

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to take, you should consult your stockbroker, solicitor, accountant, banker or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“**Bursa Securities**”) has not perused the contents of this Statement in relation to the Proposed Authority for Purchase of Own Shares by the Company prior to issuance of this Statement and takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.



SUNZEN BIOTECH BERHAD

[Registration No. 200501003843 (680889-W)]

(Incorporated in Malaysia)

**SHARE BUY-BACK STATEMENT IN RELATION TO THE
PROPOSED AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY**

(“THE PROPOSAL”)

The ordinary resolution in respect of the above Proposal will be tabled as Special Business at the Fifteenth Annual General Meeting (“**15th AGM**”) of the Company to be held at Kota Permai Golf & Country Club, Permai 2, No.1, Jalan 31/100A, Kota Kemuning, Section 31, 40460 Shah Alam, Selangor Darul Ehsan on Tuesday, 28 July 2020 at 11.00 a.m.

The Notice of the 15th AGM and the Form of Proxy are enclosed in the Annual Report 2019 of the Company which can be downloaded together with this Statement at <http://www.sunzen.com.my/investor/annual-reports/> or https://www.bursamalaysia.com/market_information/announcements/company_announcement.

You are urged to complete and lodge the Form of Proxy to the Company’s Registered Office at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur not later than 48 hours before the time of the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last day and time for lodging the Form of Proxy : Sunday, 26 July 2020 at 11.00 a.m.
Date and Time of the 15th AGM : Tuesday, 28 July 2020 at 11.00 a.m.

This Statement is dated 29 June 2020.

DEFINITIONS

In this Statement, the following abbreviations shall have the following meanings unless otherwise stated:

“Act”	:	The Companies Act 2016 as amended from time to time and any re-enactment thereof
“AGM”	:	Annual General Meeting
“Board” or “Board of Directors”	:	Board of Directors of Sunzen
“Bursa Securities”	:	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
“Statement”	:	This statement dated 29 June 2020 in relation to the Proposal
“Director”	:	Director(s) of Sunzen Group
“EPS”	:	Earnings Per Share
“LPD”	:	16 June 2020, being the latest practicable date prior to the printing of this Statement
“Listing Requirements”	:	The ACE Market Listing Requirements of Bursa Securities and any amendments made thereto from time to time
“Proposal” or “Proposed Share Buy-Back”	:	Proposed authority for purchase of own shares of up to ten per centum (10%) of the total number of issued shares
“Shares” or “Sunzen Shares”	:	Ordinary Shares in Sunzen
“Sunzen” or “Company”	:	Sunzen Biotech Berhad [Registration No. 200501003843 (680889-W)]
“Sunzen Group” or “Group”	:	Sunzen and its Subsidiaries
“Sunzen Shares”	:	Ordinary Shares of Sunzen

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this Statement to any enactment is a reference to that enactment for the time being amended or re-enacted. Any reference to a time of day in this Statement shall be a reference to Malaysian time, unless otherwise stated.

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SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY

1. INTRODUCTION

The Company had at the 14th AGM held on 18 June 2019, obtained its shareholders' approval on the Proposed Renewal of Share Buy-Back Authority to purchase up to ten percent (10%) of the total number of issued shares in the ordinary share capital of the Company at any point of time through Bursa Securities. In view of the 15th AGM of the Company is extended to be held on 28 July 2020, the aforesaid approval will be lapsed on 30 June 2020 in accordance with the Listing Requirements.

On 15 June 2020, the Company announced that it proposes to seek the shareholders' approval for the Proposed Share Buy-Back at the forthcoming 15th AGM to be convened.

The purpose of this Statement is to provide you with the relevant details of the Proposed Share Buy-Back to be tabled at the forthcoming 15th AGM, which will be held on Tuesday, 28 July 2020 at 11.00 a.m., Notice of which is set out on pages 151 to 154 of the Annual Report 2019 of the Company.

2. DETAILS OF THE PROPOSED SHARE BUY-BACK

The Board proposes to seek approval from the shareholders for Sunzen to purchase up to 10% of the total number of issued shares of the Company at any point in time through Bursa Securities in accordance with Section 127 of the Act, Listing Requirements and/or any other relevant authority.

The Proposed Share Buy-Back shall be effective upon the passing of the resolution at the forthcoming 15th AGM of Sunzen until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting, whichever occurs first.

2.1 Maximum Number or Percentage of Shares to be Purchased

As at LPD, the total number of ordinary shares issued by Sunzen is 535,046,088 Shares (including 6,281,400 Sunzen Shares held as treasury shares).

Assuming no further Sunzen Shares are issued, a total of up to 53,504,608 Sunzen Shares may be purchased pursuant to the Proposed Share Buy-Back inclusive of 6,281,400 Sunzen Shares already purchased and retained as treasury shares as at 16 June 2020. As such, the balance of Sunzen Shares that can be purchased as at to-date is 47,223,208.

2.2 Treatment of Sunzen Shares Purchased

In accordance with Section 127 of the Act, the Board may, at its discretion, deal with any of Sunzen Shares so purchased in the following manner:

- i) to cancel the purchased Sunzen Shares; or
- ii) to retain the purchased Sunzen Shares as treasury shares held by the Company; or
- iii) to retain part of the purchased Sunzen Shares as treasury shares and cancel the remainder; or
- iv) to distribute the treasury shares as dividends to shareholders; or
- v) to resell the treasury shares on Bursa Securities in accordance with the Listing Requirements; or
- vi) to transfer the treasury shares, or any of the treasury shares for the purposes of or under an employees' share scheme; or
- vii) to transfer the shares, or any of the treasury shares as purchase consideration; or
- viii) any combination of the above.

Where the Board intends to retain the purchased Sunzen Shares as treasury shares, cancel the purchased Sunzen Shares, or both, an appropriate announcement will be made to Bursa Securities as and when the Proposed Share Buy-Back is exercised. If the Board decides to retain the purchased Sunzen Shares as treasury shares, it may later distribute the treasury shares as dividends to the shareholders, cancel the Treasury Shares and/or resell the purchased Sunzen Shares on Bursa Securities.

While the purchased Sunzen Shares are held as treasury shares, the rights attached to them as to attending or voting at meetings and any purported exercise of such rights is void and the rights to receive dividend or other distribution of the Company's assets including distribution of assets upon winding up of the Company shall be suspended and the treasury shares shall not be taken into account in calculating the number of percentage of Shares or of a class of Shares in the Company for any purpose including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on resolutions at meetings of shareholders. The Company would buy back the shares only after the Board has given due consideration to its potential impact on the Company's earnings and financial position and the Board is of the opinion that it would be in the best interest of the Company to do so.

The actual treatment of the purchased Sunzen Shares would depend on, inter-alia, the prevailing equity market conditions and the financial position of the Company.

3. RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The procurement of the shareholders' approval for the Proposed Share Buy-Back would enable the Company to purchase Sunzen Shares when appropriate and at prices which the Board views favourable.

The Proposed Share Buy-Back may enable the Company to utilise any of its surplus financial resources to purchase its own shares from the market. It may stabilise the supply and demand of Sunzen Shares traded on the ACE Market and thereby support its fundamental value.

The Proposed Share Buy-Back, if exercised, will enhance the EPS of Sunzen as a result of a lower number of Sunzen Shares being taken into account for the purpose of computing the EPS, if the purchased Sunzen Shares are held as treasury shares or cancelled, which in turn is expected to have a positive impact on the market price of Sunzen Shares.

The purchased Sunzen Shares may be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the total issued share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

The Proposed Share Buy-Back is not expected to have any potential material disadvantage to the Company and its shareholders, and it will be implemented only after due consideration of the financial resources of Sunzen Group and the resultant impact on the shareholders of the Company. The Board, in exercising any decision to buy-back any Sunzen Shares, will be mindful of the interests of the Company and its shareholders.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

4.1 Potential Advantages

The potential advantages of the Proposed Share Buy-Back are as follows:

- (i) It allows the Company to take preventive measures against speculations, particularly when Sunzen Shares are undervalued which would in turn stabilise the market price of Sunzen Shares and hence, enhance investors' confidence;
- (ii) The Company's share capital will be reduced pursuant to the Proposed Share Buy-Back which will increase the EPS or the amount of dividend received (all things being equal);
- (iii) If the treasury shares are distributed as dividends by the Company, it may then serve to reward the shareholders of the Company; and
- (iv) If the purchased Shares are retained as treasury shares, the Company may increase its financial resources from the resale of treasury shares at higher price than when it was purchased.

4.2 Potential Disadvantages

The potential disadvantages of the Proposed Share Buy-Back are as follows:

- (i) The Proposed Share Buy-Back will reduce the financial resources of the Group and may result in the Group foregoing better investment opportunities that may emerge in future; and
- (ii) As the Proposed Share Buy-Back can only be made out of retained profits of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

Nevertheless, the Proposed Share Buy-Back is not expected to have any potential material disadvantage to the Company and the shareholders, as it will be implemented only after careful consideration of the financial resources of the Group and its resultant impact.

5. FUNDING

The maximum amount of funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the retained profits of the Company based on the latest audited financial statements and/or unaudited financial statements of the Company (where applicable).

Based on the latest audited financial statements of Sunzen as at 31 December 2019, the Company's audited accumulated losses is RM5,042,490. Meanwhile, based on the unaudited financial statements as at 31 March 2020, the Company's unaudited accumulated losses is RM5,600,796.

The funding for the Proposed Share Buy-Back will be made from internally generated funds of the Company and/or borrowings. The actual amount of borrowings will depend on the financial resources available at the time of the Proposed Share Buy-Back. The Proposed Share Buy-Back will reduce the cash flow of the Company by an amount equivalent to the purchase price of Sunzen Shares and the actual number of Sunzen Shares bought-back. Therefore, the Company will ensure that sufficient funds are available to effect the Proposed Share Buy-Back. There is no restriction on the type of funds which may be utilised for the Proposed Share Buy-Back so long as it is backed by an equivalent amount of the retained earnings of the Company.

In the event that the Company decides to utilise bank borrowings to finance the Proposed Share Buy-Back, there will be a decline in its net cash flow to the extent of the interest cost associated with such borrowing but the Board will ensure that it has sufficient financial capability to repay the bank borrowings and that the bank borrowings will not have a material impact on the cash flow of the Company.

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6. SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' SHAREHOLDINGS

The table below illustrates the direct and indirect interests of the Directors and Substantial Shareholders of Sunzen as at LPD, assuming that the Proposed Share Buy-Back is implemented in full and all the shares so purchased are cancelled under the following scenarios:-

Minimum Scenario: Assuming that none of the 179,423,296 outstanding warrants 2016/2021 are exercised (“**Outstanding Warrants**”).

Maximum Scenario: Assuming that all the Outstanding Warrants are exercised.

6.1 Minimum Scenario

(a) Directors' Shareholdings

Director/ Substantial Shareholder	Before Proposed Share Buy-Back				After Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%*	No. of Shares	%*	No. of Shares	%**	No. of Shares	%**
Tan Sri Haji Musa Bin Tan Sri Haji Hassan	-	-	-	-	-	-	-	-
Teo Yek Ming	69,160,250	13.08	126,000 ^{^^}	0.02	69,160,250	14.36	126,000 ^{^^}	0.03
Khoo Kien Hoe	-	-	-	-	-	-	-	-
Dr. Fong Chan Seng	31,290	0.01	-	-	31,290	0.01	-	-

(b) Substantial Shareholders' Shareholdings

Director/ Substantial Shareholder	Before Proposed Share Buy-Back				After Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%*	No. of Shares	%*	No. of Shares	%**	No. of Shares	%**
Datuk Hong Choon Hau	83,298,885	15.75	220,800 [^]	0.04	83,298,885	17.30	220,800 [^]	0.05
Chum Mun Cuan	37,930,915	7.17	-	-	37,930,915	7.88	-	-
Teo Yek Ming	69,160,250	13.08	126,000 ^{^^}	0.02	69,160,250	14.36	126,000 ^{^^}	0.03

Note:

* Excluding 6,281,400 treasury shares as at LPD.

** Assuming all Sunzen Shares purchased are cancelled.

[^] Deemed interested by virtue of the shareholdings held by the spouse pursuant to Section 59(11)(c) of the Act.

^{^^} Deemed interested by virtue of shares held by parent.

6.2 Maximum Scenario

(a) Directors' Shareholdings

Director/ Substantial Shareholder	Before Proposed Share Buy-Back				(I) After full exercise of warrants 2016/2021				(II) After (I) and Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%*	No. of Shares	%*	No. of Shares	%*	No. of Shares	%*	No. of Shares	%**	No. of Shares	%**
Tan Sri Haji Musa Bin	-	-	-	-	-	-	-	-	-	-	-	-
Tan Sri Haji Hassan	-	-	-	-	-	-	-	-	-	-	-	-
Teo Yek Ming	69,160,250	13.08	126,000 ^{^^}	0.02	95,030,950	13.42	126,000 ^{^^}	0.02	95,030,950	14.78	126,000 ^{^^}	0.02
Khoo Kien Hoe	-	-	-	-	-	-	-	-	-	-	-	-
Dr. Fong Chan Seng	31,290	0.01	-	-	31,290	0.01	-	-	31,290	0.01	-	-

(b) Substantial Shareholders' Shareholdings

Director/ Substantial Shareholder	Before Proposed Share Buy-Back				(I) After full exercise of warrants 2016/2021				(II) After (I) and Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%*	No. of Shares	%*	No. of Shares	%*	No. of Shares	%*	No. of Shares	%**	No. of Shares	%**
Datuk Hong Choon Hau	83,298,885	15.75	220,800 [^]	0.04	109,169,585	15.42	303,600 [^]	0.04	109,169,585	16.98	303,600 [^]	0.05
Chum Mun Cuan	37,930,915	7.17	-	-	37,930,915	5.36	-	-	37,930,915	5.90	-	-
Teo Yek Ming	69,160,250	13.08	126,000 ^{^^}	0.02	95,030,950	13.42	126,000 ^{^^}	0.02	95,030,950	14.78	126,000 ^{^^}	0.02

Note:

* Excluding 6,281,400 treasury shares as at LPD.

** Assuming all Sunzen Shares purchased are cancelled.

[^] Deemed interested by virtue of the shareholdings held by the spouse pursuant to Section 59(11)(c) of the Act.

^{^^} Deemed interested by virtue of shares held by parent.

7. PUBLIC SHAREHOLDING SPREAD

The Board is mindful of the requirement that the Proposed Share Buy-back must not result in the number of Sunzen Shares which are in the hands of the public falling below 25% of the total number of listed shares (excluding treasury shares) of Sunzen. The public shareholding spread of the Company as at LPD was 63.92%.

The public shareholding spread of the Company is expected to be reduced to 60.38% assuming the Proposed Share Buy-Back is implemented in full. The purchased Sunzen Shares are assumed to be purchased from the public shareholders and the number of Sunzen Shares held by the Directors and Substantial Shareholders of Sunzen and/or persons connected to them remain unchanged.

The Company will endeavour to ensure that the Proposed Share Buy-Back will not breach Rule 12.14 of the Listing Requirements, which states that a listed company must not purchase its own shares on Bursa Securities if the purchase(s) will result in the listed company being in breach of Rule 8.02(1) of Listing Requirements.

8. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

The effects of the Proposed Share Buy-Back are presented below based on the assumption that the Proposed Share Buy-Back is implemented in full.

8.1 Share Capital

The effects of the Proposed Share Buy-Back on the share capital of the Company will depend on whether the purchased Sunzen Shares are cancelled or retained as treasury shares. However, there will be no impact on the total number of issued shares of the Company if the purchased Sunzen Shares are retained as treasury shares, resold or distributed as share dividends to shareholders.

In the event that all the purchased Shares are cancelled and on the assumption that the Proposed Share Buy-Back is implemented in full, the effects of the Proposed Share Buy-Back on the number of issued shares of Sunzen as at the LPD are as below:-

Minimum Scenario: Assuming none of the Outstanding Warrants are exercised into new Shares.

Maximum Scenario: Assuming all the Outstanding Warrants are exercised into new Shares.

	<u>Minimum Scenario</u>	<u>Maximum Scenario</u>
Total number of Issued shares as at LPD [^]	535,046,088	535,046,088
Upon full exercise of all warrants 2016/2021	-	179,423,296
	<hr/> 535,046,088	<hr/> 714,469,384
Proposed Share Buy-Back (assuming that all SUNZEN Shares purchased are cancelled)	(53,504,608)	(71,446,938)
Resultant share capital	<hr/> <hr/> 481,541,480	<hr/> <hr/> 643,022,446

Note:

[^] Including 6,281,400 treasury shares.

8.2 Net Assets (“NA”)

The effect of the Proposed Share Buy-Back on the consolidated NA of Sunzen Group will depend on the purchase price of the Sunzen Shares, the number of Sunzen Shares purchased, the effective funding cost of Sunzen Group to finance the share buy-back, if any, or loss in interest income to the Company, and whether the purchased Sunzen Shares are cancelled, retained as treasury shares, resold on Bursa Securities or distributed as share dividends to shareholders.

Assuming all the purchased Sunzen Shares are cancelled, the Proposed Share Buy-Back would reduce the NA per share of Sunzen Group if the purchase price of each purchased Sunzen Share exceeds the NA per share at the relevant point in time, and vice versa.

The NA of Sunzen Group would decrease if the purchased Sunzen Shares are retained as treasury shares due to the requirement for treasury shares to be carried at cost and to be offset against equity, resulting in a decrease in the NA of Sunzen Group.

If the treasury shares are resold through Bursa Securities, the NA of Sunzen would increase if the Company realises a gain from resale, and vice versa. If the treasury shares are distributed as share dividends, the NA of Sunzen Group would decrease by the cost of the treasury shares.

8.3 Earnings

The effect of the Proposed Share Buy-Back on the EPS of Sunzen Group will depend on the purchase price of the Sunzen Shares, the number of Sunzen Shares purchased and the effective funding cost, if any, or any loss in interest income to the Sunzen Group.

Assuming that the purchased Sunzen Shares are retained as treasury shares and subsequently resold, the effects on the EPS of the Sunzen Group will depend on the actual selling price, the number of the treasury shares resold, and the effective gain or interest savings arising from the exercise.

8.4 Working Capital

The Proposed Share Buy-Back is likely to reduce the working capital of Sunzen, the quantum of which depends on the purchase prices and the number of Sunzen Shares purchased. Nevertheless, the Board is mindful of the interest of Sunzen and its shareholders in undertaking the Proposed Share Buy-Back and will assess the working capital needs of Sunzen prior to any purchase of Shares.

8.5 GEARING

The effect of the Proposed Share Buy-Back on the gearing of the Company will depend on the proportion of borrowings utilised to fund any purchase of shares. Any borrowing utilised to purchase Sunzen Shares may increase the gearing of the Company.

9. IMPLICATIONS OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2016 (“THE CODE”)

As at 16 June 2020, the substantial shareholders, Datuk Hong Choon Hau, Chum Mun Cuan and Teo Yek Ming holds approximately 15.75%, 7.17% and 13.08% of the voting shares of Sunzen respectively. In the event that the Proposed Share Buy-Back is implemented in full, the shareholding of the said substantial shareholders will increase to 17.30%, 7.88% and 14.36% respectively assuming the total number of issued shares of Sunzen and that of held by the said substantial shareholders remain unchanged.

The Board does not anticipate any implication relating to the Code even if the allowed maximum number of Shares is purchased pursuant to the authority granted under the Proposed Shares Buy-Back.

In the event the number of voting shares of Sunzen bought back subsequent to the date of this Statement result in the substantial shareholders and/or person(s) acting in concert triggering the mandatory general offer for the remaining voting shares not held by him/them, such substantial shareholders and/or person(s) acting in concert may consider seeking an exemption from the obligation to undertake a mandatory general offer under the Rules on Take-Overs, Mergers and Compulsory Acquisitions 2016 before a mandatory general offer is triggered. It is the intention of Sunzen to implement the Proposed Share Buy-Back in a manner that will not result in any of the shareholders of Sunzen having to undertake a mandatory general offer pursuant to the Code.

10. PURCHASE, RESALE, TRANSFER OR CANCELLATION OF SUNZEN SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS

The details of the purchases in the previous twelve (12) months up to LPD are as follows:

Date of Purchase	Total No. of Ordinary Shares Purchased	Lowest Price Paid (RM)	Highest Price Paid (RM)	Average Price Paid (RM)	Total Purchase Consideration (RM)
31 May 2019	219,900	0.110	0.110	0.110	24,375.10
3 June 2019	1,069,800	0.105	0.120	0.1125	123,073.57
4 June 2019	510,800	0.115	0.120	0.1175	61,410.44
7 June 2019	358,000	0.115	0.125	0.120	43,935.21
11 June 2019	2,025,100	0.115	0.120	0.1175	233,896.95
6 November 2019	351,800	0.125	0.130	0.1275	45,411.71
7 November 2019	388,000	0.140	0.145	0.1425	55,694.71

As at LPD, the Company held a total of 6,281,400 treasury shares.

There were no resale, transfer and/or cancellation of treasury shares in the previous twelve (12) months up to LPD.

11. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of Sunzen Shares as traded on Bursa Securities for the past 12 months from June 2019 to May 2020 are as follows:-

	High RM	Low RM
2019		
June	0.115	0.115
July	0.105	0.105
August	0.080	0.080
September	0.095	0.090
October	0.130	0.130
November	0.140	0.140
December	0.115	0.105
2020		
January	0.110	0.110
February	0.095	0.080
March	0.040	0.040
April	0.095	0.085
May	0.090	0.085
Last transacted market price of Sunzen Shares on 16 June 2020 being the latest practicable date prior to printing of this Statement.		0.110

(Source: Bursa Malaysia)

12. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER AND/OR PERSONS CONNECTED TO THEM

Save for the proportionate increase in the percentage shareholdings and/or voting rights of the shareholders of the Company as a consequence of the Proposed Share Buy-Back, none of the Directors and/or Major Shareholder of Sunzen and/or persons connected to them, has any interest, direct and indirect, in the Proposed Share Buy-Back or resale of treasury shares, if any.

13. DIRECTORS' RECOMMENDATION

The Directors, having considered all aspects of the Proposed Share Buy-Back, are of the opinion that the Proposed Share Buy-Back is in the best interest of the Company. Accordingly, the Directors recommend that the shareholders of Sunzen vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming 15th AGM.

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board of Sunzen who, individually and collectively, accept full responsibility for the accuracy of the information contained in this Statement and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur, during normal business hours from the date of this Statement to the date of the 15th AGM:-

- (a) Constitution of the Company;
- (b) Audited financial statements of Sunzen for the financial years ended 31 December 2018 and 31 December 2019; and
- (c) Unaudited Quarterly Report on Consolidated Results for the financial period ended 31 March 2020.

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EXTRACT OF NOTICE OF 15TH AGM

ORDINARY RESOLUTION 6

PROPOSED AUTHORITY FOR PURCHASE OF OWN SHARES BY THE COMPANY

"THAT, subject always to the Companies Act 2016, the provisions of the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- (i) the aggregate number of shares purchased does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall be backed by an equivalent amount of retained profits; and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends or transfer the shares under an employee share scheme or as purchase consideration.

THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting ("AGM") at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act 1991 of Malaysia, and the entering into all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares or to resell the shares or distribute the shares as dividends or transfer the shares under an employee share scheme or as purchase consideration) in accordance with the Constitution of the Company and the requirements and/or guidelines of ACE Market Listing Requirements of Bursa Securities and all other relevant governmental and/or regulatory authorities."