

SUNZEN BIOTECH BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024**

	Note	Current Quarter Ended 30.06.2024 (Unaudited) RM'000	Corresponding Quarter Ended 30.06.2023 (Unaudited) RM'000	Current Year-To-Date (18 months) Ended 30.06.2024 (Unaudited) RM'000	Corresponding Year-To-Date (18 months) Ended 30.06.2023 (Unaudited) RM'000
Revenue	A8	20,611	-	142,699	-
Operating profit		6,069	-	43,782	-
Operating expenses		(4,995)	-	(27,232)	-
Share of loss of an associate		(136)	-	(404)	-
Finance costs		(97)	-	(460)	-
Profit before tax	B2, B3	841	-	15,686	-
Income tax expense	B7	(597)	-	(5,232)	-
Profit from continuing operations		244	-	10,454	-
Loss from discontinued operations		-	-	(19)	-
Profit for the financial period		244	-	10,435	-
Other comprehensive income/(expense), net of tax <i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation		(215)	-	(152)	-
Revaluation surplus on property, plant and equipment		8,056	-	8,056	-
		7,841	-	7,904	-
Total comprehensive income		8,085	-	18,339	-
Profit attributable to:					
Equity holders of the company		403	-	9,172	-
Non-controlling interests		(159)	-	1,263	-
		244	-	10,435	-
Total comprehensive income attributable to:					
Equity holders of the company		7,352	-	16,166	-
Non-controlling interests		733	-	2,173	-
		8,085	-	18,339	-
Earnings per ordinary share (sen)	B14				
-Basic		0.06	-	1.30	-
-Diluted		0.06	-	1.27	-

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 30 JUNE 2024

	As At Financial Period Ended 30.06.2024 (Unaudited) RM'000	As At Financial Year Ended 31.12.2022 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	55,062	46,459
Right-of-use assets	300	347
Investment property	500	500
Trade receivables	53,898	55,390
Intangible asset	2,853	2,853
Investment in an associate	575	-
	113,188	105,549
Current assets		
Inventories	9,466	11,329
Trade receivables	14,786	20,405
Other receivables, deposits and prepayments	4,366	1,088
Tax recoverable	895	348
Fixed and short term deposits with licensed banks	6,124	3,277
Cash and bank balances with licensed banks and other financial institution	21,527	8,961
	57,164	45,408
Total current assets	57,164	45,408
TOTAL ASSETS	170,352	150,957
EQUITY		
Share capital	A6 111,844	110,221
Treasury shares	A6 (2,956)	(2,956)
Share option reserve	7,011	7,483
Retained earnings/(Accumulated losses)	9,329	(271)
Revaluation reserve	22,712	15,647
Merger deficit	(8,397)	(8,397)
Currency translation reserve	48	154
Total equity attributable to equity holders of the Company	139,591	121,881
Non-controlling interests	10,251	7,828
TOTAL EQUITY	149,842	129,709
LIABILITIES		
Non-current liabilities		
Lease Liabilities	803	263
Deferred tax liabilities	5,454	3,569
Loans and borrowings	6,198	4,492
Other payables	51	51
	12,506	8,375
Current liabilities		
Trade payables	4,060	9,205
Other payables	3,162	3,036
Lease Liabilities	369	260
Loans and borrowings	291	129
Tax payable	122	243
	8,004	12,873
TOTAL LIABILITIES	20,510	21,248
TOTAL EQUITY AND LIABILITIES	170,352	150,957
Net assets per ordinary share (RM) attributable to equity holders of the Company	0.20	0.17

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 712,543,159 (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 30 JUNE 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 30 June 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	-	-	-	-	-	-	-	9,172	9,172	1,263	10,435
Other comprehensive income, net of tax for the financial period:											
- Foreign currency translation	-	-	-	-	-	-	-	(106)	(106)	(46)	(152)
- Revaluation surplus on property, plant and equipment	-	-	-	-	7,100	-	-	-	7,100	956	8,056
Total comprehensive income for the financial period	-	-	-	-	7,100	-	-	9,066	16,166	2,173	18,339
Issuance of shares pursuant to share options exercised	186	-	-	(75)	-	-	-	-	111	-	111
Share options lapsed	-	-	-	(397)	-	-	-	393	(4)	-	(4)
Issuance of shares pursuant to warrant 2022/2027 exercised	1,437	-	-	-	-	-	-	-	1,437	-	1,437
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	250	250
Realisation of revaluation reserve	-	-	-	-	(35)	-	-	35	-	-	-
Balance at 30 June 2024	111,844	(2,956)	-	7,011	22,712	(8,397)	154	9,223	139,591	10,251	149,842
Quarter ended 30 June 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 30 June 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
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

	Current Year To Date (18 months) Ended 30.06.2024 (Unaudited) RM'000	Corresponding Year To Date (18 months) Ended 30.06.2023 (Unaudited) RM'000
Cash flows from/(for) operating activities		
Profit/(Loss) before tax		
- continuing operations	15,686	-
- discontinued operations	(19)	-
Adjustments for:-		
Bad debt written off	347	-
Depreciation of:		
- property, plant and equipment	3,194	-
- right-of-use assets	369	-
Dividend income	(30)	-
Interest income	(65)	-
Interest expense	438	-
Allowance for inventories written down	530	-
Inventories written off	781	-
Allowance for impairment loss on receivables	265	-
Reversal of impairment loss on property, plant and equipment	(1,435)	-
Loss on disposal of property, plant and equipment	326	-
Loss on disposal of a subsidiary	19	-
Property, plant and equipment written off	10	-
Share of loss of an associate	404	-
Unrealised gain on foreign exchange	(184)	-
Operating profit before working capital changes	<u>20,636</u>	-
Decrease in inventories	561	-
Decrease in trade and other receivables	3,474	-
Decrease in trade and other payables	(4,951)	-
Cash from operations	<u>19,720</u>	-
Income tax paid	(5,889)	-
Income tax refunded	63	-
Interest paid	(419)	-
Net cash from operating activities	<u>13,475</u>	-
Cash flows from/(for) investing activities		
Dividend received	30	-
Disposal of a subsidiary	(35)	-
Interest received	65	-
Investment in an associate	(980)	-
Proceeds from disposal of property, plant and equipment	1,280	-
Purchase of property, plant and equipment	(1,070)	-
Net cash for investing activities	<u>(710)</u>	-
Cash flows from/(for) financing activities		
Drawdown of term loan	2,163	-
Proceeds from issuance of shares pursuant to share options exercised	111	-
Proceeds from issuance of shares pursuant to warrant 2022/2027 exercised	1,437	-
Repayment of term loans	(346)	-
Repayment of lease liabilities	(735)	-
Net cash from financing activities	<u>2,630</u>	-
Net increase in cash and cash equivalents	15,395	-
Cash and cash equivalents at beginning of the financial period	12,238	-
Foreign exchange difference	18	-
Cash and cash equivalents at end of the financial period	<u>27,651</u>	-
Cash and cash equivalents comprise:		
Fixed and short term deposits with licensed banks	6,124	-
Cash and bank balances with licensed banks and other financial institution	21,527	-
	<u>27,651</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 30 JUNE 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 30 June 2024, the total number of ordinary shares in issue increased to 728,480,459, following the exercise of 60,000 share options and the conversion of 7,183,800 warrants 2022/2027 during the current quarter. The total number of ordinary shares in issue includes treasury shares of 15,937,300.

A7. Dividend paid

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

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A8. Segmental information

	Current Quarter Ended 30 June 2024 RM'000	Corresponding Quarter Ended 30 June 2023* RM'000	Current Year-To-Date (18 months) Ended 30 June 2024 RM'000	Corresponding Year-To-Date (18 months) Ended 30 June 2023* RM'000
Revenue				
Animal health	2,104	-	8,236	-
Human health	15,228	-	114,806	-
Loan financing	3,279	-	19,657	-
Total	20,611	-	142,699	-

* 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

The Group's freehold lands and buildings have been revalued by an independent firm of professional valuers, Raine & Horne International Zaki + Partners Sdn. Bhd. on 10 May 2024. The resulting revaluation surplus on the properties, net of tax of approximately RM8.06 million has been reflected in the interim report for the current quarter ended 30 June 2024.

A10. Capital commitments

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

	30 June 2024 RM'000	30 June 2023* RM'000
Acquisition of property, plant and equipment	1,078	-

* 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.

A13. Changes in the Composition of the Group

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

Ecolite (Shanghai) Co., Limited and Ecolite China Co., Limited are both dormant companies, and are wholly owned subsidiaries of Ecolite Biotech Manufacturing Sdn. Bhd. had successfully been approved by the Registrar of Companies in Hong Kong for striking off of company on 5 April 2024 and 23 August 2024, respectively.

The striking off of above companies are expected to have no material impacts to the net assets and financial performance of the Group.

A14. Contingent Liabilities

	30 June 2024 RM'000	30 June 2023* RM'000
Unsecured Corporate Guarantee to financial institutions for banking facilities granted to subsidiaries	6,489	-

** 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 30 June 2024 RM'000	Corresponding Quarter Ended 30 June 2023* RM'000	Current Year-To-Date (18 months) Ended 30 June 2024 RM'000	Corresponding Year-To-Date (18 months) Ended 30 June 2023* RM'000
Revenue	20,611	-	142,699	-
Profit before tax	841	-	15,686	-

** 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*

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

The Group's revenue reported RM20.61 million in the current quarter under review while year-to-date (18-month period) posted total revenue of RM142.70 million. In terms of revenue contribution, human health products and loan financing accounted for 80.45% and 13.78% respectively, while the remaining 5.77% came from animal health business.

The Group registered a pre-tax profit of RM0.84 million in the current quarter, where the loan financing business contributed RM2.98 million pre-tax profit, whereas human health business incurred a pre-tax loss of RM0.40 million and animal health business posted a pre-tax loss of RM1.74 million for the current quarter, factored in impairment loss on other receivables. Human health business reported a pre-tax loss for the current quarter, mainly attributable to lower profit contribution on lower revenue achieved locally, higher inventories written off and higher production cost for the current quarter under review. Year-to-date (18-month period), the Group registered a pre-tax profit of RM16.47 million, wherein loan financing and human health business contributed RM17.85 million and RM5.30 million respectively, however, animal health business incurred a pre-tax loss of RM7.46 million due to lack of revenue contribution to sustain the business operation.

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 30 June 2024 RM'000	Corresponding Quarter Ended 30 June 2023* RM'000	Current Year-To-Date (18 months) Ended 30 June 2024 RM'000	Corresponding Year-To-Date (18 months) Ended 30 June 2023* RM'000
Revenue				
Animal health	2,104	-	8,236	-
Human health	15,228	-	114,806	-
Loan financing	3,279	-	19,657	-
Total revenue	20,611	-	142,699	-
Results				
Animal health	(1,741)	-	(7,458)	-
Human health	(402)	-	5,296	-
Loan financing	2,984	-	17,848	-
Profit before tax	841	-	15,686	-

* 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

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

Current quarter posted a revenue of RM2.10 million mainly contributed from both local and overseas sales while current year-to-date achieved RM8.24 million in revenue, wherein overseas sales accounted for approximately 33.14% of the overall revenue.

Reported a pre-tax loss of RM1.74 million for the current quarter, while for year-to-date, the segment incurred a pre-tax loss of RM7.46 million mainly due to lack of revenue contribution to generate income.

Human health

Current quarter posted a revenue of RM15.23 million, in which the export sales of edible bird's nest to China accounted for RM9.96 million, representing 65.40% of the overall revenue. Year-to-date, the segment reported a revenue of RM114.81 million, wherein the export sales of edible bird's nest contributed RM76.58 million or 66.70% of the overall revenue.

Registered a pre-tax loss of RM0.40 million in the current quarter, mainly due to lower profit contribution on lower revenue achieved locally, higher inventories written off and higher production costs. Year-to-date, it recorded a pre-tax profit of RM5.30 million mainly attributable to profit contribution from contract manufacturing services, while the export sales of bird's nest contributed RM1.60 million or 30.19% of the pre-tax profit.

Loan financing

Current quarter posted a revenue of RM3.28 million while year-to-date delivered a revenue of RM19.66 million.

Posted a pre-tax profit of RM2.98 million for the current quarter, while year-to-date recorded a pre-tax profit of RM17.85 million mainly attributable to interest income 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 30 June 2024 RM'000	Corresponding Quarter Ended 30 June 2023* RM'000	Current Year-To-Date (18 months) Ended 30 June 2024 RM'000	Corresponding Year-To-Date (18 months) Ended 30 June 2023* RM'000
Interest income	28	-	65	-
Dividend income	6	-	30	-
Interest expense	(92)	-	(438)	-
Depreciation of:				
- property, plant and equipment	(535)	-	(3,194)	-
- right-of-use assets	(69)	-	(369)	-
Bad debt written off	-	-	(347)	-
Inventories written off	(461)	-	(781)	-
(Allowance for)/Reversal of inventories written down	(267)	-	(530)	-
Allowance for impairment loss on:				
- receivables	(683)	-	(265)	-
- property, plant and equipment	-	-	1,435	-
Loss on disposal of property, plant and equipment	(2)	-	(326)	-
Property, plant and equipment written off	-	-	(10)	-
Share of loss of associate	(136)	-	(404)	-
Loss on disposal of a subsidiary	-	-	(19)	-
(Loss)/Gain from foreign exchange:				
- realised	(16)	-	163	-
- unrealised	89	-	184	-

* 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 30 June 2024 RM’000	Preceding Quarter Ended 31 March 2024 RM’000	Variance	
			RM’000	%
Revenue	20,611	23,958	(3,347)	(13.97)
Profit before tax	841	3,080	(2,239)	(72.69)

For the current quarter ended 30 June 2024, the Group reported a lower revenue compared to the preceding quarter ended 31 March 2024, mainly driven by lower export sales of edible bird’s nest and lower local sales for human health products in the current quarter.

The Group posted a lower pre-tax profit compared with the preceding quarter, mainly due to lower profit contribution in tandem with softer local sales, impairment loss on other receivables and higher inventories written off as well as higher production costs in respect of human health business in the current quarter, aside from the recognition of one-off gain on disposal of motor vehicle in the preceding quarter.

B5. Prospects

In view of ongoing geopolitical tension, economic challenges and the recent diesel subsidy rationalisation as announced by Malaysian government could impact consumer sentiment on their spending habits especially on non-essential items. Nonetheless, the Group will continue taking measures proactively to ensure the sustainability of the group’s businesses, enhance our existing product diversity and distribution network as well as digital platform to boost brand visibility and to enhance our customer or consumers experience for our human health products.

It is expected to see a continuous growth for loan financing business in light of the number of applications and approvals are on increasing trend mainly driven by our ability to provide fast and efficient services and to structure a more flexible loan proposal to suit the SME market needs.

The Board of Directors remains cautiously optimistic on the prospects of the financial performance of the Group, moving forward.

B6. Profit forecast and profit guarantee

No profit forecast or profit guarantee given to the Group in the current quarter, whichever previously announced with regard to ongoing corporate exercise has not been implemented as at the reporting date.

B7. Income tax expense

	Current Quarter Ended 30 June 2024 RM'000	Corresponding Quarter Ended 30 June 2023* RM'000	Current Year-To-Date (18 months) Ended 30 June 2024 RM'000	Corresponding Year-To-Date (18 months) Ended 30 June 2023* RM'000
<u>Income tax expense:</u>				
Current financial year	549	-	5,112	-
Under-provision in the previous year	-	-	46	-
	549	-	5,158	-
<u>Deferred tax expense:</u>				
Current financial year	48	-	74	-
Total	597	-	5,232	-

* 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, Sunzen had submitted the withdrawal of its additional listing application which was made on 19 January 2024 due to the variations of certain terms in the share sales agreements (“SSA”) which involve Ecolite vendors and Yanming vendors.

On 14 June 2024, Sunzen announced it had entered into a supplemental agreement with both vendors to vary certain terms of the respective SSAs as follows:

- (a) the profit guarantee to be achieved for the guarantee periods (FYE 2025 and 2026) by Ecolite is reduced from RM12.00 million to RM10.00 million and the profit guarantee to be achieved (FYE 2025 and 2026) by Yanming is reduced from RM4.00 million to RM3.00 million;

B8. Status of Corporate Proposal (Cont'd)

On 14 June 2024, Sunzen announced it had entered into a supplemental agreement with both vendors to vary certain terms of the respective SSAs as follows (Cont'd):

- (b) accordingly, the purchase consideration for Ecolite Sale Shares is reduced from RM18.0 million to RM15.00 million while the purchase consideration for Yanming Sale Share is reduced from RM6.00 million to RM4.50 million;
- (c) the mode of satisfaction for the purchase consideration is varied from part cash and part shares to be satisfied entirely by way of issuance and allotment of new shares; and
- (d) the period in which the conditions precedent has to be fulfilled, obtained or waived (as the case may be) is extended from 180 days to 300 days from the date of the SSAs.

Subsequently, on 28 June 2024, Sunzen announced that the additional listing application in relation to the Proposed Acquisitions has been submitted to Bursa Securities for reviews.

On 28 August, 2024, Sunzen obtained the approval from Bursa Securities vide its approval letter on the even date for the listing and quotation of 66,101,694 Consideration Shares to be issued.

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 arrange a refund to Ecolite for RM2.00 million being the deposit and the first payment for the subscription price and also to bear all the costs and expenses incurred for the arrangement.

As at to-date, FIHSB has made the refund of RM1.40 million to Ecolite and the remaining balance of RM0.60 million (excluding other incidental costs) is expected to be settled by end of August 2024.

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 had executed a non-binding Term Sheet with the vendors, Mr. Lee Peng Hwa and Madam Lay Lee Chin in relation to the proposed acquisition of 70,000 ordinary shares, representing 70% of the equity interest of Eye nation Medical Sdn. Bhd.

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(Incorporated in Malaysia)

B8. Status of Corporate Proposal (Cont'd)

Sunzen had on 23 April 2024 paid a refundable deposit of RM127,400, representing 2% of the purchase consideration to the vendor's solicitor as stakeholder.

Cessation of business operations for Animal Health Division

On 8 April 2024, Sunzen announced to cease the business operation of Animal Health Division in view of the continued losses incurred for the past financial years despite concerted efforts to overcome the business challenges.

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	-	729	1,001
Employees	B	0.1772	419	238	151	30
	Total		79,819	4,238	880	74,701

74,701,000 units are exercisable, while 17,309,200 units are non-exercisable subject to performance criteria to be fulfilled by employees over the option tenure, giving a total of 92,010,200 outstanding units.

Warrant 2022/2027, expiring on 13 September 2027

The details of the total number of warrant exercisable, cancelled, exercised and the balance as at the reporting date are as follows:

Balance at 1 January 2023 Unit ('000)	Exercise price RM	Exercised Unit ('000)	Balance at the reporting date Unit ('000)
356,894	0.20	9,934	346,960

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%).

	30 June 2024 RM'000	30 June 2023* RM'000
<u>Current Liabilities:</u>		
Term loan	291	-
Bill payable	-	-
	<hr/> 291	<hr/> -
<u>Non-current liabilities:</u>		
Term loan	6,198	-
	<hr/> 6,198	<hr/> -
Total	<hr/> 6,489	<hr/> -

* 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 (18 months) Ended	Corresponding Year-To-Date (18 months) Ended
	30 June 2024	30 June 2023*	30 June 2024	30 June 2023*
Profit attributable to equity holders of the Company (RM'000)	403	-	9,172	-
WA no. of ordinary shares in issue excluding treasury shares ('000)	705,793	-	705,793	-
Basic earnings per ordinary share (sen)	0.06	-	1.30	-
WA no. of ordinary shares in issue excluding treasury shares after adjusting for the effects of outstanding ESOS and Warrants ('000)	723,875	-	723,875	-
Diluted earnings per ordinary share (sen)	0.06	-	1.27	-

* 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 Warrant 2022/2027.

This quarterly report for the financial period ended 30 June 2024 has been reviewed and approved by the Board of Directors of Sunzen Biotech Berhad for release to Bursa Securities.

Date: 29 August 2024