

**SUNZEN BIOTECH BERHAD**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

		Current Quarter Ended 31.12.2023 (Unaudited) RM'000	Corresponding Quarter Ended 31.12.2022 (Unaudited) RM'000	Current Year-To-Date Ended 31.12.2023 (Unaudited) RM'000	Corresponding Year-To-Date Ended 31.12.2022 (Audited) RM'000
Revenue	A8	29,338	-	98,130	-
<b>Operating profit</b>		<b>10,711</b>	-	<b>30,579</b>	-
Operating expenses		(5,678)	-	(18,359)	-
Share of loss of an associate		(110)	-	(188)	-
Finance costs		(80)	-	(267)	-
<b>Profit before tax</b>	B2, B3	<b>4,843</b>	-	<b>11,765</b>	-
Income tax expense	B7	(1,250)	-	(3,766)	-
<b>Profit from continuing operations</b>		<b>3,593</b>	-	<b>7,999</b>	-
<b>Loss from discontinued operations</b>		<b>-</b>	<b>-</b>	<b>(19)</b>	<b>-</b>
		<b>3,593</b>	<b>-</b>	<b>7,980</b>	<b>-</b>
<b>Other comprehensive income/(expense), net of tax</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation		(33)	-	6	-
		(33)	-	6	-
<b>Total comprehensive income</b>		<b>3,560</b>	<b>-</b>	<b>7,986</b>	<b>-</b>
Profit attributable to:					
Equity holders of the company		3,110	-	6,798	-
Non-controlling interests		483	-	1,182	-
		<b>3,593</b>	<b>-</b>	<b>7,980</b>	<b>-</b>
Total comprehensive income attributable to:					
Equity holders of the company		3,087	-	6,803	-
Non-controlling interests		473	-	1,183	-
		<b>3,560</b>	<b>-</b>	<b>7,986</b>	<b>-</b>
<b>Earnings per ordinary share (sen)</b>	B14				
-Basic		0.44	-	0.96	-
-Diluted		0.41	-	0.89	-

Notes:

1) As announced on 29 November 2023, the financial year end of the Group has been changed from 31 December 2023 to 30 June 2024, which is made up of a 18-month period. As such, there shall be no comparative financial information available for the preceding year corresponding periods.

2) 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 2022 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 DECEMBER 2023**

	As At Financial Period Ended 31.12.2023 (Unaudited) RM'000	As At Financial Year Ended 31.12.2022 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	45,506	46,459
Right-of-use assets	364	347
Investment property	500	500
Trade receivables	52,898	55,390
Intangible asset	2,853	2,853
Investment in an associate	792	-
	<b>102,913</b>	<b>105,549</b>
<b>Current assets</b>		
Inventories	8,545	11,329
Trade receivables	19,496	20,405
Other receivables, deposits and prepayments	4,327	1,088
Tax recoverable	367	348
Fixed and short term deposits with licensed banks	4,320	3,277
Cash and bank balances with licensed banks and other financial institution	18,660	8,961
	<b>55,715</b>	<b>45,408</b>
<b>Total current assets</b>	<b>55,715</b>	<b>45,408</b>
<b>TOTAL ASSETS</b>	<b>158,628</b>	<b>150,957</b>
<b>EQUITY</b>		
Share capital	A6 110,285	110,221
Treasury shares	A6 (2,956)	(2,956)
Share option reserve	7,060	7,483
Retained earnings/(Accumulated losses)	6,955	(271)
Revaluation reserve	15,612	15,647
Merger deficit	(8,397)	(8,397)
Currency translation reserve	159	154
<b>Total equity attributable to equity holders of the Company</b>	<b>128,718</b>	<b>121,881</b>
Non-controlling interests	9,261	7,828
<b>TOTAL EQUITY</b>	<b>137,979</b>	<b>129,709</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Lease Liabilities	717	263
Deferred tax liabilities	3,589	3,569
Loans and borrowings	6,343	4,492
Other payables	57	51
	<b>10,706</b>	<b>8,375</b>
<b>Current liabilities</b>		
Trade payables	5,992	9,205
Other payables	2,678	3,036
Lease Liabilities	456	260
Loans and borrowings	315	129
Tax payable	502	243
	<b>9,943</b>	<b>12,873</b>
<b>TOTAL LIABILITIES</b>	<b>20,649</b>	<b>21,248</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>158,628</b>	<b>150,957</b>
<b>Net assets per ordinary share (RM) attributable to equity holders of the Company</b>	<b>0.18</b>	<b>0.17</b>

Notes:

- As announced on 29 November 2023, the financial year end of the Group has been changed from 31 December 2023 to 30 June 2024, which is made up of a 18-month period. As such, there shall be no comparative financial information available for the preceding year corresponding periods.
- 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 2022 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 704,862,359 (2022: 704,603,359) excluding treasury shares of 15,937,300 (2022: 15,937,300).

**SUNZEN BIOTECH BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

	← Attributable to equity holders of the Company →										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	Retained earnings/ (Accumulated Losses) RM'000	Total RM'000	Non- Controlling Interests RM'000	
<b>Quarter ended 31 December 2023</b> <b>(Unaudited)</b>											
<b>Balance at 1 January 2023</b>	110,221	(2,956)	-	7,483	15,647	(8,397)	154	(271)	121,881	7,828	129,709
Profit for the financial period	-	-	-	-	-	-	-	6,798	6,798	1,182	7,980
Other comprehensive income, net of tax for the financial period:											
- Foreign currency translation	-	-	-	-	-	-	5	-	5	1	6
<b>Total comprehensive income for the financial period</b>	-	-	-	-	-	-	5	6,798	6,803	1,183	7,986
Issuance of shares pursuant to share options exercised	64	-	-	(26)	-	-	-	-	38	-	38
Share options lapsed	-	-	-	(397)	-	-	-	393	(4)	-	(4)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	250	250
Realisation of revaluation reserve	-	-	-	-	(35)	-	-	35	-	-	-
<b>Balance at 31 December 2023</b>	<b>110,285</b>	<b>(2,956)</b>	<b>-</b>	<b>7,060</b>	<b>15,612</b>	<b>(8,397)</b>	<b>159</b>	<b>6,955</b>	<b>128,718</b>	<b>9,261</b>	<b>137,979</b>
<b>Quarter ended 31 December 2022</b> <b>(Audited)</b>											
<b>Balance at 1 January 2023</b>	-	-	-	-	-	-	-	-	-	-	-
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive income, net of tax for the financial period:	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Notes:

1) As announced on 29 November 2023, the financial year end of the Group has been changed from 31 December 2023 to 30 June 2024, which is made up of a 18-month period. As such, there shall be no comparative financial information available for the preceding year corresponding periods.

2) 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 2022 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 DECEMBER 2023**

	Current Year To Date Ended 31.12.2023 (Unaudited) RM'000	Corresponding Year To Date Ended 31.12.2022 (Audited) RM'000
<b>Cash flows from operating activities</b>		
Profit/(Loss) before tax		
- continuing operations	11,765	-
- discontinued operations	(19)	-
<b>Adjustments for:-</b>		
Amortisation of intangible assets	-	-
Bad debt written off	347	-
Depreciation of:		
- property, plant and equipment	2,142	-
- right-of-use assets	245	-
Dividend income	(18)	-
Employee benefit expenses-Share Issuance Scheme	-	-
Interest income	(30)	-
Interest expense	253	-
Inventories written down	1,037	-
Inventories written off	313	-
Reversal of impairment loss on receivables	(367)	-
Reversal of impairment loss on property, plant and equipment	(1,435)	-
Loss on disposal of property, plant and equipment	465	-
Loss on disposal of a subsidiary	19	-
Property, plant and equipment written off	10	-
Reversal of inventories written down	(654)	-
Share of loss of an associate	188	-
Unrealised gain on foreign exchange	(62)	-
<b>Operating profit before working capital changes</b>	<b>14,199</b>	<b>-</b>
Decrease in inventories	2,097	-
Decrease in trade and other receivables	431	-
Decrease in trade and other payables	(3,553)	-
<b>Cash from operations</b>	<b>13,174</b>	<b>-</b>
Income tax paid	(3,569)	-
Income tax refunded	63	-
Interest paid	(243)	-
<b>Net cash from operating activities</b>	<b>9,425</b>	<b>-</b>
<b>Cash flows from/(for) investing activities</b>		
Dividend received	18	-
Disposal of a subsidiary	(35)	-
Interest received	30	-
Investment in an associate	(980)	-
Proceeds from disposal of property, plant and equipment	1,125	-
Purchase of property, plant and equipment	(565)	-
<b>Net cash for investing activities</b>	<b>(407)</b>	<b>-</b>
<b>Cash flows from/(for) financing activities</b>		
Dividend payment to non-controlling interest	-	-
Drawdown of term loan	2,163	-
Proceeds from issuance of shares to non-controlling interest	-	-
Proceeds from issuance of shares pursuant to share options exercised	38	-
Purchase of own shares	-	-
Repayment of term loans	(126)	-
Repayment of lease liabilities	(413)	-
<b>Net cash from financing activities</b>	<b>1,662</b>	<b>-</b>
Net increase in cash and cash equivalents	10,680	-
Cash and cash equivalents at beginning of the financial period	12,238	-
Foreign exchange difference	62	-
<b>Cash and cash equivalents at end of the financial period</b>	<b>22,980</b>	<b>-</b>
<b>Cash and cash equivalents comprise:</b>		
Fixed and short term deposits with licensed banks	4,320	-
Cash and bank balances with licensed banks and other financial institution	18,660	-
	<b>22,980</b>	<b>-</b>

Notes:

1) As announced on 29 November 2023, the financial year end of the Group has been changed from 31 December 2023 to 30 June 2024, which is made up of a 18-month period. As such, there shall be no comparative financial information available for the preceding year corresponding periods.

2) 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 2022 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 31 DECEMBER 2023

### 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 2022.

As announced on 29 November 2023, the financial year end has been changed from 31 December 2023 to 30 June 2024, which is made up of a 18-month financial period. As such, there shall be no comparative financial information available for the preceding year corresponding quarter and year-to-date.

The following MFRS and amendments that have been issued by the MASB are not yet effective for adoption by the Group.

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

MFRS 17*	Insurance contracts
Amendments to MFRS 17*	Insurance contracts
Amendments to MFRS 17*	Insurance contracts: Initial application of MFRS 17 and MFRS 9 - comparative information
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)**

**MFRSs and Amendments to MFRSs effective for financial periods beginning on or after 1 January 2024**

Amendments to MFRS 16	Leases: Lease liability in a sale and leaseback
Amendments to MFRS 101	Presentation of financial statements: Non-current liabilities with covenants

**Amendments to MFRSs effective date yet to be confirmed**

Amendments to MFRS 10 and MFRS 128	Consolidated financial statements and investment in associates and joint ventures: Sale or contribution of assets between an investor and its associate or joint venture
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\* Not applicable to the Group's and the Company's operation

The initial application of the above standard and amendments is not expected to have any material financial impact to the financial statement of the Group upon its adoption.

**A2. Auditors' report on preceding annual financial statements**

The audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2022 were not subjected to any qualification.

**A3. Seasonal or cyclical factors**

Sales performance of human health segment, which involves herbal health foods and beverages, traditional Chinese medicines and edible bird's nest, is partly subject to 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 2023, the total number of ordinary shares in issue remains unchanged as 720,799,659, that is inclusive of 15,937,300 treasury shares.

**A7. Dividend paid**

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

**A8. Segmental information**

	<b>Current Quarter Ended 31 December 2023 RM'000</b>	<b>Corresponding Quarter Ended 31 December 2022 RM'000</b>	<b>Current Year-To-Date Ended 31 December 2023 RM'000</b>	<b>Corresponding Year-To-Date Ended 31 December 2022 RM'000</b>
<b>Revenue</b>				
Animal health	1,687	-	4,780	-
Human health	24,237	-	80,297	-
Loan financing	3,414	-	13,053	-
<b>Total</b>	29,338	-	98,130	-

**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 2022.

**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 December 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
Acquisition of property, plant and equipment	68	-

**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.

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

Save of the following, there were no changes to the composition of the Group for the current quarter under review.

Ecolite Pharma Sdn. Bhd. [Registration No: 200401022370 (660875-A)] (“**EPSB**”), a 100% owned subsidiary of Ecolite Biotech Manufacturing Sdn. Bhd., had on 22 November 2023 commenced member’s voluntary winding-up. EPSB has ceased business operations and was dormant. The winding-up of EPSB will not have any material impact on the net assets and earnings per share of Sunzen Group.

Guangzhou Yukangyan Food Trade Co., Ltd, an indirect 100% owned subsidiary of Ecolite Biotech Manufacturing Sdn. Bhd., had on 30 March 2023 completed a strike off of the Company since it has ceased business operations and was dormant. The strike off has no material impact to the financial position of Sunzen Group.

### **A14. Contingent Liabilities**

	<b>31 December 2023 RM’000</b>	<b>31 December 2022 RM’000</b>
Unsecured Corporate Guarantee to financial institutions for banking facilities granted to subsidiaries	6,658	-

## **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 December 2023 RM’000</b>	<b>Corresponding Quarter Ended 31 December 2022 RM’000</b>	<b>Current Year-To-Date Ended 31 December 2023 RM’000</b>	<b>Corresponding Year-To-Date Ended 31 December 2022 RM’000</b>
Revenue	29,338	-	98,130	-
Profit before tax	4,843	-	11,765	-

For the current quarter, the Group achieved a revenue of 29.34 million which was mainly contributed by human health products (82.61%), loan financing (11.64%) and animal health products (5.75%). Year-to-date, the Group registered RM98.13 million in revenue, mainly contributed by human health products (81.83%), loan financing (13.30%) and animal health products (4.87%).



**B1. Review of performance of the Company and its principal subsidiaries for the current quarter and financial year-to-date (Cont'd)**

The Group registered a pre-tax profit of RM4.84 million in the current quarter under review, mainly contributed by loan financing and human health products. Year-to-date, the Group's pre-tax profit reported approximately RM11.77 million, mainly contributed by loan financing and human health segments.

There were no preceding year corresponding quarter and year-to-date ended 31 December 2022 comparisons due to the change in the financial year end from 31 December 2023 to 30 June 2024, which was announced on 29 November 2023.

**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 December 2023 RM'000</b>	<b>Corresponding Quarter Ended 31 December 2022 RM'000</b>	<b>Current Year-To-Date Ended 31 December 2023 RM'000</b>	<b>Corresponding Year-To-Date Ended 31 December 2022 RM'000</b>
<b>Revenue</b>				
Animal health	1,687	-	4,780	-
Human health	24,237	-	80,297	-
Loan financing	3,414	-	13,053	-
<b>Total revenue</b>	<u>29,338</u>	<u>-</u>	<u>98,130</u>	<u>-</u>
<b>Results</b>				
Animal health	(422)	-	(4,756)	-
Human health	2,183	-	4,631	-
Loan financing	3,082	-	11,890	-
<b>Profit before tax</b>	<u>4,843</u>	<u>-</u>	<u>11,765</u>	<u>-</u>

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

Animal health

Registered a revenue of around RM1.69 million in the current quarter and year-to-date's revenue of RM4.78 million.

Posted a pre-tax loss of RM0.42 million in the current quarter and year-to-date's pre-tax loss of RM4.76 million.

Human health

Recorded a revenue of RM24.24 million for the current quarter and year-to-date's revenue of RM80.30 million.

Registered a pre-tax profit of around RM2.18 million in the current quarter and year-to-date's pre-tax profit of RM4.63 million.

Loan financing

Achieved a revenue of RM3.41 million in the current quarter and year-to-date's revenue of RM13.05 million.

Registered a pre-tax profit of RM3.08 million for the current quarter and year-to-date's pre-tax profit of RM11.89 million.

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**B3. Profit before tax**

Profit before tax is arrived at after (charging)/crediting, amongst others, the items as follows:

	<b>Current Quarter Ended 31 December 2023 RM'000</b>	<b>Corresponding Quarter Ended 31 December 2022 RM'000</b>	<b>Current Year-To-Date Ended 31 December 2023 RM'000</b>	<b>Corresponding Year-To-Date Ended 31 December 2022 RM'000</b>
Interest income	6	-	30	-
Dividend income	6	-	18	-
Interest expense	(76)	-	(253)	-
Depreciation of:				
- property, plant and equipment	(531)	-	(2,142)	-
- right-of-use assets	(62)	-	(245)	-
Amortisation of intangible Assets	-	-	-	-
Bad debt written off	(6)	-	(347)	-
Inventories:				
- written off	(82)	-	(313)	-
- written down	(225)	-	(1,037)	-
(Allowance for)/Reversal of impairment loss on:				
- receivables	(70)	-	367	-
- property, plant and Equipment	1,435	-	1,435	-
Loss on disposal of property, plant and equipment	(501)	-	(465)	-
Property, plant and equipment written off	-	-	(10)	-
Share of loss of associate	(110)	-	(188)	-
Loss on disposal of a subsidiary	-	-	(19)	-
Employee benefit expenses under Share Issuance Scheme	-	-	-	-
(Loss)/gain from foreign exchange:				
- realised	47	-	126	-
- unrealised	(20)	-	62	-

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

	<b>Current Quarter Ended 31 December 2023 RM'000</b>	<b>Preceding Quarter Ended 30 September 2023 RM'000</b>	<b>Variance</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	29,338	25,982	3,356	12.92
Profit before tax	4,843	3,178	1,665	52.39

For the current quarter ended 31 December 2023, the Group registered a revenue of RM29.34 million, an increase of RM3.36 million compared to the preceding quarter ended 30 September 2023, attributed the increase to higher sales orders from contract manufacturing service for human health products in the current quarter.

The Group registered a higher pre-tax profit of RM4.84 million in the current quarter compared to RM3.18 million in the preceding quarter, mainly due to higher profit contribution on the back of higher revenue from human health segment and lower loss from animal business arising from the disposal of plant and machinery and the resulting reversal of impairment loss previously has recognised.

**B5. Prospects**

Animal health segment will continue the development of medium chain triglycerides products focusing on the product's antimicrobial properties and the potential as an alternative to antibiotic growth promoters.

Loan financing business, it is expected to grow moderately in view of the current market situation and the increasing number of loan application, mainly driven by SMEs' to finance their business inception or operations.

For human health segment, business performance is expected to be normalised in the coming quarter after its peak season sales at year end for the Chinese New year's sales orders.

**B6. Profit forecast and profit guarantee**

No profit forecast or profit guarantee given to the Group in the current quarter.

**B7. Income tax expense**

	<b>Current Quarter Ended 31 December 2023 RM'000</b>	<b>Corresponding Quarter Ended 31 December 2022 RM'000</b>	<b>Current Year-To-Date Ended 31 December 2023 RM'000</b>	<b>Corresponding Year-To-Date Ended 31 December 2022 RM'000</b>
<u>Income tax expense:</u>				
Current financial year	1,213	-	3,654	-
Over-provision in the previous year	-	-	46	-
	1,213	-	3,700	-
<u>Deferred tax expense:</u>				
Current financial year	37	-	66	-
	37	-	66	-
<b>Total</b>	1,250	-	3,766	-

**B8. Status of Corporate Proposal**

Save of the following, there were no corporate proposals which have already announced but not yet completed as at the reporting date.

On 20 December 2023, Sunzen announced the following proposed acquisitions of the remaining 30% equity interest in:

- (i) Ecolite Biotech Manufacturing Sdn Bhd, a 70% owned subsidiary of Sunzen for a purchase consideration of RM18.00 million, to be satisfied by RM1.80 million in cash and RM16.20 million via the issuance of 54,915,253 new Sunzen shares at RM0.295 per ordinary share.
- (ii) Yanming Resources Sdn Bhd, a 70% owned subsidiary of Ecolite Biotech Manufacturing Sdn Bhd for a purchase consideration of RM6.00 million, to be satisfied by RM0.60 million in cash and RM5.40 million via the issuance of 18,305,085 new Sunzen shares at RM0.295 per ordinary share.

The proposal has been submitted to Bursa Securities for approval before seeking approval from shareholders at the extraordinary general meeting.

In addition, on 24 January 2024, Sunzen announced Ecolite Biotech Manufacturing Sdn. Bhd. (“Ecolite”) had on even date entered into a Subscription Agreement (“SA”) with Farmers International Holding Sdn. Bhd. [Registration No. 202301013513 (1507435-U)] (“FIHSB”), Mr. Teo Chin Hong (“TCH”), Mr. Teo Chin Wang (“TCW”) and Mr. Teo Soon Huat (“TSH”) for the subscription of 100,000 new ordinary shares in FIHSB (10%) of the

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

increased share capital of FIHSB at RM43.20 per share for a total cash consideration of RM4.32 million.

**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	Exercisable balance at 1 January 2023 Unit ('000)	Lapsed Unit ('000)	Exercised Unit ('000)	Exercisable balance at the reporting date Unit ('000)
Directors	A	0.1395	77,670	4,000	-	73,670
Employees	A	0.1395	1,730	-	515	1,215
Employees	B	0.1772	419	182	151	86
		Total	79,819	4,182	666	74,971

74,971,000 units are exercisable, while 20,689,200 units are non-exercisable subject to performance criteria to be fulfilled by employees over the option tenure, giving a total of 95,660,200 outstanding units.

**B9. Loans and borrowings**

Under Term loan 1 package, RM5 million for working capital is repayable in 310 months commencing from September 2019. Effective 4 July 2023, the monthly instalment has been revised to RM28,001 at the effective interest rate of 4.65% per annum (base lending rate is 6.85% per annum minus cost of fund 2.20%).

	31 December 2023 RM'000	31 December 2022 RM'000
<u>Term loans:</u>		
Current liabilities	315	-
Non-current liabilities	6,343	-
Total	6,658	-

Term loan 2 of RM2 million for working capital is repayable in 240 months commencing from 4 December 2023 with monthly instalment of RM12,492 at the effective interest rate of 4.35% per annum (base lending rate is 6.85% per annum minus cost of fund 2.50%). Term loan 3 of RM2 million for financing purchase of equipment and renovation of premises (based on progressive claim) is payable in 240 months commencing from 4 January 2024 with monthly instalment of RM12,492 at the effective interest rate of 4.35% per annum.

**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.

**B14. Earnings per ordinary share**

Basic earnings per ordinary share is calculated based on consolidated profit for the financial period attributable to equity holders of the Company over the weighted average (“WA”) number of ordinary shares in issue excluding 15,937,300 treasury shares (2022: 6,281,400) during the financial period.

	<b>Current Quarter Ended 31 December 2023</b>	<b>Corresponding Quarter Ended 31 December 2022</b>	<b>Current Year-To-Date Ended 31 December 2023</b>	<b>Corresponding Year-To-Date Ended 31 December 2022</b>
Profit attributable to equity holders of the Company (RM'000)	3,110	-	6,798	-
WA no. of ordinary shares in issue excluding treasury shares ('000)	704,865	-	704,865	-
Basic earnings per ordinary share (sen)	0.44	-	0.96	-
WA no. of ordinary shares in issue excluding treasury shares after adjusting for the effects of outstanding ESOS and Warrants ('000)	765,565	-	765,565	-
Diluted earnings per ordinary share (sen)	0.41	-	0.89	-

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**B14. Earnings per ordinary share (Cont'd)**

Diluted earnings per ordinary share is calculated based on consolidated profit for the financial period 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 outstanding ESOS and Warrants.

This quarterly report for the financial period ended 31 December 2023 has been reviewed and approved by the Board of Directors of Sunzen Biotech Berhad for release to Bursa Securities.

Date: 29 February 2024