

SUNZEN BIOTECH BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

		Current Quarter Ended 31.12.2022 (Unaudited) RM'000	Corresponding Quarter Ended 31.12.2021 (Unaudited) RM'000	Current Year-To-Date Ended 31.12.2022 (Unaudited) RM'000	Corresponding Year-To-Date Ended 31.12.2021 (Audited) RM'000
Revenue	A8	17,036	28,995	97,103	90,479
Operating profit		7,130	8,057	27,395	20,717
Operating expenses		(5,431)	(5,908)	(19,816)	(16,753)
Share of loss of associate		*	-	*	-
Finance costs		(62)	(54)	(231)	(259)
Profit before tax	B2, B3	1,637	2,095	7,348	3,705
Income tax expense	B7	(449)	(938)	(2,695)	(1,767)
Profit for the financial year		1,188	1,157	4,653	1,938
Other comprehensive income/(expense), net of tax					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation		(2)	-	(5)	78
		(2)	-	(5)	78
Total comprehensive income		1,186	1,157	4,648	2,016
Profit attributable to:					
Equity holders of the company		1,141	667	3,636	680
Non-controlling interests		47	490	1,017	1,258
		1,188	1,157	4,653	1,938
Total comprehensive income attributable to:					
Equity holders of the company		1,140	669	3,632	752
Non-controlling interests		46	488	1,016	1,264
		1,186	1,157	4,648	2,016
Earnings per ordinary share (sen)	B14				
-Basic		0.16	0.12	0.51	0.12
-Diluted		0.15	0.11	0.49	0.11

Notes:

1) 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 2021 and the accompanying explanatory notes attached to the interim financial statements.

2) * RM49

SUNZEN BIOTECH BERHAD

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	As At Financial Period Ended 31.12.2022 (Unaudited)	As At Financial Year Ended 31.12.2021 (Audited)
Note	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	46,474	47,095
Right-of-use assets	195	725
Trade receivables	55,390	21,782
Goodwill	2,853	2,853
Investment in associate	*	-
Intangible asset	-	28
	104,912	72,483
Current assets		
Inventories	11,432	13,976
Trade receivables	20,405	12,518
Other receivables, deposits and prepayments	1,065	1,403
Tax recoverable	348	612
Fixed and short term deposits with licensed banks	3,277	3,752
Cash and bank balances with licensed banks and other financial institution	8,961	43,471
	45,488	75,732
Assets classified as held for sales	493	493
Total current assets	45,981	76,225
TOTAL ASSETS	150,893	148,708
EQUITY		
Share capital	A6 110,221	108,177
Treasury shares	A6 (2,956)	(956)
Share option reserve	7,483	7,675
Accumulated losses	(384)	(4,078)
Revaluation reserve	15,647	15,683
Merger deficit	(8,397)	(8,397)
Currency translation reserve	(10)	(6)
Total equity attributable to equity holders of the Company	121,604	118,098
Non-controlling interests	7,826	7,370
TOTAL EQUITY	129,430	125,468
LIABILITIES		
Non-current liabilities		
Lease Liabilities	257	468
Deferred tax liabilities	3,569	3,546
Loans and borrowings	4,492	4,614
	8,318	8,628
Current liabilities		
Trade payables	9,279	9,578
Other payables and accruals	3,264	4,041
Lease Liabilities	230	373
Loans and borrowings	129	133
Tax payable	243	487
	13,145	14,612
TOTAL LIABILITIES	21,463	23,240
TOTAL EQUITY AND LIABILITIES	150,893	148,708
Net assets per ordinary share (RM) attributable to equity holders of the Company	0.17	0.17

Notes:

- 1) 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 2021 and the accompanying explanatory notes attached to the interim financial statements.
- 2) * Includes cost of investment of RM49 and share of loss of associate of RM49.
- 3) 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 704,603,359 (2021: 705,817,459) excluding treasury shares of 15,937,300 (2021: 6,281,400).

SUNZEN BIOTECH BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	← 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	Share Option Reserve RM'000	Revaluation Reserve RM'000	Merger Deficit RM'000	Currency Translation Reserve RM'000	(Accumulated Losses) RM'000			
Quarter ended 31 December 2022 (Unaudited)											
Balance at 1 January 2022	108,177	(956)	-	7,675	15,683	(8,397)	(6)	(4,078)	118,098	7,370	125,468
Profit for the financial year	-	-	-	-	-	-	-	3,636	3,636	1,017	4,653
Other comprehensive income/(expense), net of tax for the financial year:											
- Foreign currency translation	-	-	-	-	-	-	(4)	-	(4)	(1)	(5)
Total comprehensive income/(expense) for the financial year	-	-	-	-	-	-	(4)	3,636	3,632	1,016	4,648
Issuance of shares pursuant to share options exercised	2,044	-	-	(822)	-	-	-	-	1,222	-	1,222
Share options lapsed	-	-	-	(22)	-	-	-	22	-	-	-
Share options granted under Share Issuance Scheme	-	-	-	652	-	-	-	-	652	-	652
Purchase of own shares	-	(2,000)	-	-	-	-	-	-	(2,000)	-	(2,000)
Subscription of shares in a subsidiary by non-controlling interest	-	-	-	-	-	-	-	-	-	40	40
Dividend payment to non-controlling interest	-	-	-	-	-	-	-	-	-	(600)	(600)
Amortisation on revaluation reserve	-	-	-	-	(36)	-	-	36	-	-	-
Balance at 31 December 2022	110,221	(2,956)	-	7,483	15,647	(8,397)	(10)	(384)	121,604	7,826	129,430
Quarter ended 31 December 2021 (Audited)											
Balance at 1 January 2021	76,524	(956)	10,909	9,415	15,719	(8,397)	(78)	(15,664)	87,472	6,012	93,484
Profit for the financial year	-	-	-	-	-	-	-	680	680	1,258	1,938
Other comprehensive income/(expense), net of tax for the financial year:											
- foreign currency translation	-	-	-	-	-	-	72	-	72	6	78
Total comprehensive income for the financial year	-	-	-	-	-	-	72	680	752	1,264	2,016
Transfer of warrants reserve to accumulated losses upon expiry	-	-	(10,908)	-	-	-	-	10,908	-	-	-
Issuance of shares pursuant to :											
- acquisition of a subsidiary through shares exchange	6,800	-	-	-	-	-	-	-	6,800	-	6,800
- Warrant exercised	2	-	(1)	-	-	-	-	-	1	-	1
- Share options exercised	4,242	-	-	(1,703)	-	-	-	-	2,539	-	2,539
- Private placement	20,777	-	-	-	-	-	-	-	20,777	-	20,777
Arising from part dilution of equity interest in subsidiary	-	-	-	-	-	-	-	1	1	48	49
Subscription of shares of a subsidiary by non-controlling interest	-	-	-	-	-	-	-	-	-	*	*
Issuance of shares to non-controlling interest	-	-	-	-	-	-	-	(76)	(76)	46	(30)
Amortisation on revaluation reserve	-	-	-	-	(36)	-	-	36	-	-	-
Share issuance expenses	(168)	-	-	-	-	-	-	-	(168)	-	(168)
Share options lapsed	-	-	-	(37)	-	-	-	37	-	-	-
Balance at 31 December 2021	108,177	(956)	-	7,675	15,683	(8,397)	(6)	(4,078)	118,098	7,370	125,468

Notes:

1) 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 2021 and the accompanying explanatory notes attached to the interim financial statements.

2) * RM400

SUNZEN BIOTECH BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Current Year To Date Ended 31.12.2022 (Unaudited) RM'000	Corresponding Year To Date Ended 31.12.2021 (Audited) RM'000
Cash flows from operating activities		
Profit before tax	7,348	3,705
Adjustments for:-		
Amortisation of intangible assets	28	37
Bad debts written off	408	327
Depreciation of:		
- property, plant and equipment	2,301	2,238
- right-of-use assets	259	326
Dividend income	(14)	(147)
Employee benefit expenses-Share Issuance Scheme	652	-
Gain on:		
- disposal of property, plant and equipment	(188)	(30)
- disposal of assets held for sale	-	(863)
- disposal of financial assets at fair value through profit or loss	-	(179)
Impairment loss on property, plant and equipment	-	11
Interest income	(40)	(45)
Interest expense	214	259
Inventories written down	964	230
Reversal of impairment loss on receivables	(221)	(1,673)
Reversal of inventories written down	(1,281)	(1,263)
Share of loss of associate	*	-
Unrealised gain on foreign exchange	(65)	-
Write off:		
- property, plant and equipment	9	38
- inventories	376	437
Operating profit before working capital changes	10,750	3,408
Decrease/(Increase) in inventories	2,562	(1,111)
Increase in trade and other receivables	(41,394)	(18,956)
(Decrease)/Increase in trade and other payables	(1,122)	147
Cash for operations	(29,204)	(16,512)
Income tax paid	(3,095)	(846)
Income tax refunded	442	997
Interest paid	(201)	(259)
Net cash for operating activities	(32,058)	(16,620)
Cash flows from/(for) investing activities		
Acquisition of a subsidiary, net cash acquired	-	2,875
Dividend received	14	147
Interest received	40	45
Purchase of property, plant and equipment	(2,468)	(2,401)
Purchase of financial assets at fair value through profit or loss	-	(330)
Proceeds from disposal of:		
- property, plant and equipment	1,202	34
- asset held for sale, net of Real Property Gains Tax	-	14,101
- financial assets at fair value through profit or loss	-	508
Net cash (for)/from investing activities	(1,212)	14,979
Cash flows from/(for) financing activities		
Acquisition of additional equity shares in a subsidiary	-	(30)
Dividend payment to non-controlling interest	(600)	-
Payment to a director	-	(3,000)
Purchase of own shares	(2,000)	-
Proceeds from lease	-	116
Proceeds from issuance of shares to non-controlling interest	40	49
Proceeds from issuance of shares pursuant to:		
- exercise of warrants	-	1
- share options exercised	1,222	2,539
- private placement, net of shares issuance expenses	-	20,609
Repayment of term loans	(126)	(10,007)
Repayment of lease liabilities	(330)	(351)
Subscription of shares in associate by a subsidiary	*	-
Net cash (for)/from financing activities	(1,794)	9,926
Net (decrease)/increase in cash and cash equivalents	(35,064)	8,285
Cash and cash equivalents at beginning of the financial year	47,223	38,936
Foreign exchange difference	79	2
Cash and cash equivalents at end of the financial year	12,238	47,223
Cash and cash equivalents comprise:		
Fixed and short term deposits with licensed banks	3,277	3,752
Cash and bank balances with licensed banks and other financial institution	8,961	43,471
	12,238	47,223

Notes:

1) 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 2021 and the accompanying explanatory notes attached to the interim financial statements.

2) * RM49

SUNZEN BIOTECH BERHAD

[Registration No. 200501003843 (680889-W)]
(Incorporated in Malaysia)

NOTES TO THE INTERIM STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 2021.

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 impact on the financial statements of the Group.

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

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

- MFRS 17* Insurance Contracts
- Amendments to MFRS 17* Insurance Contracts
- Amendments to MFRS 4* Insurance Contracts: Extension of the Temporary Exemption from Applying MFRS 9
- 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
- Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

A1. Basis of reporting preparation (Cont'd)

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

* Not applicable to the Group's and the Company's operation

A2. Auditors' report on preceding annual financial statements

The audited financial statements of the Company and its subsidiaries for the FYE 31 December 2021 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 edible bird's nest, is partly impacted 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 December 2022, the Company repurchased 5,480,200 own shares in open market at an average cost per share of RM0.2190. Besides, a total number of 470,000 share options were exercised during the current reporting quarter, bringing the total number of ordinary shares in issue to 720,540,659 including treasury shares of 15,937,300.

A7. Dividend paid

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

A8. Segmental information

	Current Quarter Ended 31 December 2022 RM'000	Corresponding Quarter Ended 31 December 2021 RM'000	Current Year-To-Date Ended 31 December 2022 RM'000	Corresponding Year-To-Date Ended 31 December 2021 RM'000
Revenue				
Manufacturing and trading of animal health products (“AH”)	1,760	1,757	5,838	12,048
Trading of crude palm oil products (“CPO”)	-	-	-	432
Traditional Chinese medicine, herbal health foods and beverages, edible bird’s nest (“TCM”)	12,583	26,046	81,754	76,252
Loan financing	2,693	1,192	9,511	1,747*
Total	17,036	28,995	97,103	90,479

* 7-month period (acquired on 1 June 2021)

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 2021.

A10. Capital commitments

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

	31 December 2022 RM'000	31 December 2021 RM'000
Acquisition of property, plant and equipment	-	548

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

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 save for the following.

Ecolite Biotech, a 70% owned subsidiary has an investment in associate with 49% shareholding in Xmegami Manufacturing Sdn Bhd, to venture into manufacturing of health food products.

A14. Contingent Liabilities

	31 December 2022 RM'000	31 December 2021 RM'000
Unsecured Corporate Guarantee to financial institutions for banking facilities granted to subsidiaries	4,621	4,747

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 2022 RM'000	Corresponding Quarter Ended 31 December 2021 RM'000	Current Year-To-Date Ended 31 December 2022 RM'000	Corresponding Year-To-Date Ended 31 December 2021 RM'000
Revenue	17,036	28,995	97,103	90,479
Profit before tax	1,637	2,095	7,348	3,705

For the current quarter under review, the Group reported 41.25% lower in revenue to RM17.04 million from approximately RM29.00 million in the corresponding quarter, mainly due to lower export sales of edible bird's nest and fewer contract manufacturing orders for TCM products in the current quarter. However, year-to-date's revenue achieved RM97.10 million in the current year, 7.32% higher as compared to RM90.48 million in the previous year, mainly driven by higher loan financing as well as increased export sales of edible bird's nest from TCM segment compared to the corresponding year.

The Group posted a lower pre-tax profit of approximately RM1.64 million in the current quarter, 21.86% lower compared to RM2.10 million in the corresponding quarter, mainly attributed to the decrease in profit contribution from TCM segment on the back of lower revenue contribution and the increase in marketing and distribution expenses in the current quarter. However, year-to-date, the Group registered a higher pre-tax profit of RM7.35 million for the current year, almost doubled the preceding year's result of RM3.71 million, mainly attributed to higher profit contribution from loan financing 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

	Current Quarter Ended 31 December 2022 RM'000	Corresponding Quarter Ended 31 December 2021 RM'000	Current Year-To-Date Ended 31 December 2022 RM'000	Corresponding Year-To-Date Ended 31 December 2021 RM'000
Revenue				
Manufacturing and trading of animal health products (“AH”)	1,760	1,757	5,838	12,048
Trading of crude palm oil products (“CPO”)	-	-	-	432
Traditional Chinese medicines, herbal foods and beverages, edible bird’s nest (“TCM”)	12,583	26,046	81,754	76,252
Loan financing	2,693	1,192	9,511	1,747*
Total revenue	17,036	28,995	97,103	90,479
Results				
Manufacturing and trading of animal health products	(1,102)	(1,549)	(4,772)	(3,082)
Trading of crude palm oil products	-	(24)	-	(72)
Traditional Chinese medicines, herbal foods and beverages, edible bird’s nest	383	2,906	4,214	5,668
Loan financing	2,356	762	7,906	1,191*
Profit before tax	1,637	2,095	7,348	3,705

* 7-month period (acquired on 1 June 2021)

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)

AH segment

Contributed a revenue of approximately RM1.76 million in the current quarter, a marginal 0.17% increase compared to the corresponding quarter. However, year-to-date's revenue decreased by 51.54% to approximately RM5.84 million in the current year compared to RM12.05 million in the preceding year, mainly due to the discontinuation of the manufacturing of palm related products (powder fat) in the current year.

The segment posted a lower pre-tax loss of RM1.10 million in the current quarter, compared to RM1.55 million in the corresponding quarter, mainly due to lower other operating expenses incurred in the current quarter. However, year-to-date posted a 54.87% higher pre-tax loss of RM4.77 million in the current year compared to RM3.08 million in the preceding year, mainly attributed to the recognition of one-off gain on disposal of assets held for sale, higher reversals of impairment loss on receivables in the preceding year and also the recognition of employee benefit expenses-Share Issuance Scheme in the current year.

TCM segment

Recorded a 51.69% decrease in revenue to RM12.58 million in the current quarter compared to RM26.05 million in the corresponding quarter, mainly due to lower export sales of edible bird's nest and fewer sales orders for contract manufacturing service in the current quarter. However, year-to-date's revenue increased by 7.22% to RM81.75 million in the current year from RM76.25 million in the previous year, mainly due to the increase in export sales of edible bird's nest in the current year.

The segment registered a pre-tax profit of approximately RM0.38 million in the current quarter, 86.82% lower compared to RM2.91 million in the corresponding quarter, mainly attributed to lower profit contribution on lower revenue achieved coupled with higher marketing and distribution expenses for the current quarter. Year-to-date posted a pre-tax profit of RM4.21 million, 25.65% lower despite achieving higher revenue in the current year compared to RM5.67 million in the preceding year, mainly attributed to higher marketing and distribution expenses as well as employee benefit expenses-Share Issuance Scheme in the current year.

Loan financing segment

Registered a much higher revenue of approximately RM2.69 million for the current quarter versus RM1.19 million in the corresponding quarter, mainly due to higher money lending. Year-to-date's revenue reported RM9.51 million in the current year versus RM1.74 million in the previous year (a seven-month period as the business was acquired on 1 June 2021).

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)

Loan financing segment (cont'd)

The segment registered a higher pre-tax profit of approximately RM2.36 million for the current quarter in comparison to RM0.76 million for the corresponding quarter, mainly attributed to higher money lending. Year-to-date posted a higher pre-tax profit of RM7.91 million for the current year compared to RM1.19 million for the corresponding year (a seven-month period), mainly attributed to higher earnings contribution on the back of higher revenue.

B3. Profit before tax

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

	Current Quarter Ended 31 December 2022 RM'000	Corresponding Quarter Ended 31 December 2021 RM'000	Current Year-To-Date Ended 31 December 2022 RM'000	Corresponding Year-To-Date Ended 31 December 2021 RM'000
Interest income	11	20	40	45
Dividend income	-	-	14	147
Interest expense	(59)	(49)	(214)	(259)
Depreciation of:				
- property, plant and equipment	(647)	(701)	(2,301)	(2,238)
- right-of-use assets	(29)	(18)	(259)	(326)
Amortisation of intangible assets	-	(10)	(28)	(37)
Bad debt written off	(57)	(327)	(408)	(327)
Inventories:				
- written off	(80)	(102)	(376)	(437)
- written down	(191)	(866)	(964)	(230)
Reversal of/(Allowance for) impairment loss on:				
- receivables	(147)	133	221	1,673
- property, plant and equipment	-	(720)	-	(11)
Reversal of inventories written down	267	957	1,281	1,263

B3. Profit before tax (cont'd)

Profit before tax is arrived after (charging)/crediting (cont'd):

	Current Quarter Ended 31 December 2022 RM'000	Corresponding Quarter Ended 31 December 2021 RM'000	Current Year-To-Date Ended 31 December 2022 RM'000	Corresponding Year-To-Date Ended 31 December 2021 RM'000
Property, plant and equipment written off	(3)	(26)	(9)	(38)
Employee benefit expenses-Share Issuance Scheme	-	-	(652)	-
Gain/(Loss) on:				
- disposal of property, plant and equipment	72	(70)	188	30
- disposal of assets held for sale	-	-	-	863
- disposal of financial assets at fair value through profit or loss	-	-	-	179
Gain/(loss) from foreign exchange:				
- realised	12	126	283	188
- unrealised	(51)	(2)	65	-

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

	Current Quarter Ended 31 December 2022 RM'000	Preceding Quarter Ended 30 September 2022 RM'000	Variance	
			RM'000	%
Revenue	17,036	23,893	(6,857)	(28.70)
Profit before tax	1,637	1,709	(72)	(4.21)

The Group posted 28.70% lower in revenue of RM17.04 million for the current quarter compared to RM23.89 million for the preceding quarter, mainly due to lower export sales of edible bird's nest in the current quarter.

The Group registered a lower pre-tax profit of approximately RM1.64 million in the current quarter compared to RM1.71 million in the preceding quarter, mainly due to lower profit contribution on lower export sales of edible bird's nest, higher marketing and distribution expenses incurred and lower reversal of impairment loss on receivables in the current quarter.

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

B5. Prospects

Animal health team will actively participate in international trade exhibitions as part of marketing activities to enhance the corporate image as well as product awareness in overseas market and the segment is in the midst of obtaining FAMIQS certification. TCM segment anticipates sales performance back to normal level for the first quarter 2023 and the segment is in midst of applying more export quota for edible bird's nest pending approval from Department of Veterinary Service Malaysia (DVS) and General Administration of Customs China (GACC). Loan financing business is expected to project a steady growth at a normal pace moving forward.

Barring any unforeseen circumstances, the Group is optimistic to deliver a favorable financial result for the financial year ending 31 December 2023.

B6. Profit forecast and profit guarantee

In accordance with share sale agreement dated 12 January 2021 between Finsource Credit (M) Sdn Bhd and the Company ("purchaser"), the guarantors have given a guaranteed profit of not less than RM2 million based on audited profit after tax ("PAT") of Finsource for the financial years 2021 and 2022. As security for the performance of the guaranteed profit, the guarantors have placed with the stakeholder an amount of Consideration Shares of value equivalent to the guaranteed profit.

In the event, the aggregate of audited PAT for financial years 2021 and 2022 is lower than the guaranteed profit, the guarantors shall compensate the purchaser of the deficiency. The guarantors and the purchaser agreed that the stakeholder shall be entitled to offset the deficiency by disposing into the open market the equivalent value of the consideration shares held as security, not later than 14 business days from the certified accounts for the financial year 2022.

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

B7. Income tax expense

	Current Quarter Ended 31 December 2022 RM'000	Corresponding Quarter Ended 31 December 2021 RM'000	Current Year-To-Date Ended 31 December 2022 RM'000	Corresponding Year-To-Date Ended 31 December 2021 RM'000
<u>Income tax expense:</u>				
Current financial year	423	767	2,674	1,265
Under/(Over)- provision in the previous year	-	127	(1)	39
Real Property Gains Tax	-	-	-	134
	423	894	2,673	1,438
<u>Deferred tax expense:</u>				
Current financial year	26	44	22	398
Over-provision in the previous year	-	-	-	(60)
Deferred Real Property Gains Tax	-	-	-	(9)
	26	44	22	329
Total	449	938	2,695	1,767

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

B8. Status of Corporate Proposal

There were no corporate proposals which have already announced but not yet completed as at the reporting date.

Utilisation of proceeds raised from Private Placement

The status of the utilisation as at 31 December 2022 is set out below:

	Proceeds RM'000	Utilised RM'000	Unutilised RM'000	Intended timeframe from the listing date*
<u>Proposed utilisation:</u>				
Expansion of money lending business	17,252	17,252	-	within 9 months
Expenses for new animal health products	863	219	644	within 18 months
Working capital	2,465	2,465	-	within 12 months
Estimated expenses	197	197	-	immediate
Total	20,777	20,133	644	

* Listing date of placement shares on 23/11/2021 and 31/12/2021 for tranche 1 and 2, respectively

Share Issuance Scheme, expiring on 15 April 2026

The details of the total number of share options exercisable, cancelled, exercised and the balance as at the reporting date are as follows.

	Share option	Exercise price RM	No. of share option exercisable '000	No. of share option lapsed '000	No. of share option exercised '000	Balance of share option exercisable '000
Directors	A	0.1395	94,000.0	-	16,330.0	77,670.0
Employees	A	0.1395	11,416.8	550.0	9,209.8	1,657.0
Employees	B	0.1772	1,652.0	60.0	1,232.0	360.0
Total			107,068.8	610.0	26,771.8	79,687.0

A total of 79,687,000 share options are exercisable while 21,937,200 share options are non-exercisable subject to performance criteria to be fulfilled by employees over the option tenure, giving a total outstanding number of share options of 101,624,200.

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

B9. Loans and borrowings

	31 December 2022 RM'000	31 December 2021 RM'000
<u>Term loans:</u>		
- current liabilities	129	133
- non-current liabilities	4,492	4,614
Total	<u>4,621</u>	<u>4,747</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.

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.

B14. Earnings per ordinary share

Basic earnings per ordinary share is calculated based on consolidated profit for the financial year attributable to equity holders of the Company over the weighted average number of ordinary shares in issue excluding 15,937,300 treasury shares (2021: 6,281,400) during the financial year.

	Current Quarter Ended 31 December 2022	Corresponding Quarter Ended 31 December 2021	Current Year-To-Date Ended 31 December 2022	Corresponding Year-To-Date Ended 31 December 2021
Profit attributable to equity holders of the Company (RM'000)	1,140	667	3,635	680
Weighted average number of ordinary shares in issue excluding treasury shares ('000)	707,854	570,347	707,854	561,887
Basic earnings per ordinary share (sen)	0.16	0.12	0.51	0.12
Weighted average number of ordinary shares in issue excluding treasury shares after adjusting for the effects all dilutive potential ordinary shares ('000)	739,714	599,853	739,714	598,789
Diluted earnings per ordinary share (sen)	0.15	0.11	0.49	0.11

Diluted earnings per ordinary share is calculated based on consolidated profit for the financial year attributable to equity holders of the Company over the weighted average of ordinary shares in issue excluding treasury shares after adjusting for the effects of all dilutive potential ordinary shares.

This quarterly report for the financial year ended 31 December 2022 has been reviewed and approved by the Board of Directors of Sunzen Biotech for release to Bursa Securities.

Date: 23 February 2023