

SUNZEN BIOTECH BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024**

	Note	Current Quarter Ended 31.03.2024 (Unaudited) RM'000	Corresponding Quarter Ended 31.03.2023 (Unaudited) RM'000	Current Year-To-Date (15 months) Ended 31.03.2024 (Unaudited) RM'000	Corresponding Year-To-Date (15 months) Ended 31.03.2023 (Unaudited) RM'000
Revenue	A8	23,958	-	122,088	-
Operating profit		7,134	-	37,713	-
Operating expenses		(3,878)	-	(22,237)	-
Share of loss of an associate		(80)	-	(268)	-
Finance costs		(96)	-	(363)	-
Profit before tax	B2, B3	3,080	-	14,845	-
Income tax expense	B7	(869)	-	(4,635)	-
Profit from continuing operations		2,211	-	10,210	-
Loss from discontinued operations		-	-	(19)	-
Profit for the financial period		2,211	-	10,191	-
Other comprehensive income/(expense), net of tax <i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation		57	-	63	-
		57	-	63	-
Total comprehensive income		2,268	-	10,254	-
Profit attributable to:					
Equity holders of the company		1,971	-	8,769	-
Non-controlling interests		240	-	1,422	-
		2,211	-	10,191	-
Total comprehensive income attributable to:					
Equity holders of the company		2,011	-	8,814	-
Non-controlling interests		257	-	1,440	-
		2,268	-	10,254	-
Earnings per ordinary share (sen)	B14				
-Basic		0.28	-	1.24	-
-Diluted		0.25	-	1.11	-

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 2022 and the accompanying explanatory notes attached to the interim financial statements.

2) 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's corresponding periods.

SUNZEN BIOTECH BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	As At Financial Period (15 months) Ended 31.03.2024 (Unaudited) RM'000	As At Financial Year (12 months) Ended 31.12.2022 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	45,484	46,459
Right-of-use assets	308	347
Investment property	500	500
Trade receivables	55,333	55,390
Intangible asset	2,853	2,853
Investment in an associate	712	-
	<u>105,190</u>	<u>105,549</u>
Current assets		
Inventories	9,178	11,329
Trade receivables	14,842	20,405
Other receivables, deposits and prepayments	5,514	1,088
Tax recoverable	555	348
Fixed and short term deposits with licensed banks	4,355	3,277
Cash and bank balances with licensed banks and other financial institution	19,410	8,961
	<u>53,854</u>	<u>45,408</u>
Total current assets	<u>53,854</u>	<u>45,408</u>
TOTAL ASSETS	<u>159,044</u>	<u>150,957</u>
EQUITY		
Share capital	A6 110,393	110,221
Treasury shares	A6 (2,956)	(2,956)
Share option reserve	7,017	7,483
Retained earnings/(Accumulated losses)	8,926	(271)
Revaluation reserve	15,612	15,647
Merger deficit	(8,397)	(8,397)
Currency translation reserve	199	154
Total equity attributable to equity holders of the Company	<u>130,794</u>	<u>121,881</u>
Non-controlling interests	9,518	7,828
TOTAL EQUITY	<u>140,312</u>	<u>129,709</u>
LIABILITIES		
Non-current liabilities		
Lease Liabilities	813	263
Deferred tax liabilities	3,595	3,569
Loans and borrowings	6,249	4,492
Other payables	51	51
	<u>10,708</u>	<u>8,375</u>
Current liabilities		
Trade payables	4,327	9,205
Other payables	2,293	3,036
Lease Liabilities	415	260
Loans and borrowings	596	129
Tax payable	393	243
	<u>8,024</u>	<u>12,873</u>
TOTAL LIABILITIES	<u>18,732</u>	<u>21,248</u>
TOTAL EQUITY AND LIABILITIES	<u>159,044</u>	<u>150,957</u>
Net assets per ordinary share (RM) attributable to equity holders of the Company	<u>0.19</u>	<u>0.17</u>

Notes:

- 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 705,299,359 (2022: 704,603,359) excluding treasury shares of 15,937,300 (2022: 15,937,300).
- 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.

SUNZEN BIOTECH BERHAD

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024**

	← 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	
Quarter ended 31 March 2024 (Unaudited)											
Balance at 1 January 2023	110,221	(2,956)	-	7,483	15,647	(8,397)	154	(271)	121,881	7,828	129,709
Profit for the financial period	-	-	-	-	-	-	-	8,769	8,769	1,422	10,191
Other comprehensive income, net of tax for the financial period:											
- Foreign currency translation	-	-	-	-	-	-	45	-	45	18	63
Total comprehensive income for the financial period	-	-	-	-	-	-	45	8,769	8,814	1,440	10,254
Issuance of shares pursuant to share options exercised	172	-	-	(69)	-	-	-	-	103	-	103
Share options lapsed	-	-	-	(397)	-	-	-	393	(4)	-	(4)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	250	250
Realisation of revaluation reserve	-	-	-	-	(35)	-	-	35	-	-	-
Balance at 31 March 2024	110,393	(2,956)	-	7,017	15,612	(8,397)	199	8,926	130,794	9,518	140,312
Quarter ended 31 March 2023 (Unaudited)											
Balance at 1 January 2022	-	-	-	-	-	-	-	-	-	-	-
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income/(expense), net of tax for the financial period:											
- Foreign currency translation	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(expense) for the financial period	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares pursuant to share options exercised	-	-	-	-	-	-	-	-	-	-	-
Share options lapsed	-	-	-	-	-	-	-	-	-	-	-
Share options granted under Share Issuance Scheme	-	-	-	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	-	-	-	-	-	-
Subscription of shares in a subsidiary by non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
Dividend payment to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
Amortisation on revaluation reserve	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2023	-	-	-	-	-	-	-	-	-	-	-

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 2022 and the accompanying explanatory notes attached to the interim financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

2) 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's corresponding periods.

SUNZEN BIOTECH BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

	Current Year To Date (15 months) Ended 31.03.2024 (Unaudited) RM'000	Corresponding Year To Date (15 months) Ended 31.03.2023 (Unaudited) RM'000
Cash flows from operating activities		
Profit/(Loss) before tax		
- continuing operations	14,845	-
- discontinued operations	(19)	-
Adjustments for:-		
Bad debt written off	347	-
Depreciation of:		
- property, plant and equipment	2,659	-
- right-of-use assets	300	-
Dividend income	(24)	-
Interest income	(37)	-
Interest expense	346	-
Allowance for/(Reversal of) inventories written down	263	-
Inventories written off	320	-
Reversal of impairment loss on receivables	(418)	-
(Reversal of)/Allowance for impairment loss on property, plant and equipment	(1,435)	-
Loss/(Gain) on disposal of property, plant and equipment	324	-
Loss on disposal of a subsidiary	19	-
Property, plant and equipment written off	10	-
Share of loss of an associate	268	-
Unrealised gain on foreign exchange	(95)	-
Operating profit before working capital changes	<u>17,673</u>	-
Decrease in inventories	1,577	-
Decrease/(Increase) in trade and other receivables	1,509	-
Decrease in trade and other payables	(5,606)	-
Cash from/(for) operations	<u>15,153</u>	-
Income tax paid	(4,729)	-
Income tax refunded	63	-
Interest paid	(331)	-
Net cash from/(for) operating activities	<u>10,156</u>	-
Cash flows from/(for) investing activities		
Dividend received	24	-
Disposal of a subsidiary	(35)	-
Interest received	37	-
Investment in an associate	(980)	-
Proceeds from disposal of property, plant and equipment	1,280	-
Purchase of property, plant and equipment	(823)	-
Net cash for investing activities	<u>(497)</u>	-
Cash flows from/(for) financing activities		
Dividend payment to non-controlling interest	-	-
Drawdown of term loan	2,163	-
Drawdown of bill payable	271	-
Proceeds from issuance of shares pursuant to share options exercised	103	-
Repayment of term loans	(210)	-
Repayment of lease liabilities	(613)	-
Net cash from/(for) financing activities	<u>1,714</u>	-
Net increase/(decrease) in cash and cash equivalents	11,373	-
Cash and cash equivalents at beginning of the financial period	12,238	-
Foreign exchange difference	154	-
Cash and cash equivalents at end of the financial period	<u>23,765</u>	-
Cash and cash equivalents comprise:		
Fixed and short term deposits with licensed banks	4,355	-
Cash and bank balances with licensed banks and other financial institution	19,410	-
	<u>23,765</u>	-

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 2022 and the accompanying explanatory notes attached to the interim financial statements.

2) 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's corresponding periods.

SUNZEN BIOTECH BERHAD

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

NOTES TO THE INTERIM STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

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 corresponding quarter and year-to-date of the preceding year.

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

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

A1. Basis of reporting preparation (Cont'd)

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 March 2024, the total number of ordinary shares in issue has increased to 721,236,659 after the conversion of 437,000 share options into ordinary shares during the current quarter. The total number of ordinary shares in issue includes 15,937,300 treasury shares.

A7. Dividend paid

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

A8. Segmental information

	Current Quarter Ended 31 March 2024 RM'000	Corresponding Quarter Ended 31 March 2023* RM'000	Current Year-To-Date (15 months) Ended 31 March 2024 RM'000	Corresponding Year-To-Date (15 months) Ended 31 March 2023* RM'000
Revenue				
Animal health	1,352	-	6,132	-
Human health	19,281	-	99,578	-
Loan financing	3,325	-	16,378	-
Total	23,958	-	122,088	-

* No comparisons of the corresponding quarter and year-to-date for the preceding year due to the change in the financial year end from 31 December 2023 to 30 June 2024 as announced on 29 November 2023

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:

	31 March 2024 RM'000	31 March 2023* RM'000
Acquisition of property, plant and equipment	312	-

* No comparisons of the corresponding quarter and year-to-date for the preceding year due to the change in the financial year end from 31 December 2023 to 30 June 2024 as announced on 29 November 2023

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

There were no changes to the composition of the Group for the current quarter under review.

A14. Contingent Liabilities

	31 March 2024 RM'000	31 March 2023* RM'000
Unsecured Corporate Guarantee to financial institutions for banking facilities granted to subsidiaries	6,845	-

** No comparisons of the corresponding quarter and year-to-date for the preceding year due to the change in the financial year end from 31 December 2023 to 30 June 2024 as announced on 29 November 2023*

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 March 2024 RM'000	Corresponding Quarter Ended 31 March 2023* RM'000	Current Year-To-Date (15 months) Ended 31 March 2024 RM'000	Corresponding Year-To-Date (15 months) Ended 31 March 2023* RM'000
Revenue	23,958	-	122,088	-
Profit before tax	3,080	-	14,845	-

** No comparisons of the corresponding quarter and year-to-date for the preceding year due to the change in the financial year end from 31 December 2023 to 30 June 2024 as announced on 29 November 2023*

The Group's revenue reported RM23.96 million in the current quarter under review while year-to-date (15-month period) posted total revenue of RM122.09 million. In term of revenue contribution by segment for year-to-date under review, animal health, human health and loan financing accounted for 5.02%, 81.56% and 13.42, respectively.

The Group registered a pre-tax profit of RM3.08 million in the current quarter, therein loan financing business accounted for RM2.97 million profit while human health business RM1.07 million profit in contrast to a pre-tax loss of RM0.96 million from animal health business. Year-to-date, the Group registered a pre-tax profit of RM14.85 million, wherein loan financing segment contributed RM14.86 million profit while human health segment of RM5.70 million profit in contrast to pre-tax loss of RM5.71 million from animal health segment.

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 March 2024 RM'000	Corresponding Quarter Ended 31 March 2023* RM'000	Current Year-To-Date (15 months) Ended 31 March 2024 RM'000	Corresponding Year-To-Date (15 months) Ended 31 March 2023* RM'000
Revenue				
Animal health	1,352	-	6,132	-
Human health	19,281	-	99,578	-
Loan financing	3,325	-	16,378	-
Total revenue	23,958	-	122,088	-

Results

Animal health	(961)	-	(5,717)	-
Human health	1,067	-	5,698	-
Loan financing	2,974	-	14,864	-
Profit before tax	3,080	-	14,845	-

* No comparisons of the corresponding quarter and year-to-date for the preceding year due to the change in the financial year end from 31 December 2023 to 30 June 2024 as announced on 29 November 2023

Animal health

Current quarter posted a revenue of RM1.35 million mainly contributed from overseas market while current year-to-date delivered RM6.13 million in revenue.

Current quarter reported a pre-tax loss of RM0.96 million while current year-to-date with a pre-tax loss of RM5.72 million.

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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)

Human health

Current quarter posted a revenue of RM19.28 million, out of which RM12.59 million derived from the export of edible bird's nest to China. Current year-to-date delivered a revenue of RM99.58 million, which included the revenue from the export of edible bird's nest amounted to RM66.62 million, about 66.90% of the segment's revenue.

Current quarter registered a pre-tax profit of RM1.07 million, out of which about RM0.14 million was related to the export of bird's nest. Current year-to-date recorded a pre-tax profit of RM5.70 million mainly attributable to contract manufacturing services, out of which RM1.68 million was derived from the export of bird's nest which accounted for about 29.47% of the segment's pre-tax profit.

Loan financing

Current quarter recorded a revenue of RM3.33 million while current year-to-date delivered a revenue of RM16.38 million.

Current quarter registered a pre-tax profit of RM2.97 million while current year-to-date recorded a pre-tax profit of RM14.86 million mainly contributed from secured loans to SME (small medium enterprises).

B3. Profit before tax

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

	Current Quarter Ended 31 March 2024 RM'000	Corresponding Quarter Ended 31 March 2023* RM'000	Current Year-To-Date (15 months) Ended 31 March 2024 RM'000	Corresponding Year-To-Date (15 months) Ended 31 March 2023* RM'000
Interest income	7	-	37	-
Dividend income	6	-	24	-
Interest expense	(93)	-	(346)	-
Depreciation of:				
- property, plant and equipment	(517)	-	(2,659)	-
- right-of-use assets	(55)	-	(300)	-
Bad debt written off	-	-	(347)	-
Inventories written off	(7)	-	(320)	-
(Allowance for)/Reversal of inventories written down	120	-	(263)	-
Reversal of impairment loss on:				
- receivables	51	-	418	-
- property, plant and equipment	-	-	1,435	-
Gain/(Loss) on disposal of property, plant and equipment	141	-	(324)	-
Property, plant and equipment written off	-	-	(10)	-
Share of loss of associate	(80)	-	(268)	-
Loss on disposal of a subsidiary	-	-	(19)	-
Gain from foreign exchange:				
- realised	53	-	179	-
- unrealised	33	-	95	-

* No comparisons of the corresponding quarter and year-to-date for the preceding year due to the change in the financial year end from 31 December 2023 to 30 June 2024 as announced on 29 November 2023

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

	Current Quarter Ended 31 March 2024 RM'000	Preceding Quarter Ended 31 December 2023 RM'000	Variance	
			RM'000	%
Revenue	23,958	29,338	(5,380)	(18.34)
Profit before tax	3,080	4,843	(1,763)	(36.40)

For the current quarter ended 31 March 2024, the Group's revenue reported 18.34% lower compared to the preceding quarter ended 31 December 2023, mainly attributed to sales orders for human health products were typically lower for the current quarter after the peak season ended in the preceding quarter.

The Group posted a lower pre-tax profit of RM3.08 million in the current quarter compared to the preceding quarter a pre-tax profit of RM4.84 million, mainly due to lower profit contribution from human health segment on the back of lower revenue achieved in the current quarter and the one-off gain on disposal of plant and machinery of animal health division recognised in the preceding quarter.

B5. Prospects

Ecolite is expected to launch new products in the second half of 2024 with an emphasis on product variety, user friendliness and wider distribution across modern trade channels and Traditional Chinese Medicines (TCM) shops. Exclusive products will be available for our Exclusive Retail Partnership (ESRP) program to further differentiate our offerings. We have successfully converted 21 stores to the ESRP program and are on track to reach 50 stores by year end. Loan financing business is poised for a steady growth, progressing at consistent pace in the foreseeable future in light of an increasing number of loan applications which are currently processing for approval and release of loan.

B6. Profit forecast and profit guarantee

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

B7. Income tax expense

	Current Quarter Ended 31 March 2024 RM'000	Corresponding Quarter Ended 31 March 2023* RM'000	Current Year-To-Date (15 months) Ended 31 March 2024 RM'000	Corresponding Year-To-Date (15 months) Ended 31 March 2023* RM'000
<u>Income tax expense:</u>				
Current financial year	863	-	4,563	-
Under-provision in the previous year	-	-	46	-
	863	-	4,609	-
<u>Deferred tax expense:</u>				
Current financial year	6	-	26	-
Total	869	-	4,635	-

* No comparisons of the corresponding quarter and year-to-date for the preceding year due to the change in the financial year end from 31 December 2023 to 30 June 2024 as announced on 29 November 2023

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.

Proposed Acquisitions of the remaining 30% equity interest in (a) Ecolite Biotech Manufacturing Sdn Bhd, a 70% owned subsidiary of Sunzen for a purchase consideration of RM18.00 million and (b) 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 cash and issuance of new Sunzen shares as announced on 20 December 2023

On 3 May 2024, announced that Sunzen is in the midst of negotiating with the Ecolite vendors and Yanming vendors to vary certain terms of the respective share sale agreements in relation to profit guarantee. Pending the finalisation of the supplemental agreements for the variations of the respective share sale agreements, Sunzen has on 3 May 2024 submitted the withdrawal of its additional listing application which was made on 19 January 2024. A fresh additional listing application will be resubmitted upon the execution of the supplemental share sale agreement.

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B8. Status of Corporate Proposal (Cont'd)

Subscription of 100,000 new ordinary shares (10%) of the increased share capital of Farmers International Holding Sdn. Bhd (“FIHSB”) for a total cash consideration of RM4.32 million as announced on 24 January 2024

On 2 May 2024, Sunzen announced that Ecolite had on even date issued a notice of termination to FIHSB to terminate the subscription agreement for the proposed subscription agreement due to non-fulfilment of certain Conditions Precedent by FIHSB. Accordingly, FIHSB will have to make a refund to Ecolite for a sum of RM2 million being the deposit and first payment for the subscription price and also to bear all the costs and expenses (including but not limited to the legal fee and financial and legal due diligence costs incurred) of RM122,302.42.

Proposed Acquisition of 70,000 ordinary shares, representing 70% of the equity interest of Eye Nation Medical Sdn. Bhd. with a proposed purchase consideration of RM6.37 million

On 6 May 2024, announced that Sunzen is in the process of negotiation with the vendors in relation to the proposed acquisition, which is subject to the terms and conditions to be finalised and incorporated in the share sale agreement and due diligences to be conducted.

Cessation of business operations for Animal Health Division

On 8 April 2024, Sunzen announced to cease the business operations of Animal Health Division in order to reduce the financial expenditures and strengthen the financial performance of the company. Animal Health Division has been continuously incurring losses for the past financial years amidst the challenging business environment which has strained the overall financial condition of the Company despite concerted efforts of the management team to overcome the challenging business environment for the animal health industry.

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

B8. Status of Corporate Proposal (Cont'd)

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	-	605	1,125
Employees	B	0.1772	419	182	151	86
		Total	79,819	4,182	756	74,881

74,881,000 units are exercisable, while 19,401,200 units are non-exercisable subject to performance criteria to be fulfilled by employees over the option tenure, giving a total of 94,282,200 outstanding units.

Warrant 2022/2027, expiring on 13 September 2027

Balance at 1 January 2023 Unit ('000)	Exercise price RM	Exercised Unit ('000)	Balance at the reporting date Unit ('000)
356,894	0.20	890	356,004

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 effective interest rate of 4.65% per annum (base lending rate is 6.85% per annum minus cost of fund 2.20%).

	31 March 2024 RM'000	31 March 2023* RM'000
<u>Current Liabilities:</u>		
Term loan	325	-
Bill payable	271	-
	<hr/> 596	<hr/> -
<u>Non-current liabilities:</u>		
Term loan	6,249	-
	<hr/> 6,845	<hr/> -
Total	6,845	-

* No comparisons of the corresponding quarter and year-to-date for the preceding year due to the change in the financial year end from 31 December 2023 to 30 June 2024 as announced on 29 November 2023

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 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 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 (2023: 15,937,300) during the financial period.

	Current Quarter Ended	Corresponding Quarter Ended	Current Year-To-Date (15 months) Ended	Corresponding Year-To-Date (15 months) Ended
	31 March 2024	31 March 2023*	31 March 2024	31 March 2023*
Profit attributable to equity holders of the Company (RM'000)	1,931	-	8,729	-
WA no. of ordinary shares in issue excluding treasury shares ('000)	704,917	-	704,917	-
Basic earnings per ordinary share (sen)	0.27	-	1.24	-
WA no. of ordinary shares in issue excluding treasury shares after adjusting for the effects of outstanding ESOS and Warrants ('000)	791,937	-	791,937	-
Diluted earnings per ordinary share (sen)	0.24	-	1.10	-

* No comparisons of the corresponding quarter and year-to-date for the preceding year due to the change in the financial year end from 31 December 2023 to 30 June 2024 as announced on 29 November 2023

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 March 2024 has been reviewed and approved by the Board of Directors of Sunzen Biotech Berhad for release to Bursa Securities.

Date: 24 May 2024