted to subsidiaries	4,844	5,464
Bank guarantee to vendor for purchase of CPO by a subsidiary	-	1,000
<b>Total</b>	<u>4,844</u>	<u>6,464</u>



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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 31 March 2021 RM'000</b>	<b>Corresponding Quarter Ended 31 March 2020 RM'000</b>	<b>Current Year-To-Date Ended 31 March 2021 RM'000</b>	<b>Corresponding Year-To-Date Ended 31 March 2020 RM'000</b>
Revenue	23,650	21,341	23,650	21,341
Profit/(Loss) before tax	377	(3,186)	377	(3,186)

The Group reported a pre-tax profit of RM0.38 million over a revenue of RM23.65 in the current quarter against a pre-tax loss of RM3.19 million and a revenue of RM21.34 million a year ago, driven by higher revenue from TCM products and lower operational costs as a result of higher production efficiency and also the reversal of impairment loss on other receivables.

**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 31 March 2021 RM'000</b>	<b>Corresponding Quarter Ended 31 March 2020 RM'000</b>	<b>Current Year-To-Date Ended 31 March 2021 RM'000</b>	<b>Corresponding Year-To-Date Ended 31 March 2020 RM'000</b>
<b>Revenue</b>				
Manufacturing and trading of animal health products (“AH”)	3,414	3,437	3,414	3,437
Trading of crude palm oil products (“CPO”)	432	11,246	432	11,246
Traditional Chinese medicines, herbal foods and beverages, bird nest (“TCM”)	19,804	6,658	19,804	6,658
<b>Total revenue</b>	<b>23,650</b>	<b>21,341</b>	<b>23,650</b>	<b>21,341</b>
<b>Results</b>				
Manufacturing and trading of animal health products	(757)	(1,170)	(757)	(1,170)
Trading of crude palm oil products	1	(680)	1	(680)
Traditional Chinese medicines, herbal foods and beverages, bird nest	1,133	(1,336)	1,133	(1,336)
<b>Profit/(Loss) before tax</b>	<b>377</b>	<b>(3,186)</b>	<b>377</b>	<b>(3,186)</b>

AH segment registered a pre-tax loss of RM0.76 million over a revenue of RM3.41 million in the current quarter compared to a pre-tax loss of RM1.17 million and a revenue of RM3.44 million in the corresponding quarter, the improved result was mainly attributed to the reversal of impairment loss on other receivables.

CPO segment reported a pre-tax profit of RM1.20 thousand over a revenue of RM0.43 million for the current quarter against a pre-tax loss of RM0.68 million over a revenue of RM11.25 million a year ago.

TCM segment posted a pre-tax profit of RM1.13 million over a revenue of RM19.80 million in the current quarter relative to a pre-tax loss of RM1.34 million and a revenue of RM6.66 million in the corresponding quarter mainly bolstered by higher profit contribution on higher revenue and lower operational costs.

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

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

	<b>Current Quarter Ended 31 March 2021 RM'000</b>	<b>Corresponding Quarter Ended 31 March 2020 RM'000</b>	<b>Current Year-To-Date Ended 31 March 2021 RM'000</b>	<b>Corresponding Year-To-Date Ended 31 March 2020 RM'000</b>
Interest income	66	159	66	159
Interest expense	(74)	(188)	(74)	(188)
Depreciation of property, plant and equipment	(530)	(730)	(530)	(730)
Depreciation of right-of- use assets	(21)	-	(21)	-
Amortisation of intangible assets	(9)	(29)	(9)	(29)
Inventories written off	(33)	(54)	(33)	(54)
Reversal of inventories written down	170	46	170	46
Allowance for impairment loss on trade receivables	-	(372)	-	(372)
Reversal of impairment loss on other receivables	755	-	755	-
Gain/(Loss) on disposal of property, plant and equipment	28	(42)	28	(42)
Gain on foreign exchange:				
-realised	12	35	12	35
-unrealised	7	17	7	17

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

	<b>Current Quarter Ended 31 March 2021 RM'000</b>	<b>Preceding Quarter Ended 31 December 2020 RM'000</b>	<b>Variance</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	23,650	27,855	(4,205)	(15.10)
Profit/(Loss) before tax	377	(7,825)	8,202	(104.82)

The Group reported a pre-tax profit of RM0.38 million over a revenue of RM23.65 million in the current quarter compared to a pre-tax loss of RM7.83 million and a revenue of RM27.86 million in the preceding quarter, in which the recognition of fair value of share option granted which amounted to RM9.42 million was included.

**B5. Prospects**

The Board remains cautious in view of the recent rise in Covid-19 cases in the country and the movement control measures currently imposed by the government to contain the spread of the virus.

Animal health segment continues to improve sales performance of its existing range of products and to engage farm trials for functional products namely, Tomofat 300 Gold Functional Fat and Tomofat Eggs Functional Oil. Intestinal health remains a vital part in livestock performance, thus the segment will continue to enhance its Gut Health range of products with alternative solutions to intestinal disease control.

TCM segment is expected to install new machines to cater for products variety, pouch packaging and production capacity. Traditional Chinese medicine market is still impacted by Covid-19 pandemic particularly for southern region of the country.

**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 31 March 2021 RM'000</b>	<b>Corresponding Quarter Ended 31 March 2020 RM'000</b>	<b>Current Year-To-Date Ended 31 March 2021 RM'000</b>	<b>Corresponding Year-To-Date Ended 31 March 2020 RM'000</b>
<b>Income tax expense/(credit):</b>				
Current financial year	98	8	98	8
	<u>98</u>	<u>8</u>	<u>98</u>	<u>8</u>
<b>Deferred tax expense/(credit):</b>				
Current financial year	42	(189)	42	(189)
	<u>42</u>	<u>(189)</u>	<u>42</u>	<u>(189)</u>
<b>Total</b>	<u>140</u>	<u>(181)</u>	<u>140</u>	<u>(181)</u>

**B8. Status of Corporate Proposal**

There were no corporate proposals which have already announced but not yet completed, save for the Proposed Acquisition of Finsource Solution Sdn Bhd.

**Proposed Acquisition of Finsource Solution Sdn Bhd**

On 12 January 2021, the Company announced a proposed acquisition of Finsource Solution Sdn Bhd (“FSSB”), where a conditional share sale agreement (“SSA”) with the vendors had been entered for the proposed acquisition of entire equity in FSSB, for a purchase consideration of RM6.8 million to be satisfied by the issuance and allotment of 41,212,121 new ordinary shares in Sunzen, at an issue price of RM0.165 each.

The proposed acquisition has been duly passed at the Extraordinary General Meeting held on 5 April 2021.

On 17 May 2021, the Company and the vendors have mutually agreed to extend the completion of SSA for a further period from 18 May 2021 to 1 June 2021.

**Share Issuance Scheme (“SIS”), expiring on 15 April 2026**

The total number of share option vested at an exercise price of RM0.1395 each and total number of share option exercised at the reporting date are as follows.

	<b>No. of share option vested '000</b>	<b>No. of share option exercised '000</b>	<b>Balance share option unexercised '000</b>
Directors	94,000	-	94,000
Employees	6,588	2,672	3,916

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

**Warrants, expiring on 25 February 2021**

In the current quarter under review, there was a total of 6,650 warrants 2016/2021 converted to ordinary shares and the remaining total of 179,416,646 Warrants expired on 25 February 2021.

**Proposed Disposal of Property and Utilisation of Proceeds**

On 22 April 2021, the Company announced the completion of the Disposal of Property with receipt of the balance Disposal Price from the Purchasers.

The status of utilisation of proceeds up to the reporting date as follows.

	<b>Proposed utilisation</b>	<b>Actual utilisation</b>	<b>Intended timeframe from SPA date</b>	<b>Variance</b>	<b>Notes</b>
<b>Purpose</b>	<b>RM'000</b>	<b>RM'000</b>	<b>No. of month</b>	<b>RM'000</b>	
Repayment of term loan	9,830	9,916	4	(86)	1,3
Office renovation costs	900	882	4	18	3
Real property gain tax ("RPGT")	100	426	4	(326)	2
Legal fee	60	31	4	29	3
Working capital	3,310	2,945	6	365	
<b>Total</b>	<b>14,200</b>	<b>14,200</b>		<b>-</b>	

Notes:

1. Shortfall due to redemption fee as a result of early redemption of loan.
2. The final RPGT has yet to be confirmed by the Inland Revenue Board, an advance payment based on 3% of the proceeds has been made.
3. Any surplus or shortfall of expenses incurred is to be adjusted to/from working capital.

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**B9. Loans and borrowings**

The Group's loans and borrowings as at 31 March 2021 were as follows:

	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Current portion</u></b>			
Hire purchase payables	120	-	120
Term loans ^	171	-	171
	<u>291</u>	<u>-</u>	<u>291</u>
<b><u>Non-current portion</u></b>			
Hire purchases payables	399	-	399
Term loans	4,673	-	4,673
	<u>5,072</u>	<u>-</u>	<u>5,072</u>
<b>Total</b>	<u>5,363</u>	<u>-</u>	<u>5,363</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, save for the following legal action.

Sunzen Feedtech Sdn Bhd, a subsidiary of the Company has recently commenced a legal action in Shah Alam Sessions Court to recover an outstanding amount of RM0.629 million from a purchaser of CPO product who has defaulted in payment. The appointed solicitors are currently applying to the Court to serve the relevant cause papers by way of substituted service.

**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 per ordinary share**

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

	<b>Current Quarter Ended 31 March 2021</b>	<b>Corresponding Quarter Ended 31 March 2020</b>	<b>Current Year-To-Date Ended 31 March 2021</b>	<b>Corresponding Year-To-Date Ended 31 March 2020</b>
Loss attributable to equity holders of the Company (RM'000)	(218)	(2,568)	(218)	(2,568)
Weighted average number of ordinary shares in issue excluding treasury shares ('000)	529,112	528,816	529,112	528,816
Basic loss per ordinary share (sen)	(0.04)	(0.49)	(0.04)	(0.49)

Diluted loss per ordinary share for current and corresponding period will be the same as basic loss per share due to anti-dilutive effect as diluted loss per share should not be higher than basic loss per share.

This quarterly report for the financial period ended 31 March 2021 has been reviewed and approved by the Board of Directors of Sunzen Biotech for release to Bursa Securities.

Date: 28 May 2021