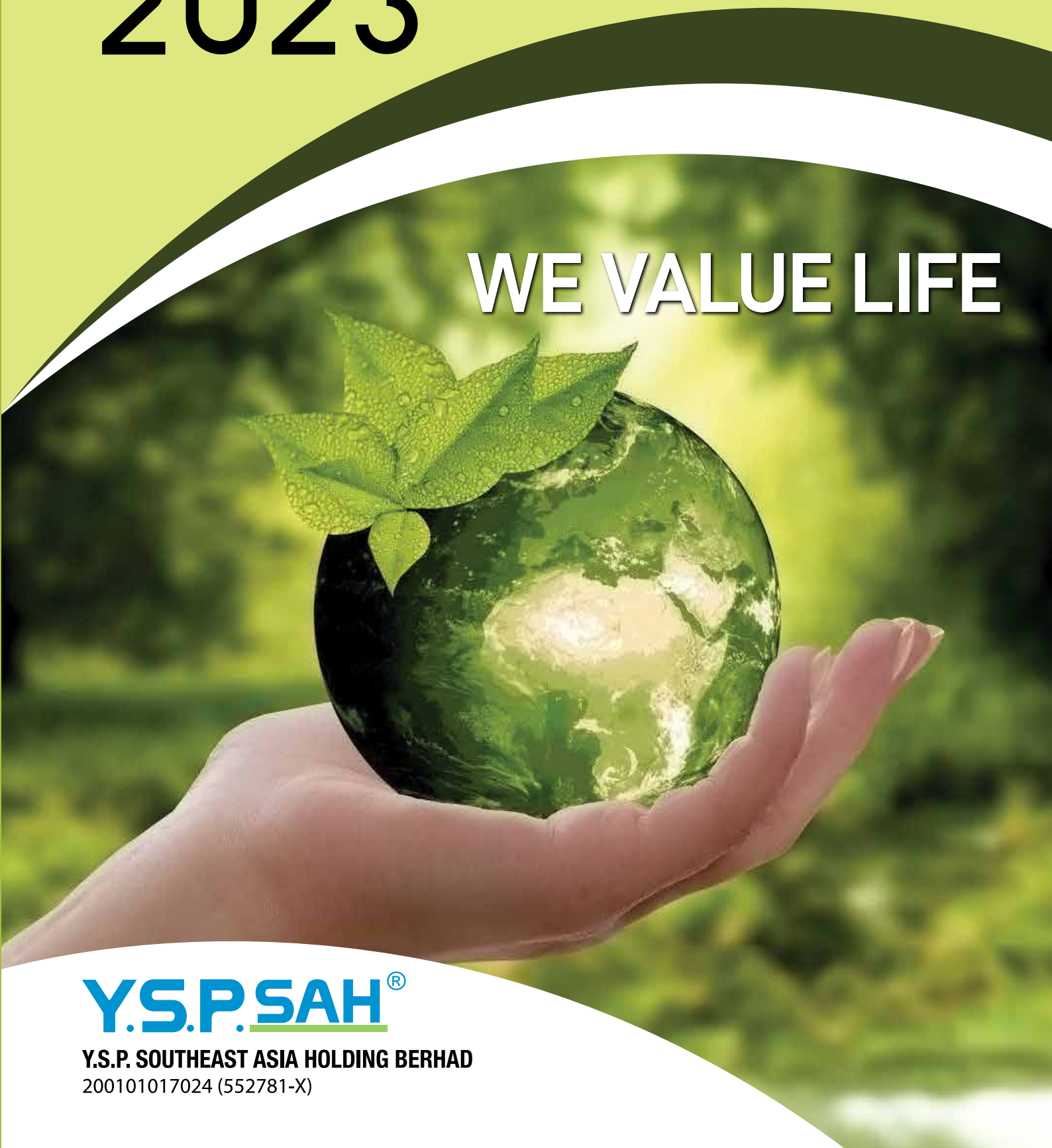


ANNUAL REPORT

2023

WE VALUE LIFE



Y.S.P.SAH®

Y.S.P. SOUTHEAST ASIA HOLDING BERHAD
200101017024 (552781-X)

Our Continuous Journey In Enhancing
A Quality Life for All



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FINANCIAL HIGHLIGHTS

YEAR ENDED 31 DECEMBER	2019	2020	2021	2022	2023
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RESULTS (RM'000)

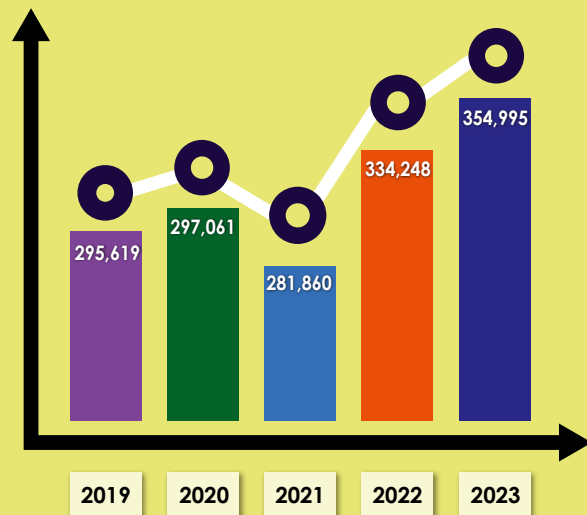
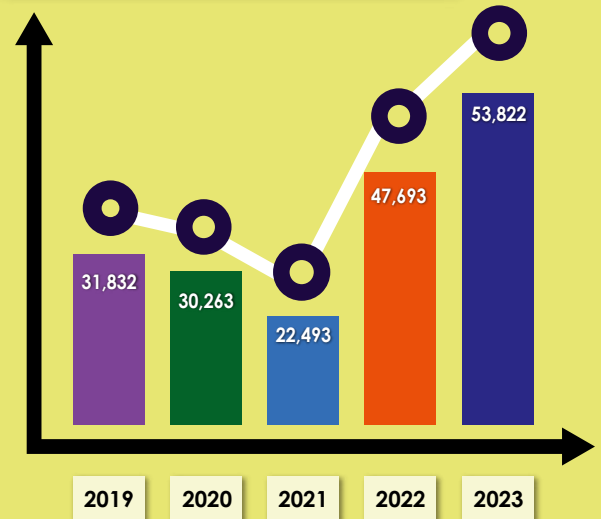
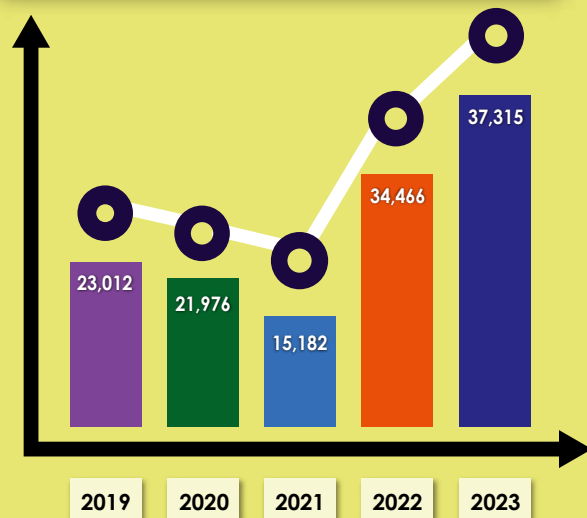
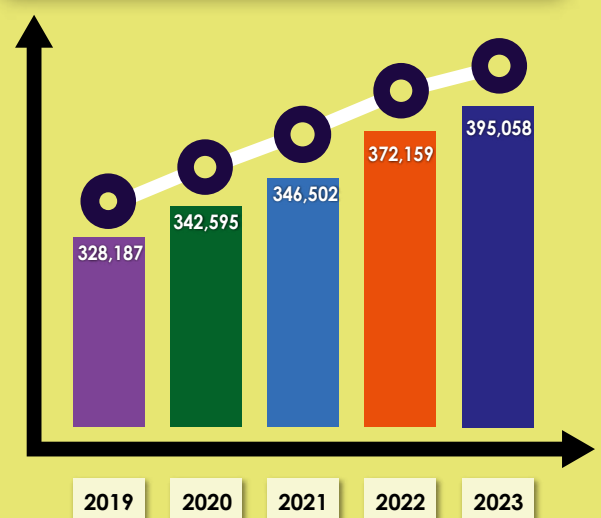
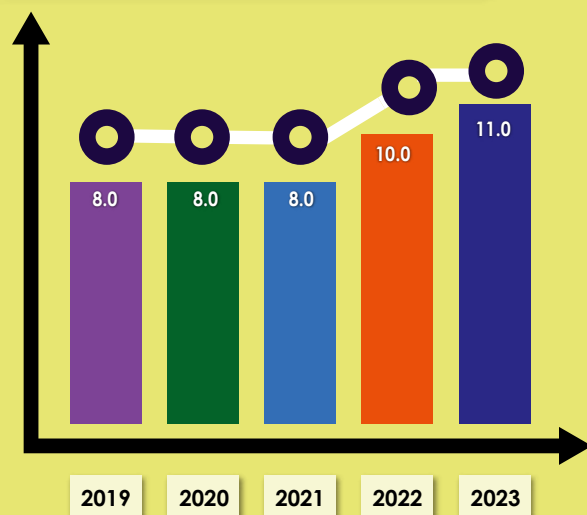
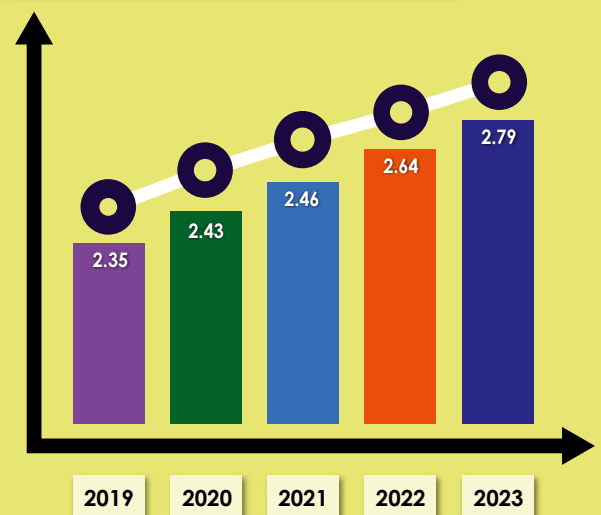
Revenue	295,619	297,061	281,860	334,248	354,995
Profit before tax	31,832	30,263	22,493	47,693	53,822
Profit after tax	22,478	22,159	15,101	34,773	37,825
Profit attributable to Owners of the Company	23,012	21,976	15,182	34,466	37,315

EQUITY & LIABILITIES (RM'000)

Paid up share capital	148,912	151,641	151,963	152,258	154,396
Equity attributable to Owners of the Company	328,187	342,595	346,502	372,159	395,058
Total equity	333,595	348,191	351,863	377,975	401,227
Borrowings and leases	47,924	57,319	47,957	32,270	53,126

FINANCIAL STATISTICS

Basic earnings per share (sen)	16.54	15.68	10.78	24.45	26.37
Net dividend per share (sen)	8.0	8.0	8.0	10.0	11.0
Net assets per share (RM)	2.35	2.43	2.46	2.64	2.79
Gearing (%)	14.37	16.46	13.63	8.54	13.24
Return on shareholders' equity (%)	7.01	6.41	4.38	9.26	9.45

REVENUE (RM'000)**PROFIT BEFORE TAX (RM'000)****PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)****EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)****NET DIVIDEND PER SHARE (SEN)****NET ASSETS PER SHARE (RM)**

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN (Non-Independent Non-Executive Director)	Datuk Dr. Anis Bin Ahmad
PRESIDENT / GROUP MANAGING DIRECTOR	Dato' Dr. Lee Fang Hsin
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR	Lee Ling Chin Lee Sen Huei (Appointed on 1 June 2023) Dr. Lee Fang Chuan @ Lee Fang Chen (Retired on 23 May 2023)
INDEPENDENT NON-EXECUTIVE DIRECTOR	Chin Chew Mun Hasnah Binti Ismail Dr. Salmah Binti Bahri Yau Teck Kong

AUDIT COMMITTEE

Chin Chew Mun – Chairman
 Hasnah Binti Ismail
 Dr. Salmah Binti Bahri
 Yau Teck Kong

NOMINATION COMMITTEE

Yau Teck Kong – Chairman
 Chin Chew Mun
 Lee Ling Chin
 Dr. Lee Fang Chuan @ Lee Fang Chen
 (Retired on 23 May 2023)

REMUNERATION COMMITTEE

Chin Chew Mun – Chairman
 Yau Teck Kong
 Hasnah Binti Ismail

TENDER BOARD COMMITTEE

Datuk Dr. Anis Bin Ahmad – Chairman
 Dato' Dr. Lee Fang Hsin
 Yau Teck Kong

COMPANY SECRETARIES

Lim Seck Wah (MAICSA 0799845)
 SSM PC No. 202008000054
 Kong Mei Kee (MAICSA 7039391)
 SSM PC No. 202008002882

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 22, Menara LGB,
 No. 1, Jalan Wan Kadir,
 Taman Tun Dr. Ismail,
 60000 Kuala Lumpur.
 Tel : 03-7727 6390
 Fax : 03-7727 6701
 Email : yspsh@yspsah.com
 Website : www.yspsah.com

REGISTRAR

Mega Corporate Services Sdn. Bhd.
 [Registration No. 198901010682 (187984-H)]
 Level 15-2, Bangunan Faber Imperial Court,
 Jalan Sultan Ismail, 50250 Kuala Lumpur.
 Tel : 03-2692 4271
 Fax : 03-2732 5388
 Email : mega-sharereg@megacorp.com.my

AUDITORS

KPMG PLT (LLP0010081-LCA & AF 0758)
 Level 10, KPMG Tower,
 8, First Avenue, Bandar Utama,
 47800 Petaling Jaya, Selangor Darul Ehsan.
 Tel : 03-7721 3388
 Fax : 03-7721 3399

PRINCIPAL BANKERS

Malayan Banking Berhad
 HSBC Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
 Stock Code: 7178

CORPORATE STRUCTURE

48.56%

Y.S.P. (THAILAND) CO., LTD.

60%

ALPHA ACTIVE INDUSTRIES SDN. BHD.

60%

SUN TEN SOUTHEAST ASIA HOLDING PTE. LTD.

- 100% SUN TEN PHARMACEUTICAL MFG (M) SDN. BHD.
- 100% SUN TEN (SINGAPORE) PTE. LTD.

99%

YSPSAH PHARMACEUTICAL (B) SDN. BHD.

99.71%

PT. YUNG SHIN
PHARMACEUTICAL INDONESIA

99.99%

YUNG SHIN (PHILIPPINES), INC.

100%

Y.S.P. (CAMBODIA) PTE. LTD.

100%

Y.S.P. INDUSTRIES (M) SDN. BHD.
- 3% - Y.S.P. INDUSTRIES VIETNAM CO., LTD.

100%

KUMPULAN Y.S.P. (MALAYSIA) SDN. BHD.

100%

YUNG SHIN PHARMACEUTICAL (SINGAPORE) PTE. LTD.
- 2% - Y.S.P. INDUSTRIES VIETNAM CO., LTD.

100%

Y.S.P.SAH INVESTMENT PTE. LTD.
- 95% - Y.S.P. INDUSTRIES VIETNAM CO., LTD.
- 85% - PT. YSP INDUSTRIES INDONESIA



Datuk

Dr. Anis Bin Ahmad
Chairman

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Y.S.P. Southeast Asia Holding Berhad ("Y.S.P.SAH"), I am pleased to present you Y.S.P.SAH's Annual Report for the financial year ended 31 December 2023.

Overall, the growth of global economy in 2023 moderated to 3.0 per cent from 3.5 per cent in 2022, in the context of tightening monetary policies, geopolitical tensions, and increasing risks of fragmentation of global economies.

On the other hand, Malaysia and other Southeast Asian countries have recorded relatively higher growth rates, despite slower growth rates compared to 2022. Malaysia recorded 6.9 per cent GDP growth compared to 8.7 per cent in 2022. Growth for emerging and developing Asia, on the other hand, increased to 5.2 per cent in 2023, compared to 4.5 per cent in 2022.

For the pharmaceutical industry, market demand remained robust supported by demands from hospitals, clinics and pharmacies. We also noted increased demand for products relating to non-communicable diseases, such as chronic diseases, and the demand for over-the-counter ("OTC") products have also increased. Increased health consciousness, aging population, and influenza, as well as occasional spikes in COVID-19 infections, have also driven up demand for pharmaceutical products.

Financial Performance

In the context of a business environment with considerably moderate growth, Y.S.P.SAH Group's revenue grew by 6.2 per cent to RM355.0 million in FY2023 from RM334.2 million in FY2022, bringing our 10-year compound annual growth rate to 6.5 per cent.

We have also recorded a higher pre-tax profit of RM53.8 million in FY2023, which was 12.9 per cent higher than FY2022, with improved margins.

We continue to operate with a sound and strong financial position, with a gearing ratio of 13.2 per cent of equity and manageable levels of loans and borrowings of RM53.1 million. Further, we maintained RM130.3 million in cash and cash equivalents as at 31 December 2023.

Business Review

Overall, both Trading and Manufacturing segments improved in performance during FY2023, supported by robust demand in both the private and public healthcare sectors, i.e. general practitioner clinic, pharmacies, public and government hospitals. Hospitals continue to replenish their inventories while clinics and pharmacies continue to see demand for pharmaceutical products, as well as over-the-counter ("OTC") products. These OTC products and client segments in total accounted for 9.2 per cent of the Group's revenue in FY2023.

The Veterinary and Aquatic segment continued to face challenges arising from local livestock farming markets and environment, such as in Vietnam, as the industry grapples with disease control challenges, rising input cost, etc. The revenue contribution of the Veterinary and Aquatic segment decreased to 10.0 per cent, compared to 10.7 per cent in FY2022. Traditional Chinese Medicine ("TCM") and Food Supplement contributed 6.7 per cent and 3.2 per cent to the Group's revenue, respectively.

Dividends

I am pleased to announce that the Board of Directors is recommending a first and final dividend of 11.0 sen per ordinary share for the year ended 31 December 2023. This comprises final ordinary dividend of 8.0 sen and final special dividend of 3.0 sen.

The Year Ahead

With the relentless efforts of our Management and employees, the Group has attained growth in revenue and profit after tax during FY2023. Nevertheless, the global economy and business environment are seeing increased uncertainties and risk factors.

A weaker than expected post-pandemic recovery globally and ongoing geopolitical tensions are likely to affect the equilibrium of the pharmaceutical market, including the generic manufacturing sector. On the other hand, generic pharmaceutical products offer a more economical alternative to originator products during weaker economy.

It is therefore important for the Group to continue to strategically focus on getting itself in a position to be able to capture a wider market, operating efficiently, and controlling its margins diligently while upholding the quality of its products. Y.S.P.SAH will continue to focus on these key areas and build resilience to withstand the uncertainties in the global and regional economy and business environment. The Group is cautiously optimistic towards a satisfactory FY2024 performance.



Conclusion

On behalf of the Board of Directors and Management, I take this opportunity to convey my gratitude and appreciation to our shareholders, and our distributors, retailers, and suppliers for their ever undivided support, and to our customers and consumers for their trust and support in us. I also extend my sincere appreciation to our Management and employees who have worked hard and put in efforts towards the Group's accomplishments. Last but not least, I also extend my deepest gratitude to my fellow board members for their continuous support and contributions in 2023.

Thank you.

DATUK DR. ANIS BIN AHMAD
CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS

for the financial year ended 31 December 2023

Despite slowing economic growth in Malaysia, Y.S.P. Southeast Asia Holding Berhad ("Y.S.P.SAH") and its group of subsidiaries ("Y.S.P.SAH Group" or the "Group") continued to perform steadily, supported by more stabilised supply chain, logistics costs and sustained demand in the region.

This Management Discussion and Analysis presents Y.S.P.SAH's performance for the financial year ended 31 December 2023 ("FYE 2023").

Business Overview

Y.S.P.SAH is a healthcare company involved mainly in the trading and manufacturing of pharmaceutical products, particularly generic drugs. In everything we do, we hold our belief and philosophy of "We Value Life" closely to our heart. Through our businesses and operations, we aspire to provide quality products and services that contribute to the long-term improvement of overall human health and this spirit also reflects the social responsibility that we should demonstrate as a responsible business.

The Group carries a wide range of products including pharmaceutical, over-the-counter ("OTC"), veterinary and aquatic products, Traditional Complementary Medicine ("TCM"), and food supplements in ASEAN, the Middle East, Africa, Australia, and New Zealand. We are also continuously seeking to expand our markets including by setting up regional offices and forming strategic alliances with business partners overseas.





Strategy Review

Market Presence and Expansion

We continued to maintain our presence in various markets and countries with moderate growth in revenue, mainly supported by strong demand in Malaysia and overseas.

Efforts continued to be undertaken to push for greater market share in spite of strong competition from other generic drug manufacturers, as developing countries seek for cheaper alternatives in the context of weaker economic recovery. In this regard, we position ourselves as a reliable business partner, focusing on providing quality products and services, ensuring regulatory compliance, and strategically diversifying our products.

During FY2023, sales growth in Myanmar, Sri Lanka, and Laos were at 215%, 87%, and 38%, respectively. We have also achieved an encouraging growth of about 43% in our sales to Africa and the MENA region. Overall, we continue to build our reputation and strong customer relationships, while making our presence known, through promotional and marketing events and activities, such as roadshows, industry conventions, and fairs.

As of 31 December 2023, the Group had a total of 717 product licences in Malaysia which is our largest market, including 655 pharmaceutical products and 62 veterinary products.

Driven by market analyses and demand, we continued to develop and launch new products to expand our products offered in the market. For more mature markets or products, we also focus on building brand awareness and brand loyalty through strategically developed marketing programs.

Operational Efficiency

As a generic drug manufacturer, Y.S.P.SAH Group pursues operational efficiency while upholding its principle to offer safe and high-quality products. This is done through careful and diligent resource management and planning, including supply chain management planning and cost management strategies.

Uncertainties surrounding global geopolitics and economies continued to emerge and evolve in the past years, from the effects of the pandemic to war outbreaks, and they continued to pose challenges of different forms to margin-sensitive global industries like ours.

In response, we remained steadfast in closely monitoring and assessing factors and risks affecting our business and margin, from the availability and cost of raw materials to logistics, to ensure business continuity and optimise margins.

We are pleased to report a pre-tax profit of RM53.8 million and a pre-tax profit margin of 15% for FY2023, higher than 14% in FY2022. This was attributed by the higher sales driven by stronger market demand and a slightly eased supply chain and logistics tension compared to 2022.

Responsible Business and Sustainability

"We Value Life" is our philosophy that defines our corporate responsibility – to become a responsible business that operates sustainably to create an environment that enables the sustainable flourishing of lives.

In addition to our commitment to deliver business responsibility through safe and quality products, we are also looking at how we can improve our business operations.

Guided by our ESG Policy, we endeavour to enhance the sustainability of our business operations in various areas, including optimising the use of resources such as energy, water, and materials.

Amongst the various sustainability topics, carbon emission and climate change are some of the more pressing topics as the entire world is racing to keep global temperature rise well under 2°C, preferably within a limit of 1.5°C, above pre-industrial levels.

Y.S.P.SAH Group began to look into the more significant emissions from electricity consumption in our operations a few years back and began to report its Scope 2 emissions in Malaysia last year. This year, we further expanded the scope of our carbon reporting to the Group's significant operation sites overseas.

We have also completed the installation of solar panel on our logistics centre building at Bangi. The solar power generation Connection Assessment Study was approved in December 2023 and has the capacity to produce approximately 155,345kWh per year, supporting about 30.1% of the energy needs of our Logistics Warehouse in Bangi. The electricity derived from the solar power generation system will reduce an approximate value 73.8 tCO₂e in emission (estimated based on production capacity).

Besides solar panel installations at other sites, we are also looking at alternate energy and cooling systems using natural gas, LPG, or others.

Financial Performance

Y.S.P.SAH Group recorded a Group revenue of RM355.0 million for FY2023, an increase of 6.2% compared to FY2022, due to generally stronger demand in Malaysia and overseas. The manufacturing segment remained to be the major revenue contributor at over 80% of Group revenue. The compounded growth rate from FY2014 to FY2023 stood at 6.5%.

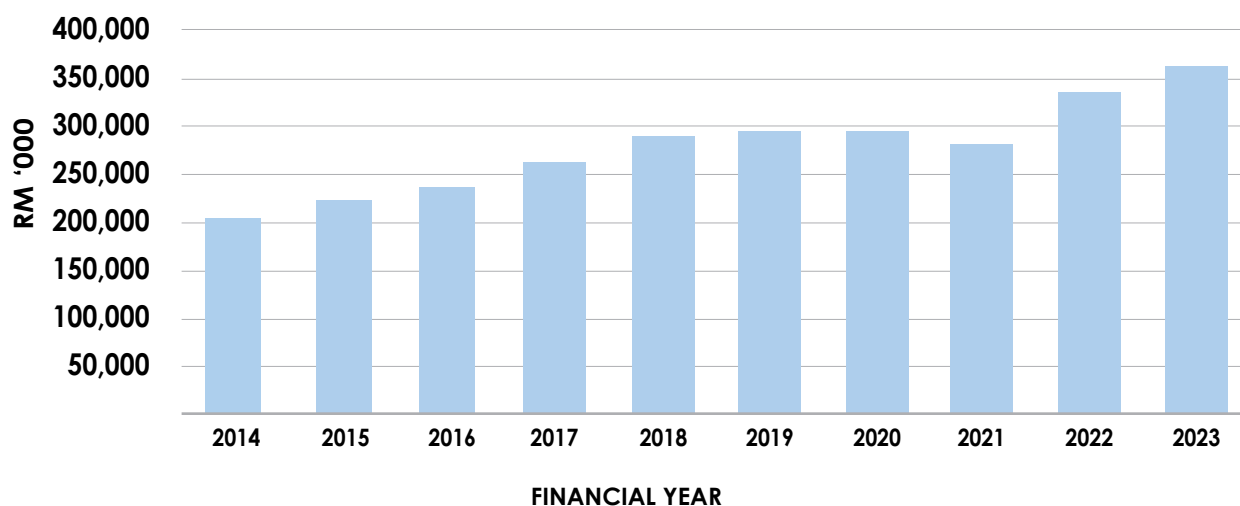
The Group posted a pre-tax profit and after-tax profit of RM53.8 million and RM37.8 million, signifying increases of 12.9% and 8.8%, respectively, compared to FY2022. The Group's basic earnings per share was reported at 26.37 sen.

Overall, the Group's financial performance has improved compared with FY2022, supported by a considerably stronger market demand and a supply chain with relatively improved stability, despite looming uncertainties moving forward.

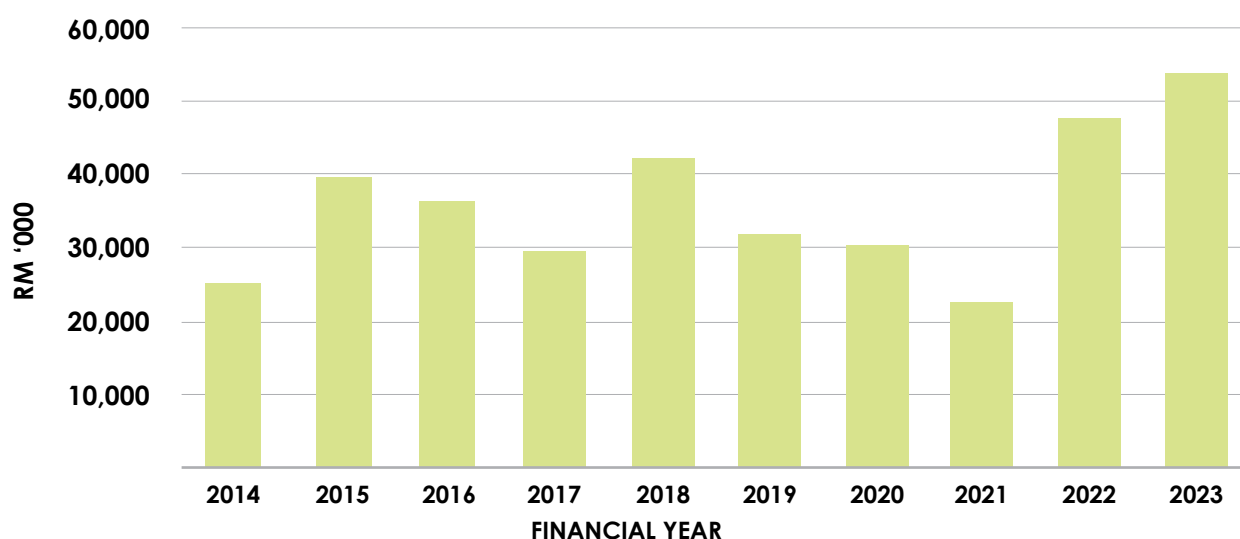
To reward the continuous support of shareholders, the Board recommends a first and final dividend of 11.0 sen per ordinary share for the financial year.



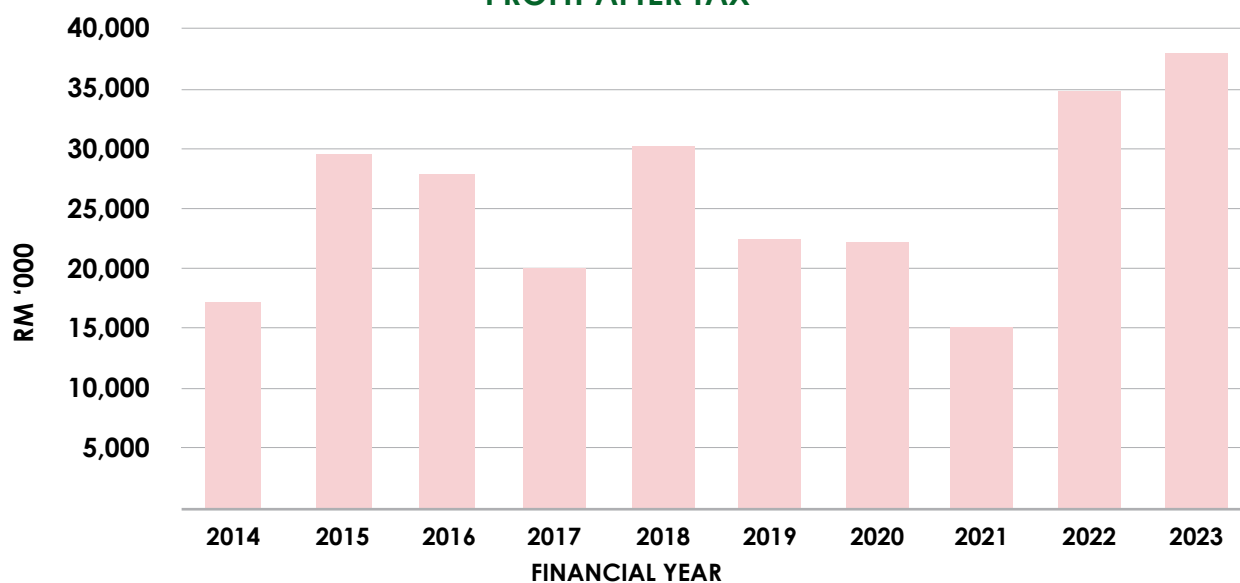
GROUP REVENUE

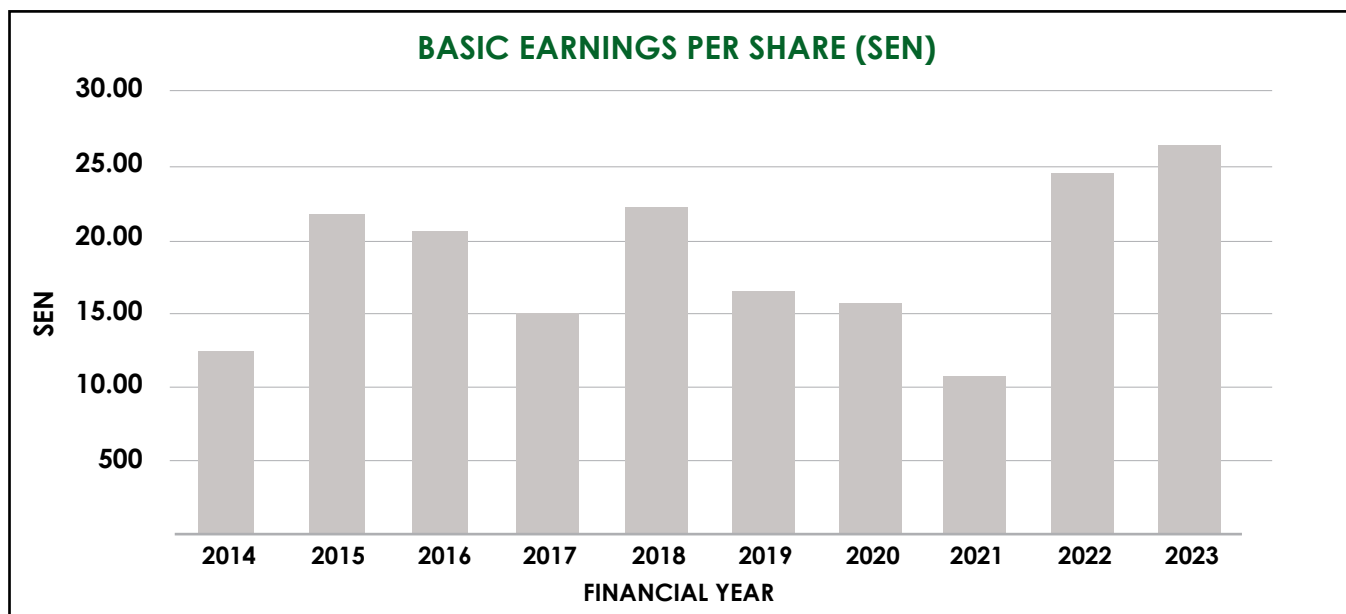


PROFIT BEFORE TAX



PROFIT AFTER TAX





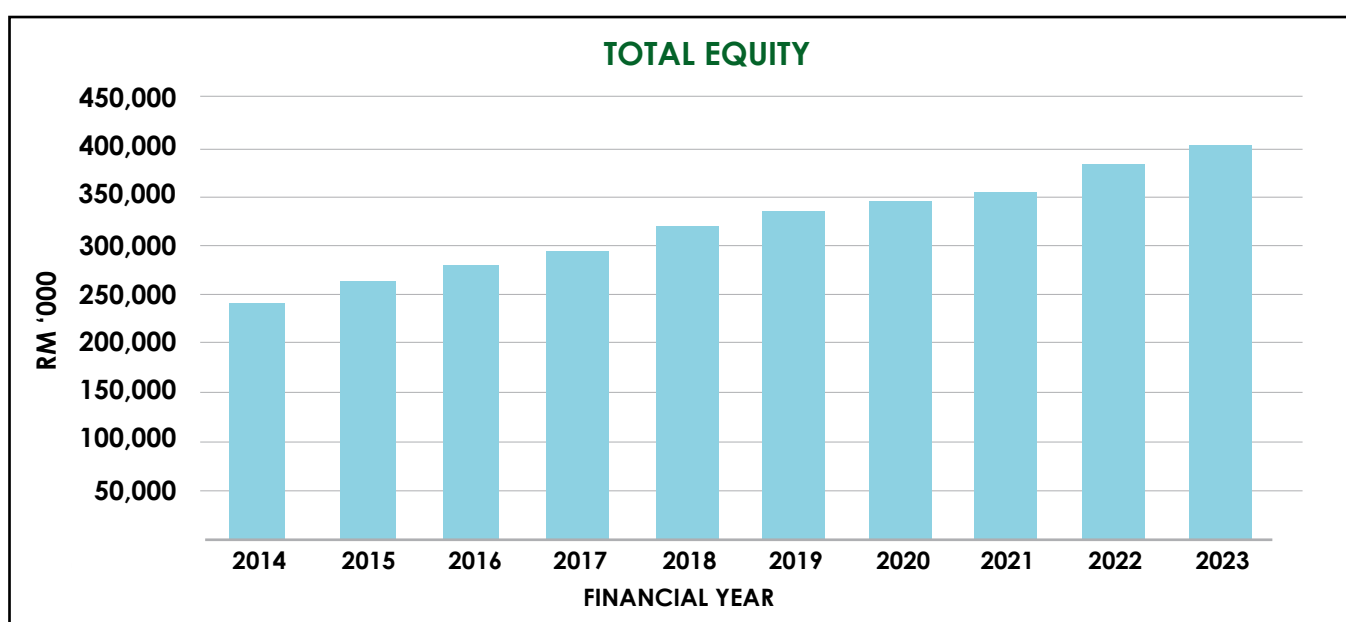
Financial Position

The Group's operations continued to be supported by a strong financial position, backed by a total asset of RM520.7 million and total equity of RM401.2 million with a gearing ratio of 13.2%.

In FY2023, total assets increased by 9.9% to RM520.7 million compared to RM474.0 million in FY2022, mainly due to higher inventory levels as a result of our inventory and supply chain management approach. The Group obtained a long-term loan to finance its investment in 2022, as a result, liabilities increased 24.4% to RM119.5 million from RM96.1 million in FY2023. Loans and borrowings recorded at RM53.1 million as of 31 December 2023.

Cash and cash equivalent increased marginally by 0.6% to RM130.3 million in FY2023 compared to RM129.5 million in FY2022 and remained to be highly liquid. On another hand, current liabilities as at 31 December 2023 stood at RM68.5 million.

Overall, total equity increased by 6.2% to RM401.2 million in FY2023 from RM378.0 million in FY2022, where net assets per share increased to RM2.79 per share.



Review of Business and Operations

Y.S.P.SAH Group's main business operation is the Manufacturing segment, which is mainly represented by Y.S.P. Industries (M) Sdn. Bhd. ("YSPI") at Bangi and Alpha Active Industries Sdn. Bhd. ("AAI") at Puchong, Selangor. The Group also has a manufacturing site for pharmaceutical products in Indonesia and in Vietnam, which mainly manufactures veterinary products.

YSPI manufactures a wide range of products from pharmaceuticals, OTC, TCM, cosmetics, and medical devices while AAI manufactures food products, food supplements, health supplements, and TCM products.

In addition, the Group operates its trading business from its headquarters at Taman Tun Dr. Ismail ("TTDI"), Kuala Lumpur, and at overseas through its various overseas subsidiaries.

During FY2023, the overall sales of the Group remained robust, with demand for pharmaceuticals and medical products due to occasional COVID-19 spikes, influenza, and demand for chronic diseases. On the other hand, there was also ongoing demand from the Hospital sector. Demand for OTC products were also strong as the Group continued to carry out activities such as organising public health seminars and enhancing its digital marketing.

The Group's overall revenue from its Manufacturing segment increased by 2.3% due to strong domestic and overseas demand. Export's revenue also grew by 17.6% during the year as it continued to launch and register new products and expand its client base.

For veterinary products, the local livestock market and industry in the region generally faced several challenges including declining consumption, competition from imported meat, high input costs, challenges in disease control, or others. The systemic issues have impacted the local livestock business model where the market sees more closures of smaller farms and a shift towards modern, large-scale industrial processing.

The Group will continue to focus on building and deepening its presence in the market, as well as the Group's reputation and brand awareness. In addition, our focus on e-commerce has also brought encouraging results. In FY2023, more than 37% of AAI's revenue was derived from e-commerce channels while eGreenBeans, our online platform for TCM and food or health supplement products, has seen a positive growth during the year.

Further, we continue to assess our production facilities to invest and enhance production efficiency, including in automation technology, in pursuit of better margins. These investment and upgrading efforts have been carried out in FY2023, such as in our AAI production facility. We will continue to implement ongoing enhancement works moving forward, including addition of machines to cater for the increased demand in the market.



Key Risks

The global and domestic generic pharmaceutical industry will continue to be competitive. It is crucial for the Group to stick to our strategy and offer safe and quality products at competitive prices. We closely monitor trends in the market and the market dynamics in the regions we have business. In addition, we also undertake prudent cost management strategies to maintain profitability, while also emphasising efforts to deepen our relationship with customers through our quality products and services and upholding integrity in the way we do business.

As a generic pharmaceutical company, managing supply chain and cost management are key elements for us to control our margins and remain profitable. Supply chain risk remained to be one of the key risks for various industries, including our industry. We maintain close relationships with our suppliers, supported by a structured supplier evaluation process to help us identify reliable suppliers with high-quality raw materials and preferable pricing. We exercise prudent supply chain and cost management planning, including pursuing operational efficiency in our operations and monitoring various risk factors such as foreign exchange rates and geopolitical risks, to ensure we are able to achieve a profitable margin.

In addition, Y.S.P.SAH Group manages its business and operational risks, including ESG risks, via its established enterprise risk management sustainability management processes, which are further discussed in the **Statement on Risk Management and Internal Control** and the **Sustainability Statement**.

Prospects

In the face on continuous challenges and competition in the generic manufacturing markets, the Group will remain to place efforts in its product registration, marketing and promotional strategies. With these sustained efforts, we believe the Group is well positioned to meet the market demand and overcome challenges in the pharmaceutical market. The Group is cautiously optimistic that the Group will be resilient in its performance in the year ahead.



PROFILE OF BOARD OF DIRECTORS

Datuk Dr. Anis Bin Ahmad

Non-Independent Non-Executive Chairman
Malaysian | Male | Aged 78

Datuk Dr. Anis Bin Ahmad was appointed to the Board of Directors of Y.S.P.SAH as an Independent Non-Executive Director on 16 September 2002 and subsequently appointed as an Independent Non-Executive Chairman on 17 November 2003. He was re-designated to Non-Independent Non-Executive Chairman on 20 March 2023. Datuk Dr. Anis graduated with a Bachelor of Pharmacy from the University of Singapore, a Master of Science in Pharmaceutical Technology from the University of London and a Ph.D. in Pharmacology from the University of Bath, United Kingdom in 1968.

Datuk Dr. Anis started his career as a Pharmaceutical Officer/Pharmacist with the Ministry of Health ("MOH") for 6 years. He continued his career as a Lecturer and Head of the Department of Pharmacology in Universiti Kebangsaan Malaysia from 1975 to 1979. From his extensive experience in pharmacy, he served as the Deputy Director of National Pharmaceutical Control Bureau ("NPCB") from 1983 to 1987, and was promoted to Director of NPCB in 1988 and served in that capacity until 1990. He was also the Secretary of the Drug Control Authority of MOH from 1985 to 1990. In 1991, he held the position of Deputy Director of Health (Pharmacy) for the Department of Health, Johor before he was promoted to Director of Pharmacy of MOH in 1996 where he was attached for 5 years until 2001. Datuk Dr. Anis was awarded the Pingat Jasa Negara that carries the title "Datuk" by Seri Paduka Baginda Yang Dipertuan Agong in 2001.

Datuk Dr. Anis has no family relationship with other directors or major shareholders of Y.S.P.SAH.

Dato' Dr. Lee Fang Hsin

President / Group Managing Director
Malaysian | Male | Aged 64

Dato' Dr. Lee Fang Hsin was appointed to the Board of Directors of Y.S.P.SAH as President/Group Managing Director on 17 November 2003. Dato' Dr. Lee currently sits on the boards of several private limited companies in Malaysia including subsidiaries of Y.S.P.SAH Group. He also sits on the board of Yung Shin Global Holding Corporation and Yung Shin Pharmaceutical Industries Co., Ltd. ["YSP(Taiwan)"] in Taiwan. He obtained diploma in Finance and Taxation from Tamsui Oxford College, Masters in Business Administration and Ph.D. from Pacific Western University, USA.

Dato' Dr. Lee started his career in 1985 with YSP(Taiwan), as a Marketing Executive. In the same year, he was transferred to Japan to conduct marketing surveys for YSP(Taiwan) until 1987. In 1987, Dato' Dr. Lee was appointed as the Representative in charge of YSP(Taiwan)'s branch in Malaysia, which eventually resulted in the establishment of Kumpulan Y.S.P. (Malaysia) Sdn. Bhd.

Dato' Dr. Lee has been honoured with the following titles and awards:-

- The Asia-Pacific Distinguish General Manager Award in the Second Annual Professional Manager Award for Enterprise in Taiwan, R.O.C. in 1998
- The Model from Overseas Chinese Young Entrepreneur in Taiwan, R.O.C. in 1998
- The Global Overseas Professional Manager Award in Taiwan, R.O.C. in 2000
- The Third National Award of Overseas Taiwanese Enterprises in 2001

Dato' Dr. Lee is currently the Honorary President of World Taiwanese Chamber of Commerce, Honorary President of The Council of Taiwanese Chambers of Commerce in Asia and Honorary President of Taipei Investors' Association in Malaysia.

Dato' Dr. Lee is a sibling to Madam Lee Ling Chin.

Lee Ling Chin

Non-Independent Non-Executive Director
Taiwanese | Female | Aged 75

Lee Ling Chin was appointed to the Board of Directors of Y.S.P.SAH as a Non-Independent Non-Executive Director on 16 February 2005. She is currently the Vice Chairperson of Yung Shin Global Holding Corporation and the Vice Chairperson and President of YSP(Taiwan) in Taiwan. She graduated with Family Business Management from Shih Chien University, Taiwan R.O.C. in 1971.

Madam Lee started her career in 1971 with YSP(Taiwan) as Section Manager of Administration Section responsible for Accounting and General Affairs and she was also involved in setting up the company management regulation and SOP. She was then promoted as Manager to be responsible for overseas business including Southeast Asia market research and development. She was later promoted to the position of Vice President in year 1988 to assist the President in management operation and assist to expand the sales to general hospital. In year 1991, she was elected as Committee Member of Taiwan Pharmaceutical Manufacturer's Association as an active participant in public health activities. In year 2000, she was transferred to an investment company of YSP(Taiwan), "BioTrust International Corporation", a company dealing with plasma products business, as President. She was involved in pushing the development of biological industry in Taiwan R.O.C. and had succeeded in implementing a new legislation of "Blood Products Act" in Taiwan R.O.C. She is currently the Vice Chairperson of BioTrust International Corporation.

Presently, Madam Lee is a member of the Nomination Committee of Y.S.P.SAH and she is a sibling to Dato' Dr. Lee Fang Hsin.

Lee Sen Huei

Non-Independent Non-Executive Director
Taiwanese | Male | Aged 39

Lee Sen Huei was appointed to the Board of Directors of Y.S.P.SAH as a Non-Independent Non-Executive Director on 1 June 2023. He has over 9 years of experience in the pharmaceutical industry in which he participated in different roles and responsibilities in quality control chemist which specialized in the formulated generic drug development.

Mr. Lee was appointed as Directors in Yung Shin Pharmaceutical Ind. Co. Ltd, Taiwan and Yung Shin Global Holding Co. Ltd., Taiwan from 2007 to 2012 and 2010 to 2016 respectively. He joined as a Specialist in Product Department and Quality Control in Carlsbad Tech, Inc., United States from 2013 to 2018. He was a Special Assistant in Bio-X Lab Co., Ltd., Taiwan from 2018 to 2020 and a Project Manager in Yung Shin Pharmaceutical Ind. Co. Ltd., Taiwan from 2020 to 2022.

Mr. Lee is currently a Quality Control Chemist in the Quality Department and also a Specialist in the formulated generic drug development in Chemix Inc., Japan.

Mr. Lee is nephew to Dato' Dr. Lee and Madam Lee.

Chin Chew Mun

Independent Non-Executive Director
 Malaysian | Male | Aged 53

Chin Chew Mun was appointed to the Board of Directors of Y.S.P.SAH as an Independent Non-Executive Director on 1 October 2018. He is a member of Chartered Accountants of Australia and New Zealand, Malaysian Institute of Accountants and Chartered Tax Institute of Malaysia. He holds a Bachelor of Commerce degree from the University of Auckland, New Zealand. He was attached to international accounting firms in Malaysia and China for 13 years and he was involved in statutory and special audits of public listed companies, multinational corporations and private companies of different industries. He has participated in various initial public offers in Malaysia and China as Reporting Accountants. He is presently in public practice as Chartered Accountant.

Mr. Chin is the Chairman of the Audit Committee and Remuneration Committee and a member of the Nomination Committee of Y.S.P.SAH.

He has no family relationship with other directors or major shareholders of Y.S.P.SAH.

Hasnah Binti Ismail

Independent Non-Executive Director
 Malaysian | Female | Aged 72

Hasnah Binti Ismail was appointed to the Board of Directors of Y.S.P.SAH as an Independent Non-Executive Director of Y.S.P.SAH on 1 October 2018. She graduated with a Masters in Pharmaceutical Science from the University of Aston in 1985 and Bachelor of Pharmacy (Honours) in Sarjana Farmasi in 1977. She is a Member of Malaysian Pharmaceutical Society since 1990.

She started her career as a Pharmacist in Kota Bharu General Hospital, Kelantan in 1978 and Kuala Lumpur General Hospital in 1980 before moving to the National Pharmaceutical Control Bureau (NPCB) in 1989. She was promoted to Director National Pharmaceutical Bureau in 2007 before becoming Director of the Pharmacy Practice and Development Pharmaceutical Services Division with the Ministry of Health Malaysia in 2008.

She joined Universiti Teknologi MARA (UiTM) in 2015 as Principal Lecturer of the Faculty of Pharmacy and was elected as Head of the Pharmacy Practice Department in 2016.

Puan Hasnah is a member of the Audit Committee and Remuneration Committee of Y.S.P.SAH.

She has no family relationship with other directors or major shareholders of Y.S.P.SAH.

Dr. Salmah Binti Bahri

Independent Non-Executive Director
 Malaysian | Female | Aged 66

Dr. Salmah Binti Bahri was appointed to the Board of Directors of Y.S.P.SAH as an Independent Non-Executive Director of Y.S.P.SAH on 1 December 2021. She graduated with a Doctor of Philosophy (Ph.D) and a Masters in Science (M.Sc) (Pharmacy) in Drug Policy and Management, both from the University of Science Malaysia, Pulau Pinang and Bachelor of Science (B.Sc) (Pharmacy) from the University of Baghdad, Republic of Iraq.

Dr. Salmah began her career as a registered pharmacist at Muar Hospital, Johor and since then had served the Ministry of Health Malaysia (MOH) in various departments at the state and national level for more than 35 years with her last position as Senior Director of Pharmaceutical Services, MOH. During her tenure, she sat in numerous international and local Government Boards and Advisory Bodies. Amongst her outstanding roles were as Chairman of the ASEAN Consultative Committee for Standards and Quality (ACCSQ) - Pharmaceutical Product Working Group (PPWG); Lead Coordinator for Thematic Area 4: Medicines Vaccines and Medical Technologies Organisation of Islamic Cooperation (OIC) Strategic Health Programme of Action; and Co-Chairman, Member State Mechanism on Substandard and Falsified Medical Products Meeting on behalf of WHO Western Pacific Region (WPRO). She was also alternate Chairperson for several MOH decision-making boards where the Director-General of Health presides as the Chairperson such as The Drug Control Authority, The Poisons Board, The Pharmacy Board and The Medicines Advertisement Board.

Throughout her illustrious career, Dr. Salmah was actively involved in research and development of medicines usage in Malaysia, and had her write-ups published in various publications and journals. Highly respected and recognised by the pharmaceutical industry, she was often invited to share her knowledge and expertise at numerous seminars and conferences both in Malaysia and overseas. In February 2018, she represented MOH to the Global Intellectual Property and Access to Medicines Summit and received the Leadership Award on Intellectual Property and Access to Medicines.

Dr. Salmah is a member of the Audit Committee of Y.S.P.SAH.

She has no family relationship with other directors or major shareholders of Y.S.P.SAH.

Yau Teck Kong

Independent Non-Executive Director
 Malaysian | Male | Aged 63

Yau Teck Kong was appointed to the Board of Directors of Y.S.P.SAH as an Independent Non-Executive Director of Y.S.P.SAH on 1 October 2022. He graduated with a Bachelor of Science in Industrial Engineering from the Tunghai University, Taiwan in 1984.

Mr. Yau is the founder and Managing Director of Total Drive Transmissions Sdn. Bhd. which specializes in power transmission business in palm oil, waste and water treatment, hand glove and pulp and paper industries. He has more than 20 years of experience in the power transmission industry. Mr. Yau was a President and Member of Board of Governors of the Federation of Alumni Association of Taiwan Universities Malaysia and New Era College respectively from 2008 to 2012; a President of World Federation of Taiwan Alumni Associations from 2010 to 2012; and a Member of Board of Governors of University College Tunku Abdul Rahman (TARUC) from 2014 to 2017.

Mr. Yau sat in Board of Directors/Board of Governors and was a Honorary Secretary General of Malaysia Institute of Art and Centre for Malaysian Chinese Studies since 2013 and 2016 respectively.

Mr. Yau is presently the Chairman of Nomination Committee and a member of the Audit Committee and Remuneration Committee of Y.S.P.SAH.

He has no family relationship with other directors or major shareholders of Y.S.P.SAH.

Notes:-

- None of the Directors has any conflict of interest or potential conflict of interest with the Company or its subsidiaries.
- An administrative action was taken against Mr. Chin Chew Mun on 27 January 2022 under Section 354(1)(a) of the Capital Market and Services Act 2007 ("CMSA") read together with Sections 369(b)(B) and 367(1) of the CMSA while he was a member of the board of Prolexus Berhad. Prolexus Berhad had on 25 February 2022 applied to the Securities Commission ("SC") for a review of its decision. On 2 September 2022, the SC affirmed its decision but agreed to reduce the amount of penalty imposed on him. He has fully settled the penalty imposed by the SC.
- Mr. Chin has resigned as a member of the board of Prolexus Berhad on 1 June 2022.
- Save as disclosed above, none of the Directors has any:
 - conviction for offences within the past five (5) years; and
 - public sanction or penalty imposed by the relevant regulatory bodies on him or her during the financial year ended 31 December 2023,
 which require disclosure pursuant to paragraph 3(h) of Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

PROFILE OF KEY SENIOR MANAGEMENT

Yap Yen Mee

Vice President

Malaysian | Female | Aged 57

Yap Yen Mee was appointed as Vice President of Y.S.P.SAH on 1 January 2007. Madam Yap graduated from National Taiwan University in 1989 with a Bachelor of Science in Pharmacy. She joined the subsidiary of Y.S.P.SAH, Y.S.P. Industries (M) Sdn. Bhd. ("YSPI") in 1990 as a Project Executive and participated in setting up YSPI's manufacturing plant in Bangi. She held positions as Head of Manufacturing Section and Assistant Factory Manager prior to being promoted to Vice President in YSPI to oversee the entire operation of Production Division and Services Division in year 2003. She is currently responsible for R&D Department and Service Division in YSPI.

Madam Yap was appointed as Director of YSPI since 1994.

Madam Yap is a member of the Pharmaceutical Society of Malaysia. She has no family relationship with other directors or major shareholders of Y.S.P.SAH.

Sia Pik Nee

General Manager

Malaysian | Male | Aged 58

Sia Pik Nee is the General Manager of YSPI, PT. Yung Shin Pharmaceutical Indonesia ("PTYSPI") and PT. YSP Industries Indonesia ("PTYSPII"). Mr. Sia graduated with Honours in Bachelor of Pharmacy from Universiti Sains Malaysia in 1989. He joined YSPI in 1990 as a Pharmacist based in Kuching Branch and was later promoted to Area Manager in 1993 to be responsible over the marketing in East Malaysia. Mr. Sia was transferred to Kuala Lumpur's head office in year 2000 to lead the export team. Mr. Sia is currently the General Manager of International Business Division in YSPI and he is also responsible over the entire operation in PTYSPI and PTYSPII including Production Department, Marketing Department and Services Department.

Mr. Sia was appointed as Director of PTYSPI in year 2004 and was later appointed as Director of PTYSPII in year 2012.

Mr. Sia is a member of the Pharmaceutical Society of Malaysia. He has no family relationship with other directors or major shareholders of Y.S.P.SAH.

Notes:-

- None of the key senior management has any directorship in public companies and listed corporations.
- None of the key senior management has any conflict of interest or potential conflict of interest with the Company or its subsidiaries.
- None of the key senior management has any:
 - conviction for offences within the past five (5) years; and
 - public sanction or penalty imposed by the relevant regulatory bodies on him or her during the financial year ended 31 December 2023,
 which require disclosure pursuant to paragraph 4A(g) of Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Yap Li Chen

General Manager

Malaysian | Female | Aged 55

Yap Li Chen is the General Manager of subsidiary Y.S.P. Industries Vietnam Co., Ltd. ("YSPIV"). Ms. Yap graduated from National Taiwan University with Bachelor of Science in Pharmacy in year 1991. She joined YSPI in year 1991 as Purchasing Executive and was later promoted to Business Development Section Manager in 1997 and involved in setting up oversea branches in Thailand, Vietnam, Cambodia and the Philippines. Before she was transferred to YSPIV in 2010, she held the positions as Senior Manager in Service Division, Production Division of YSPI before she was promoted to oversee entire operation in YSPIV including Production Department, Marketing Department and Services Department.

Ms. Yap was appointed as Director of YSPIV since 2008.

Ms. Yap is a member of the Pharmaceutical Society of Malaysia and she has no family relationship with other directors or major shareholders of Y.S.P.SAH.

Yap Siew Wai

Marketing Director

Malaysian | Female | Aged 54

Yap Siew Wai is the Marketing Director of YSPI. Ms. Yap graduated from National Taiwan University with Bachelor of Science in Pharmacy in year 1993. She joined YSPI in year 1997 as Marketing Executive and provided training and technical support to sales team and was later promoted to Hospital Manager in 1999. She was in charge of government and private Hospital Sector businesses in Malaysia. In year 2006, Ms. Yap was promoted to Marketing Manager and was responsible in sourcing, planning and launching of new products. She was promoted to Senior Marketing Manager in year 2011 to be in charge of Malaysia and Singapore markets. Ms. Yap was transferred and be the Senior Plant Manager and responsible over the entire plant operation in YSPI in year 2016. She is currently the Marketing Director and in charge of marketing business in YSPI.

Ms. Yap is a member of the Pharmaceutical Society of Malaysia. She has no family relationship with other directors or major shareholders of Y.S.P.SAH.

SUSTAINABILITY STATEMENT

This Sustainability Statement (this "Statement") presented by the Board of Directors ("Board") of Y.S.P. Southeast Asia Holding Berhad ("Y.S.P.SAH") summarises the sustainability approach and performance of Y.S.P.SAH and its subsidiaries ("Y.S.P.SAH Group" or the "Group") for the financial year ended 31 December 2023 ("FYE2023").

This Statement has been prepared in accordance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa"). The preparation of this Statement is also considered of Bursa's Sustainability Reporting Guide – 3rd Edition and its accompanying Toolkits.

Due to rounding differences, data analysis presented in this report may not total to 100%. These rounding differences are inherent in numerical representations and are typically minimal

Scope

This year, we have expanded the scope of our Sustainability Statement to include our sustainability performance for the Group's key overseas operations, in addition to our corporate office and manufacturing sites in Malaysia.

Details of the operations covered in this Statement are as follows:

Country	Operations
Malaysia	- Corporate office at Taman Tun Dr. Ismail ("TTDI"), Kuala Lumpur - Trading activities operated from the corporate office - Pharmaceutical manufacturing plant in Bangi, Selangor - Food manufacturing facility in Puchong, Selangor operated by a subsidiary, Alpha Active Industries Sdn. Bhd. ("AAI")
Indonesia	- Pharmaceutical manufacturing plant - Trading office
Philippines	Trading office
Singapore	Trading office
Vietnam	Veterinary products manufacturing plant
Cambodia	Trading office

Assurance

This Statement has not been subject to internal audit or external assurance. Nonetheless, the data reported in this Statement has been validated internally by the Group's Management. The Group's internal audit function adopts a risk-based approach towards internal audit, which may cover processes related to the Group's management of sustainability matters.

Y.S.P.SAH Group's ESG Policy

Y.S.P.SAH Group's sustainability strategies and approaches are guided by the Group's group-wide policy on environmental, social, and governance policy ("ESG Policy"), which is established by the Board. The ESG Policy sets out a clear and consistent direction for the entire Group with respect to its business responsibility and building a sustainable business and is available on the corporate website at <https://www.yspsah.com/Investor/investor.asp>.

Our ESG Policy is developed to support Y.S.P.SAH Group's "We Value Life" business philosophy and its mission to provide quality products and services contributing to the long-term improvement of overall human health. Y.S.P.SAH's responsibility is not confined to value creation for shareholders but for the wider stakeholders including the health and wellbeing of humanity.

The ESG Policy sets out the Group's stance on the aspects of governance, protection of the environment including managing greenhouse gas emissions, and protecting people and contributing to society. The application of the ESG Policy in the Group's operations is further guided by an ESG Framework, setting out processes for identifying material ESG matters ("MSMs") and their management thereof.

Governance for the Management of Sustainability Matters

The Board is ultimately responsible for the governance of the sustainability of the Group and this includes ensuring processes and management systems are in place to manage the Group's MSMs including climate change. Besides, the Board also ensures the Group's engagement with its stakeholders is effective and adequate. The Board is supported by the Audit Committee ("AC"). At the management level, a Risk Management and Sustainability Committee ("RMSC") is in place to propose, implement, and drive sustainability management initiatives and pursue sustainability targets approved by the Board.

The following is a summary of the roles and responsibilities of the relevant governance bodies in the Group's sustainability management:

Governance Bodies	Summary of Roles and Responsibilities
Board of Directors	- Ensures strategic plan supports long-term value creation and includes strategies on ESG considerations underpinning sustainability - Ensures sustainability strategies, priorities, and targets are communicated to internal and external stakeholders
Audit Committee ("AC")	- Reviewing the Group's sustainability strategies, priorities, and targets for the Board's consideration - Reviewing the establishment of an adequate and effective framework for the identification, prioritisation, management, and reporting of the Group's sustainability matters, and ensuring the Board receives assurance on the framework - Reviewing the Group's management of ESG risks and opportunities and ensuring the adequacy and effectiveness of relevant internal controls - Assisting the Board in overseeing the preparation of sustainability disclosures for inclusion in the Company's Annual Report
Risk Management and Sustainability Committee ("RMSC"), led by the Group Managing Director ("GMD")/ President	- Proposing sustainability strategies, priorities, and targets to the AC and the Board - Implementing the Group's ESG strategies and achieving ESG priorities and targets - Ensuring the effective implementation of stakeholder management and engagement - Executing the ESG Management Process to identify, assess, manage, and report the Group's MSMs

During the financial year under review, the key activities undertaken by the Board in relation to the management of sustainability matters are as follows:

- oversaw the enhancement of the Group's sustainability management and reporting process to ensure compliance with the enhanced sustainability reporting requirements of the Listing Requirements, amongst others;
- reviewing and approving the stakeholders and materiality assessment; and
- approving sustainability targets and reviewing the actual performances.

The Group's Stakeholders

An important factor in building a sustainable business is to acknowledge and address the interests and expectations of relevant stakeholders. The Group's ESG Framework also provides guidance on a structured process for engaging with stakeholders and understanding their interests and expectations.

The heads of key operations and functions, who are also members of the RMSC, reviewed the Group's engagement with stakeholders and considered their relationships with the Group's business, taking into account the interest, influence, and concerns raised during the Group's engagement with stakeholders. Such feedback from stakeholders is also taken into account during the Group's materiality assessment, in determining what are the important MSMs for the Group, as well as serving as input for our ongoing process improvement.

The following table summarises our key stakeholder groups, engagement approaches, and issues of interest during FYE2023.

Stakeholder Groups	Engagement Approaches	Issues of Interest
Regulators and Authorities	- Factory visits and audits - Meetings and discussions - Regular communication to ensure compliance with applicable standards	- Compliance - Product Safety and Quality - Occupational Safety and Health - Waste Management - Water Management - Energy Management and Carbon Emissions
Customers, Consumers, and Distributors	- Customer relationship management process - Meetings and discussions - Product briefings - Customer surveys and feedback channels - Online retail website (www.egreenbeans.com.my) - Corporate website (www.yspsah.com)	- Regulatory Compliance - Product Safety and Quality - Supply Chain Management - Information Security and Privacy - Labour Practices and Standards
Suppliers and Service Providers	- Meetings and discussions - Supply chain management process - Supplier assessments and audits	- Regulatory Compliance - Business Integrity and Ethics - Product Safety and Quality - Supply Chain Management - Information Security and Privacy
Employees	- Open and transparent work culture - Meetings and discussions - Annual performance appraisals - Training and development	- Occupational Safety and Health - Employee and Talent Development - Information Security and Privacy - Employee Wellbeing and Welfare - Labour Practices and Standards
Shareholders and Investors	- Corporate website (www.yspsah.com) - Investor relations channel - Quarterly and annual reporting - General meetings	- Business Profitability - Product Safety and Quality - Supply Chain Management - Innovation, Research and Development ("R&D"), and Intellectual Property ("IP")

Materiality Assessment Review

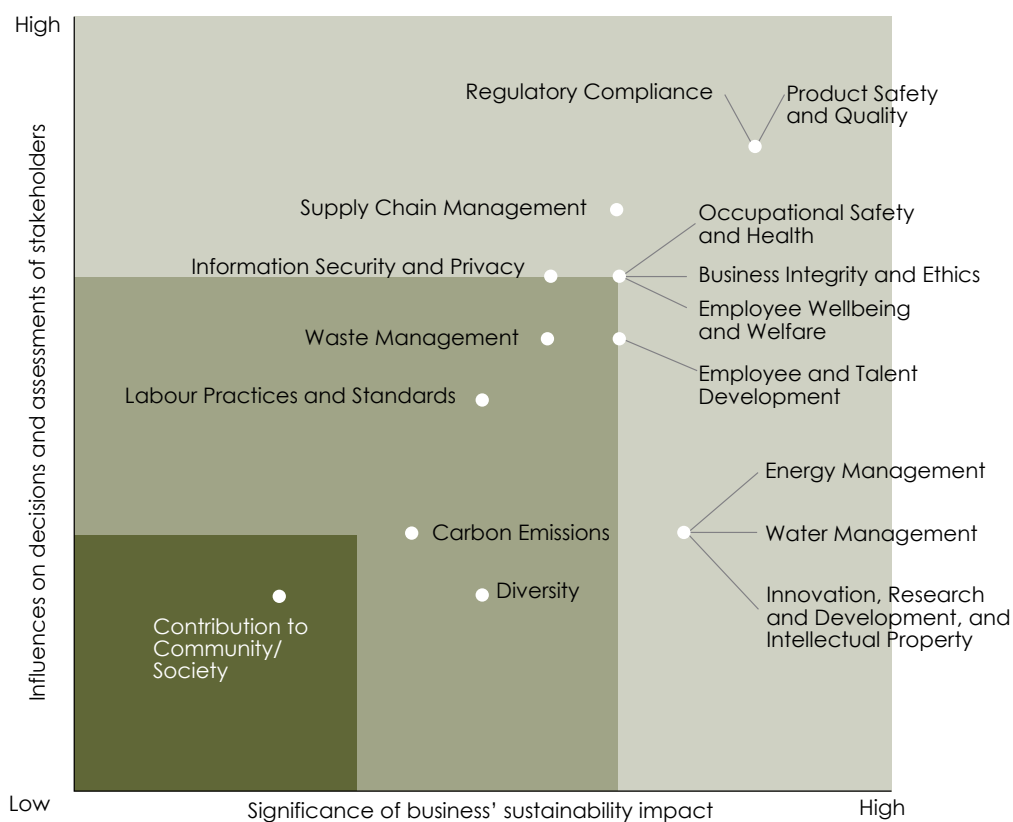
In alignment with the Group's business philosophy and ESG Policy, we reviewed the Group's materiality assessment to determine which ESG matters are material to the Group.

The RMSC reviewed the Group's materiality assessment, taking into consideration the latest business environment, trends in the industry, expectations and feedback from stakeholders such as customers and employees, as well as the Group's business strategies. The materiality assessment has also considered the latest amendments of Listing Requirements pertaining to the enhanced sustainability disclosure requirements.

We adopt a principle of materiality which is largely aligned with the Listing Requirements where a MSM is one that:

- reflects the Group's significant sustainability impacts; and
- substantively influence the decisions and assessments of stakeholders.

The Group's materiality assessment outcome is presented in a Materiality Matrix, as follows:



There were no significant changes to the MSMs of the Group since a comprehensive assessment was conducted last year.

In this Statement, the MSMs will be discussed in 3 themes as follows:

Governance and Business Sustainability	Protecting People and Contributing to Society	Protection of the Environment
- Business Integrity and Ethics - Regulatory Compliance - Information Security and Privacy - Supply Chain Management - Innovation, Research and Development, and Intellectual Property	- Product Safety and Quality - Labour Practices and Standards - Diversity - Employee Wellbeing and Welfare - Employee and Talent Development - Occupational Safety and Health - Contribution to Community/ Society	- Energy Management - Carbon Emissions - Water Management - Waste Management

Governance and Business Sustainability

Business Integrity and Ethics

We are committed to acting with integrity, practising ethical business, and upholding the principle of transparency with respect to our disclosure obligations to stakeholders as well as maintaining strong corporate governance systems and processes. We ensure all our people, including Directors, employees, and business partners are aware of our stance in this regard, ensuring our business operations and relationships are built upon strong integrity and ethics.

Code of Ethics and Business Ethics

The Group's Directors are governed by the Code of Ethics for Directors of Y.S.P.SAH ("Directors' Code") while all internal and external stakeholders, including employees and key business associates, are guided by the Group's Code of Business Ethics (the "Code").

The Directors' Code sets out the standards for ethical conduct, accountability, and social responsibilities for Directors, including areas such as conflict of interest, ethics and integrity, stakeholders' interest, independent judgement, safe working environment, in relation to the natural environment, and the community.



The Group's Code and Directors' Code are communicated to all Directors, employees, and key business associates to ensure they are fully aware of the ethical expectations of the Group. In addition, key employees and business associates are required to provide written acknowledgment, representing their understanding and commitment to act in accordance with the codes.

In addition, regular training or briefings are also provided to guide and remind them of the Group's ethical beliefs in the conduct of the Group's business.

Anti-Bribery and Corruption

The Group adopts a zero-tolerance stance against bribery and it expects the same from the Group's Directors, employees, suppliers, business associates, and any third parties acting for or on behalf of the Group. The Group has an Anti-Bribery Policy stipulating its commitment to complying with the relevant anti-bribery laws and regulations. The Group treats bribery seriously and will take necessary actions against any violation of the Anti-Bribery Policy.

The Anti-Bribery Policy also provides guidance to stakeholders on how to deal with public bodies or foreign public officials, suppliers and business associates. The use of higher-risk transactions such as gifts, entertainment and hospitality, third-party travel, facilitation payments, donations and sponsorships, as well as business rewards and commissions, are also governed by the Anti-Bribery Policy.

The Group will review the Anti-Bribery Policy periodically or at least once in three years to ensure the Anti-Bribery Policy is updated with the latest developments in relevant laws and regulations.

As part of the Group's ongoing corruption-related risk management efforts, regular risk assessments on bribery and corruption for all operations and businesses will be conducted and key risk areas are being actively managed, via various controls including separation of powers, regular communications and training, as well as ongoing monitoring. When appointing new suppliers or service providers, due diligence is also required to assess the background and consider if there are any integrity-related risks associated with the new business partners.

All the Group's operations are assessed for corruption on an annual basis, via the Group's risk management process.

Y.S.P.SAH Group	FYE2023
Percentage of operations assessed for corruption	100%

We provide anti-bribery and anti-corruption training to employees from time to time, targeting employees who have higher exposure to bribery or corruption risks due to their business functions or positions. Anti-bribery and anti-corruption training is also provided to new employees as part of the orientation programme to ensure they understand the Group's anti-corruption stance and culture.

The Group has communicated its anti-corruption stance to all the Group's employees. In addition, training has also been provided to relevant employees of the Group, including those who are exposed to higher corruption risks, summarised as follows:

Y.S.P.SAH Group	FYE2023
Senior Management	92%
Managers	61%
Executives	20%
Non-Executives	12%
Total Percentage of employees received training on anti-corruption as of 31 December 2023	22%

Whistleblowing

In addition to ensuring communication with Directors, relevant employees and business associates, we also have a whistleblowing channel to enable the reporting of any valid concerns regarding wrongdoings, gross mismanagement, illegal acts, misconduct, unethical behaviour or unethical business practices. The whistleblowing channel is established by the Board via the Whistle-Blowing Policy and serves as an objective reporting channel.

The whistleblowing channel is accessible by internal and external parties and details of the Whistle-Blowing Policy are published on Y.S.P.SAH's corporate website.

The whistleblowing mechanism upholds the principle of confidentiality and provides protection to the whistle-blower against any retaliation, such as disciplinary action or dismissal, within the Group. The whistleblowing mechanism also provides access to independent channels in cases where reporting to Management is a concern, and this helps to enhance the objectivity of the reporting process, ensuring cases reported will be looked into with an independent and objective perspective.

We are pleased to report that there were no confirmed incidents of corruption or bribery reported during FYE2023.

Regulatory Compliance

Y.S.P.SAH Group operates in a highly regulated industry. Our products and operations are subject to various laws and regulations, as well as permits and approvals from regulators. For instance, approval for newly developed pharmaceutical products, product registration or licencing for food products and medical devices, and others. Such regulations also help to safeguard the quality of our products and services, safeguard consumers, as well as ensuring the quality and order of the industry and market. Different segments of the Group's business value chain, from patenting, manufacturing, testing and checking, to responsible marketing, are governed by various laws and regulations.

The key regulatory agencies relevant to the pharmaceutical industry in Malaysia are the National Pharmaceutical Regulatory Agency ("NPRA") and the Medical Device Authority ("MDA"). Their jurisdictions include governing and monitoring the processes for product registration and manufacturing licencing for pharmaceutical and healthcare businesses. Other standards such as current Good Manufacturing Practice ("cGMP"), ISO13485 on Medical Devices Quality Management Systems, and Good Distribution Practice for Medical Devices ("GDPMD") are also applicable to the Group.

Ensuring Compliance

In ensuring compliance, the Group has established relevant frameworks, policies, procedures, and internal controls to enable consistent and standardised approaches towards the daily management and operations of the Group's business. Key controls are also embedded in the relevant Standard Operating Procedures ("SOPs").

From time to time, training and briefings are also provided to increase employees' awareness of the applicable laws, regulations, and standards. Whenever there are important updates or developments to the applicable laws and regulations, SOPs will be reviewed as required and employees will be briefed.

We monitor the effectiveness of our SOPs by reviewing any non-compliance cases, amongst others. In addition, SOPs are also periodically reviewed to ensure their relevance and effectiveness. Potential weaknesses in the SOPs will be identified and addressed with a mindset of practising ongoing improvement to better our processes along the way. To maintain our certifications and licences, our operations may be subjected to independent audits by third parties and this process is also governed by the relevant authorities. The Group also has internal auditors whose roles include assessing the effectiveness and adequacy of internal controls as well as compliance-related controls.

In relation to regulatory compliance, we are pleased to report that there were no significant non-compliance in our operations, including environmental and social matters, that results in significant fines or penalties.

Y.S.P.SAH Group	FYE2023
Significant non-compliance in our operations that results in significant fines or penalties	0

Information Security and Privacy

The Group has in the past years increased its application of technology and online engagement tools in the Group's business and operations. Technology enables greater integration of data and efficiency in operations and management, as well as being an enabler for business improvement and expansion. In relation to the adoption of information technology ("IT") and information systems, we also focus on information security to ensure the data of the Group and its stakeholders are safeguarded.

IT-related data and information extends from business data, such as intellectual property, R&D efforts, and customer data, to personal data, such as employees' data. Information security and privacy is also important to ensure the smooth operations of the Group's day-to-day business.

We ensure that data is processed and used for the intended purpose which is communicated with the data owners, and consent is obtained according to applicable laws. We ensure personal data is handled in accordance with applicable data protection laws and regulations, such as the Personal Data Protection Act 2010 in Malaysia.

The handling of corporate information, on the other hand, also adheres to regulations safeguarding shareholders' interest and market integrity. For instance, the handling and publishing of financial results of Y.S.P.SAH complies with the corporate disclosure policies and procedures aligned with Bursa's Listing Requirement, with relevant internal controls in place to ensure the upholding of principles of corporate disclosure.

IT Systems and Infrastructure

The Group has a dedicated IT department to oversee the Group's IT infrastructure and systems. The IT department is responsible for monitoring the security of the Group's IT system, providing support to IT security and increasing employees' cybersecurity awareness. The Group has established an IT Policy as a guide for all our employees on the correct use of the Group's IT systems and infrastructure. IT internal controls are established in accordance with the Group's IT Policy and the latest technologies adopted in the Group. We also continuously ensure that our IT Policy and relevant internal controls are reviewed and updated periodically to keep up with the latest trends, developments, and risks. Furthermore, IT service providers are also engaged in our operations from time to time to obtain their professional advice and service on how to improve the Group's IT systems and infrastructure.

The IT department schedules and performs regular IT security checking and monitoring to ensure the integrity of the entire system. We also engage with IT service providers to perform independent audits and comprehensive testing and to seek their professional advice to identify any weaknesses where we could improve, assess our systems against market and industry benchmarks, and undertake ongoing improvement.

Key outcomes of tests, audits, and review outcomes will be reported and deliberated by the RMSC, which monitors and ensures identified issues are addressed.

For the financial year under review, there were no substantiated complaints concerning breaches of customer privacy or losses of customer data.

Y.S.P.SAH Group	FYE2023
Substantiated complaints concerning breaches of customer privacy or losses of customer data	0

Supply Chain Management

Supply chain integrity is one of the most material matters for a generic pharmaceutical manufacturing business. It determines the production efficiency, margins, and profitability of the generic drug manufacturing business. In Y.S.P.SAH Group, effective supply chain management depends on the concerted efforts of various departments, requiring a strategic balance between cost management, building reliable supplier relationships, managing logistics, and ensuring a stable supply of safe and high-quality materials.

The Group's supply chain management and relevant processes are guided by established SOPs which aim to enhance the standardisation and effectiveness of operations. These SOPs are also aligned with controls to ensure product safety and quality, amongst others.

Managing Suppliers

Managing suppliers represents one of the important focuses in supply chain management. We seek to engage with suppliers who are reliable, can provide us with quality raw materials, possess the capabilities, and adhere to our integrity values. Processes and stringent assessment criteria are in place for us to filter, select, assess, and review suppliers.

New suppliers are subject to due diligence and background checks before they can be included in the Group's approved list of suppliers. The checks and assessments consider factors such as integrity, ethical business practices, or market reputation, as relevant.

Key suppliers are also subject to annual assessments and reviews to ensure they consistently deliver their obligations. In addition to business considerations such as quality of materials and timely delivery, the Group is also gradually incorporating environmental and social considerations in the assessment of suppliers. The feedback and comments from the production teams, concerning of quality of their products, services, and delivery, amongst others.

Local Procurement

While the Group acknowledges the benefits of procuring local and supporting local businesses, various factors affect the Group's decisions to procure a majority of its materials from overseas, including supplier availability, quality of raw materials, and pricing.

Nevertheless, the Group generally supports local businesses where possible. Local procurement also contributes to more sustainable local economic development and potentially reduces emissions associated with long-distance logistics.

In FYE2023, approximately 38% of the Group's trade and non-trade procurement are from local suppliers.

Y.S.P.SAH Group	FYE2023
Proportion of spending on local suppliers	38%

Note: "local suppliers" mean suppliers registered in the country of operations

Innovation, Research and Development ("R&D"), and Intellectual Property ("IP")

R&D and IP development are crucial for the pharmaceutical industry. The Group invests resources to expand its product portfolio and develop new products to support the Group's strategy to continue building its market presence and offer relevant products to cater for the needs of different markets.

The Group has a dedicated R&D department staffed with experienced pharmacists and professionals. In addition to the development of generic alternatives for drugs with expiring patents, our R&D also focuses on ongoing research and studies to improve the effectiveness of existing products, including alternative delivery methods or dosage forms. We undertake relevant measures and controls to protect our IP and assets, such as studies, research, and development of formulations arising from our R&D activities. The controls we undertake include secure IT systems, stringent SOPs and access controls, amongst others.

The summary of the Group's total number of product licences is reported in the **Management Discussion and Analysis** section of this Annual Report.

Investing in Intellectual Capitals

The Group supports the pharmaceutical and healthcare industry to build future talents through the attachment programme on Provisional Registered Pharmacists ("PRP") registered with the Ministry of Health. The programme is part of the training module for provisional registered pharmacists before they are qualified as registered pharmacists. We also take the opportunity to collaborate with our customers in regulated countries, such as Canada and Australia, by providing product development and contract manufacturing services to our overseas customers. These will further provide capital development to our employees in expanding their international exposure in the pharmaceutical industry.

Protecting People and Contributing to Society

Product Safety and Quality

Y.S.P.SAH Group's products are associated with providing a healthy lifestyle and a better quality of life. We are committed to ensuring our products are safe and high quality for consumers and customers. This commitment of ours is one of the most important principles of our business. Product safety and quality in our Group are stipulated in our Quality Policy, which is established to set the standard for our operations and communicate our expectations to employees. The Quality Policy also governs our production process and our production SOPs are developed in alignment with the Quality Policy.

Product Safety and Quality in Production

In addition to SOPs, another important gatekeeper of our production process is the establishment of our Quality Control ("QC") and Quality Assurance ("QA") teams, who ensure the SOPs and product standards are observed.

The QC and QA teams provide assurance across key areas in the manufacturing process, including, but not limited to, the selection of suppliers, inspection of incoming raw materials, production, checking and testing of final products, and final packaging. We support the promotion of general healthcare knowledge among the public by ensuring that our consumers and customers are educated and informed on the Group's products and use them safely and responsibly. The Group also complies with the regulated labelling and packaging standards.

Standards, Certifications, and Continuous Improvement

Certifications and adherence to internationally recognised standards provide assurance over the quality of our production facilities. The Group's key production sites are certified with relevant standards, as follows:

Y.S.P.SAH Group 's key production sites		Certification / Standards
Malaysia	Bangi pharmaceutical manufacturing plant	- cGMP - GDPMO - MS ISO 13485
	Puchong food manufacturing facility operated by AAI	GMP
Vietnam	Veterinary manufacturing plant	WHO-GMP
Indonesia	Pharmaceutical manufacturing plant	GMP

* Note:

WHO-GMP – World Health Organisation GMP

The relevant sites and operations are periodically audited by independent parties as part of the process of maintaining certifications. The audits and maintenance of certifications serve as assurance for the quality of our processes and products.

To improve quality and consistency in our products, a Digital Quality Management System ("eQMS") is in place for our Bangi plant to ensure effective monitoring in production, including an effective and structured approach for reporting, root cause identification, and development of corrective and preventive actions.

Recall Process and Consumer Feedback

The Group also has a process to facilitate product recalls including any product recall request by regulators such as the Ministry of Health.

We also have established communication channels with distributors, customers and consumers to collect and obtain their feedback and responses in relation to any product issues. A formal workflow is also established to ensure feedback received is recorded and managed appropriately, including ensuring immediate attention and actions are taken if there are any major issues, especially when they are safety-related.

All written complaints from consumers, customers, or regulators are required to be reported during the quality review meeting. Surveys for customer satisfaction are also conducted regularly to better understand customers' needs.

Employment – Labour Practices and Standards

Y.S.P.SAH Group believes in the fair treatment of employees and will comply with all applicable laws and regulations governing employment practices, such as adherence to minimum working age, minimum wage, and minimum rest periods. We strive to create a working environment that embraces diversity and upholds equal opportunities in employment practices and decisions, such as recruitment, remuneration, promotion, disciplinary actions, and termination. The Group prohibits any discriminatory actions against race, religion, gender, age, sexual orientation, disabilities, or nationality in the workplace. We are committed to complying with the applicable laws and regulations governing labour practices and standards, and relevant non-compliance or breaches can be reported via the whistleblowing channel.

The Group is pleased to disclose that there were no significant cases of discrimination or any substantiated complaints concerning human rights violations in the Group's operations.

In addition, the Group does not engage suppliers, business associates or businesses with known human rights violations such as child labour or forced labour.

Y.S.P.SAH Group	FYE2023
Number of substantiated complaints concerning human rights violations	0

Employee Engagement

We adopt an open and transparent working culture and encourage employees to have constructive and open discussions to share and discuss their valuable ideas and feedback. This helps the Group and employees to foster mutual understanding of each other's duties and perspectives, and this also helps to identify ways to improve our business and operations.

Employees are regularly engaged including via team discussions and internal communications through the Group's intranet and emails. Annual performance appraisals are also conducted for employees. Amongst others, the purpose of the performance appraisal is to determine the annual performance of employees, understand the challenges they face during work, obtain feedback on their expectations, and identify potential enhancements that can be made by both the employee and the Group.

Diversity

The table below shows the proportion of the Group's employees across the in-scope countries, broken down by gender and age group. Generally, the Group's employee demographics are balanced in terms of gender while the age group distribution is aligned with the required experience expected for each employee category.

Y.S.P.SAH Group – as at 31 December 2023	Breakdown by gender		Breakdown by age group		
	Male No (%)	Female No (%)	< 30 No (%)	30 – 50 No (%)	> 50 No (%)
Directors	5 (62%)	3 (38%)	0 (0%)	1 (13%)	7 (87%)
By employee category					
Senior Management	32 (52%)	29 (48%)	0 (0%)	31 (51%)	30 (49%)
Managers	48 (44%)	61 (56%)	4 (4%)	92 (84%)	13 (12%)
Executives	245 (43%)	331 (57%)	222 (38%)	323 (56%)	32 (6%)
Non-executives	405 (58%)	291 (42%)	296 (43%)	338 (48%)	61 (9%)
Total employees	730 (51%)	712 (49%)	522 (36%)	784 (54%)	136 (10%)

The majority of our employees are full-time permanent employees who comprise approximately 94% of the Group's employees, followed by approximately 5% of full-time contract employees including those who are mainly employees past their retirement age, while part-time permanent and contract employees constitute less than 1% of our employee base.

Y.S.P.SAH Group	FYE2023
Percentage of employees that are contract-based staff	6%

Employee and Talent Development

Talent development represents another important aspect of our intellectual capital building and succession planning strategies to ensure the Group's business can be supported by a pipeline of talents, relevant skill sets, as well as leadership qualities that are aligned with the Group's business culture in the long run.

Our multi-dimensional employee development approach covers priority skills such as management skills, technical skills, industry experience and knowledge, as well as other soft skills such as communication skills and interpersonal skills. We also provide employees with relevant training or briefing on globally important, emerging topics such as labour standards and human rights, social and environmental issues, climate change, and social responsibilities, as relevant.

In addition to performance assessment, the annual performance appraisal system also serves as a platform for the Management to identify the training needs of employees, considering the skills and knowledge required of employees to carry out their respective responsibilities.

We believe that employees with a balanced skillset would be in a better position to advance in their professional and personal lives, while also performing their duties more productively and efficiently.

Our training programmes may be conducted physically or online, providing additional flexibility for us to reach out to more participants and enhance development opportunities for employees.

A summary of the training hours attended by employees during the financial year under review is summarised as follows. The Group's employees attended an average of 4.1 training hours per person.

Y.S.P.SAH Group	FYE2023
Senior Management	552
Managers	2,190
Executives	2,446
Non-executives	717
Total employees' training hours	5,905

The training provided to employees during the year included key training on compliance-related matters, anti-bribery and anti-corruption, technical training ranging from accounting, tax and transfer pricing, to manufacturing methods and techniques, production process improvement and automation, as well as training on soft skills and management skills.

The Group also actively identifies potential talents to drive the Group towards achieving its future objectives. The identified potential candidates will then be included in the Group's more comprehensive talent and skills development programmes which also complement our succession planning programmes. We also continuously seek out young talents to build a sustainable pipeline for the development of the healthcare and pharmaceutical industry.

Occupational Safety and Health

Management of Occupational Safety and Health

We are committed to ensuring the health and safety of our employees and we acknowledge our responsibility to provide a safe work environment to our employees. We also comply with all applicable safety and health laws and regulations.

In this regard, Y.S.P.SAH Group has a group-wide Safety and Health Policy which is established to guide the management and monitoring of safety and health practices in our operations. The Safety and Health Policy also serves as a strong fundamental for the Group's operational SOPs, which have incorporated safety and health controls aimed at protecting the safety and health of our people.

We adopt a risk-based approach towards safety and health where risk assessments are conducted through Hazard Identification, Risk Assessment and Risk Control ("HIRARC") processes to flag out risks and hazards in operations, so they can be dealt with according to their respective risk levels, with more attention placed on managing high-risk areas.

The Occupational Safety & Health Administration ("OSHA") Committee, whose members are comprised of management and employee representatives, is responsible for ensuring the overall safety and health of our manufacturing operations. The OSHA Committee is also responsible for ensuring our operations are compliant with safety and health SOPs, reviewing non-compliance issues, addressing and responding to accidents or incidents, reviewing processes, and assessing whether any enhancement is needed for our safety and health practices. The OSHA Committee reviews the regular safety and health inspections performed on operations via Workplace Inspection Reports.

Members of the OSHA Committee include working-level personnel who are familiar with and work closely with production-level employees. This ensures ground-level feedback from employees, often those who are most exposed to workplace hazards, can be communicated and taken into consideration at the OSHA Committee deliberations. Safety officers who are trained in accordance with local regulations are also in place.

The Group's safety performance for the financial year under review is summarised below:

Y.S.P.SAH Group	FYE2023
Cases of work-related fatalities	0
Lost time incident rate (per 200,000 person-hours worked)	1.14

We target to have no accidents or incidents resulting in loss of life or permanent disablement, and we are pleased to report that there were no such cases in FY2023.

Y.S.P.SAH Group	FY2023
	Target
Cases of accidents or incidents resulting in loss of life or permanent disablement	0

Any safety and health concerns, including violations of safety and health SOPs, can be raised via internal channels developed by the Group. The Group's whistleblowing channels are also available for our employees to report any significant non-compliance on safety and health. The OSHA Committee reviews and oversees relevant compliance reports and reportable accidents and incidents at least once quarterly. These reports also help in determining any continuous improvement that can be further considered in the Group's occupational health and safety management system.

Independent assessments of safety and health practices are also conducted by the Group's internal audit function from time to time.

Safety and Health Awareness and Training

To minimise and prevent safety and health risks, the Group ensures its employees are adequately trained. In this regard, the duties of the OSHA Committee include assessing and determining the safety and health training needed by employees. New employees are also briefed on the Group's safety and health policies and procedures during their orientation. Safety personnel designated with safety and health-related responsibilities are also given additional safety and health training to enable them to carry out their responsibilities effectively.

1,171 or approximately 81% of the Group's employees have attended relevant safety and health training. We will continue to assess and provide relevant safety and health training for employees to promote awareness and minimise incidents.

Y.S.P.SAH Group	FYE2023
Number of employees trained on health and safety standards	1,171

Employee Wellbeing and Welfare

At Y.S.P.SAH Group, long-term sustainability also includes our ability to attract and retain talent. We provide employee benefits and welfare in accordance with the applicable laws and regulations such as minimum wage and minimum rest periods.

Various employment benefits, such as medical insurance and healthcare benefits, are also provided to employees depending on employee categories and positions. We also provide leave allowances such as compassionate leaves, marriage leaves, and maternity and paternity leave beyond what is required by the law.

Employees are also eligible for benefits such as reimbursement for prescription spectacles and gym memberships to motivate them to stay active and live a healthy lifestyle. Our operating premises are also equipped with amenities facilities for religious needs, adequate resting areas, and a lactation room.

From time to time, the Group organises health check and monitoring programmes to promote employees' awareness of their own health conditions. Sessions on common diseases and sicknesses, including cancer, heart disease, and obesity, are provided to improve people's health awareness.

Employee Turnover

The Group's employee turnover during FYE2023 is summarised as follows. The Group's turnover rate for the year was approximately 4% which is manageable.

Y.S.P.SAH Group	FYE2023
Senior Management	0
Managers	7
Executives	91
Non-executives	136
Total turnover number	234
Total turnover rate	4%

Contribution to Community/ Society

Y.S.P.SAH Group continued to carry out its corporate social responsibility ("CSR") programmes during the year to deliver its corporate responsibility and supporting the communities, particularly vulnerable communities. This year, we contributed more than RM1.3 million to the society and communities.

Y.S.P.SAH Group	FYE2023
Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM1.30 million
Total number of beneficiaries of the investment in communities	More than 3,873

Further detail of the CSR Programme is disclosed in the CSR Statement on page 52.

Protection of the environment

Y.S.P.SAH Group acknowledges its responsibility to protect the natural environment and strives to minimise the negative impacts of the Group's products, businesses, and operations. We are committed to complying with applicable environmental laws, regulations, and standards, and our commitments are aligned with our group-wide Environmental Policy and ESG Policy.

Energy Management and Carbon Emissions

We undertake a few approaches towards energy and emissions management, including pursuing energy efficiency, reducing unnecessary use of energy, and aiming to reduce greenhouse gas ("GHG") associated with the use of energy.

Taking our efforts further from the disclosure of the electricity consumption of the Group's Malaysian operations, this year we are reporting overall energy use, extending the scope to other in-scope countries and including fuel consumed by the Group.

Y.S.P.SAH Group	FYE2023 (MWh)
Overall energy consumption	19,440

With the energy-related information collected, we estimate the Group's GHG Scope 1 and Scope 2 emissions as follows. The GHGs considered in the estimation include CO₂, CH₄, and N₂O.

Y.S.P.SAH Group	FYE2023 (tCO ₂ e)
Scope 1 GHG emissions	2,689
Scope 2 GHG emissions	9,527

The solar panel system installation project at our Bangi plant has been completed. The system has the capacity to generate approximately 155,345kWh per year or avoidance of approximately 73.8tCO₂e in emissions. It is estimated to commence operation to generate energy for our plant beginning in the 2nd quarter of 2024, subject to the attainment of regulatory permits. This will be our pilot programme to examine the efficiency of solar-based power generation which may be considered at other sites, if successful.

At our Bangi plant, we have also implemented heat recovery systems mainly for our boiler feed water, contributing to approximately 15% reduction in our natural gas consumption compared to previous years. We are also looking into implementing energy-saving features in our compressors, HVAC and cooling systems.

Water Management

Water is a key and crucial resource for pharmaceutical manufacturing factories. While our operations in Malaysia generally are not located in water-stressed areas, we remain cognisant of our responsibility to ensure we conserve water use.

The Group's operations generally draw water from the municipal water supply. Our Puchong and Bangi sites also withdraw water from underground, which is done in compliance with relevant laws and regulations.

Y.S.P.SAH Group	FYE2023 (m ³)
Total volume of water used/ withdrawn	84,638

Waste Management

The Group has established strict waste management practices and SOPs in line with our Environmental Policy and in accordance with applicable laws and regulations. Waste and wastewater treatment, management, and monitoring are monitored by the Environmental Monitoring Committees which are set up for all key production sites.

For the management of hazardous waste, also known as scheduled waste, licenced contractors are engaged to handle and dispose of the waste properly. We also assess the licenced contractors and ensure they are qualified in accordance with relevant environmental laws and regulations.

We have also started to adopt reuse-over-recycle practices, where applicable. Currently, about 5% of the material of the carton waste generated is reused in operations.

In our Bangi manufacturing plant, the site is equipped with an Industrial Effluent Treatment System ("IETS") which treats wastewater via a two-stage process, i.e. biological and chemical treatment, before the effluent is discharged into the public drainage system.

The facilities and equipment used for handling waste and wastewater, such as dust collectors, scrubbers, and the IETS, are periodically maintained to ensure these systems are operating effectively in managing the waste and wastewater.

In 2024, we also plan to upgrade the wastewater system to use less water and enhance the system's efficiency. Plans are also in progress to minimise chemical usage in process water plants by incorporating electrical and physical systems instead of conventional chemical systems.

SUSTAINABILITY REPORT

Performance Table (Bursa ESG Reporting Platform)

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	91.80
Managers	Percentage	60.55
Executives	Percentage	19.97
Non-executives	Percentage	12.07
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	22.26
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	1,300,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	3,873
Community investments	MYR	1,300,000.00
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-50	Percentage	50.82
Senior Management Above 50	Percentage	49.18
Managers Under 30	Percentage	3.67
Managers Between 30-50	Percentage	84.40
Managers Above 50	Percentage	11.93
Executives Under 30	Percentage	38.37
Executives Between 30-50	Percentage	55.73
Executives Above 50	Percentage	5.38
Non-executives Under 30	Percentage	42.53
Non-executives Between 30-50	Percentage	48.42
Non-executives Above 50	Percentage	8.76

Internal assurance

External assurance

No assurance

(*)Restated

Indicator	Measurement Unit	2023
Gender Group by Employee Category		
Senior Management Male	Percentage	52.46
Senior Management Female	Percentage	47.54
Managers Male	Percentage	44.04
Managers Female	Percentage	55.96
Executives Male	Percentage	42.53
Executives Female	Percentage	57.47
Non-executives Male	Percentage	58.19
Non-executives Female	Percentage	41.81
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	62.50
Female	Percentage	37.50
Under 30	Percentage	0.00
Between 30-50	Percentage	12.50
Above 50	Percentage	87.50
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	19,439.60
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	1.14
Bursa C5(c) Number of employees trained on health and safety standards	Number	1,171
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	552
Managers	Hours	2,190
Executives	Hours	2,446
Non-executives	Hours	717
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	5.60

Internal assurance

External assurance

No assurance

(*)Restated

Indicator	Measurement Unit	2023
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	0
Managers	Number	7
Executives	Number	91
Non-executives	Number	136
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	38.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	84.638000
Bursa (Waste management)		
Bursa C10(a) Total waste generated	Metric tonnes	92.18
Bursa (Emissions management)		
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	2,689.36
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	9,527.01

Internal assurance

External assurance

No assurance

(*)Restated

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Good governance provides a solid foundation for a company to achieve sustainable growth as well as engenders trust and infuses confidence among its shareholders and stakeholders. Strong business ethics, sound policies and procedures and effective internal control systems with proper checks and balances are the ingredients of good corporate governance.

The Board of Directors of Y.S.P. Southeast Asia Holding Berhad ("the Company") ("the Board") remains committed towards governing, guiding and monitoring the direction of the Company with the objective of enhancing long-term sustainable value creation aligned to the interests of shareholders and other stakeholders. The Board strives and advocates good corporate governance and view this as a fundamental part of discharging its roles and responsibilities. Observance of good corporate governance is paramount to safeguard against unethical conduct, mismanagement and fraudulent activities. Hence, the Board continues to implement the three (3) principles set out in the Malaysian Code on Corporate Governance 2021 ("the Code") to its particular circumstances, having regard to the recommendations stated under each principle.

This statement sets out the extent of how the Company and its group of companies ("the Group") have applied and complied with the principles and recommendations of the Code and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR").

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I BOARD RESPONSIBILITIES

The Board is responsible for formulating and reviewing the strategic plans and key policies of the Company, and charting the course of the Group's business operations whilst providing effective oversight of Management's performance, risk assessment and controls over business operations.

The Group is led and controlled by an effective Board which assumes, amongst others, the following principal responsibilities in discharging its stewardship role and fiduciary and leadership functions:

- reviewing and adopting a strategic plan as well as taking responsibility for the governance of sustainability in the Company and Group with the Management, including setting the sustainability strategies, priorities and targets, and subsequently monitoring the implementation of the strategic plan by the Management to ensure long-term value creation underpinning the sustainability of the Company and the Group in the strategies, business plans, major plans of action and risk management;
- ensuring the Company and the Group's sustainability strategies, priorities and targets as well as performances against such targets are communicated to the Company's shareholders and other stakeholders;
- ensuring the Board members stay abreast with, and understand sustainability issues relevant to the Company, the Group and their business, including climate-related risks and opportunities;
- overseeing and evaluating the conduct of the Company and the Group's business to ensure that the business is adequately managed;
- overseeing the ethical conduct of business and preventing bribery in the Group's business;
- reviewing the adequacy and effectiveness of the Company and the Group's risk management and internal control systems, including the Group's Anti-Bribery and Corruption system;
- evaluating the business principal risks of the Company and the Group and ensuring the implementation of appropriate risk management and internal control systems to manage these risks;
- reviewing and ensuring senior management has sufficient calibre, necessary skills and experience in addressing the material sustainability risks and opportunities of the Company and the Group, and there are measures in place to provide for the orderly succession of Board members and senior management; and
- reviewing the adequacy and the integrity of the management information of the Company and the Group.

The Board delegates and confers some of its authorities and discretions to the Chairman, the Group Managing Director (President) and Key Management Personnel as well as the properly constituted Board Committees comprising mainly/exclusively Non-Executive Directors.

There is a clear division of responsibilities between the Chairman of the Board and the Group Managing Director. The Chairman sets strategic planning at the Board level to lead the Group to its vision. The Group Managing Director is responsible for the implementation of the policies laid down and execute the decision-making in achieving its mission.

The role of Management is to support the Group Managing Director to implement and manage the business operations and financial business of the Company, in accordance with the delegated authority of the Board.

In general, the Non-Executive Directors are independent of Management. The Independent Non-Executive Director is to provide a check and balance on the Management to constructively challenge the Management and monitor the success of Management in delivering the approved targets and business plans within the risk appetite set by the Board. They have full access to Management at all levels. They are free to engage with the external and internal auditors to address matters concerning the Management and oversight of the Company's business and operations.

Key matters reserved for the Board's approval include the financial statements, annual budget, declaration of dividends, business continuity and succession plan, issuance of new securities, corporate restructuring plan, material acquisition and disposal of assets.

The Board has established and delegated specific responsibilities to four (4) Board Committees comprising three (3) Standing Committees and one (1) Ad Hoc Committee, which operate within clearly defined written terms of reference. The Board reviews the Board Committees' authority and terms of reference from time to time to ensure their relevance. The Board Committees deliberate issues on a broad and in-depth basis before putting up recommendations to the Board for approval. The ultimate responsibility for decision-making lies with the Board.

The Board Committees are:

- (a) Audit Committee
 - The Audit Committee plays an active role in assisting the Board in discharging its governance responsibilities, which include maintaining a sound risk management, internal control and governance system.
 - The full details of the composition, terms of reference and summary of the activities of the Audit Committee during the year are set out in the Audit Committee Report in this Annual Report.
- (b) Remuneration Committee
 - The Remuneration Committee is primarily responsible for determining and recommending to the Board the remuneration packages of the Executive Director of the Company.
- (c) Nomination Committee
 - The Nomination Committee is primarily responsible for recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Director should bring to the Board. The Nomination Committee assesses the effectiveness of the Board as a whole, the committees of the Board and the contribution of each Director, including non-executive directors, as well as the President/Group Managing Director.
- (d) Tender Board Committee (Ad Hoc Committee)
 - The Tender Board Committee, which meets only as and when necessary, is primarily responsible for defining the tender policy to be adopted by the Company, terms of tenders, reviewing commercial bids from tender participants, selecting the winning bid and providing overall control, coordination and supervision in the preparation and conduct of tenders.

Board Charter

The Board has established a Board Charter to provide clarity and guidance in the roles and responsibilities to the Board members and management.

The Board Charter addresses, among others, the following matters:-

- Introduction and Purpose of the Board Charter
- Objectives
- The Board
- Chairman and President/Group Managing Director
- Board Committees
- General Meetings
- Investor Relations and Shareholder Communication
- Relationship with other Stakeholders
- Anti-Bribery and Anti-Corruption Framework
- Company Secretary

The Board Charter serves as a referencing point for the Board's activities to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company. The Board Charter was last reviewed by the Board on 20 March 2024 and is made publicly available on the Company's website at www.yspsah.com in line with Practice 2.1 of the Code.

Code Of Ethics

The Company's Code of Ethics encompasses transparency, integrity, accountability and corporate social responsibility. The Board, in discharging its duties and responsibilities, is guided by the Code of Ethics.

The Code of Ethics is formulated to enhance the standard of corporate governance and behaviour with a view to achieve the following objectives:-

- To establish standard of ethical conduct for directors based on acceptable belief and values that one upholds.
- To uphold the spirit of social responsibility and accountability of the Company in line with the legislations, regulations and guidelines governing it.

The Board is committed to adhering to best practices in corporate governance and observing the highest standards of integrity and behaviour in all activities conducted by the Company and the Group, including the interaction with its shareholders, employees, creditors, customers and within the community and environment in which the Company and the Group operate. The Code of Ethics is made publicly available on the Company's website at www.yspsah.com in line with Practice 3.1 of the Code.

Whistleblowing Policy

The Group has formalised and established a Whistleblowing Policy. This is to provide an avenue for all employees and stakeholders to raise genuine concerns about unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements without fear of reprisal should they act in good faith when reporting such concerns.

The Whistleblowing Policy is subject to periodic assessment and review to ensure that it remains relevant to the Group's changing business circumstances.

Anti-Bribery Policy

The Board has adopted the Anti-Bribery Policy across the Group in line with the guidelines provided under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 on 1 June 2020.

The Board believes that the policy would be key in ensuring a systematic approach to prevent corruption, and complying with applicable legal and regulatory requirements in the various jurisdictions in which the Group operates. Every director, employee and person acting on the Group's behalf is responsible for maintaining the Group's reputation and for conducting company business honestly and professionally.

Sustainability of Business

The Board is cognisant of the importance of business sustainability by setting the mission and vision and having a good and balanced allocation of resources for pharmaceutical research and development with the aim of helping the community to improve health. In managing the Group's business, appropriate steps are taken to consider its impact on the environment and society in general. Balancing the environment, social and governance aspects with the interest of various stakeholders is essential to enhancing investor and public trust. The Group acknowledges its responsibility to all the lives it touches either directly or indirectly, and is committed to making a positive impact in the many communities where it has a presence while further strengthening its corporate reputation via upholding a culture of integrity and transparency.

Over the years, the Group's approach towards corporate social responsibility has contributed to greater health awareness and well-being to the community. This is in line with the Group's credo: "We Value Life". The Group has in place other internal policies and procedures to address corporate sustainability. The Group is also very much aware that, given the nature of the businesses it is involved in, it can make a positive impact on the environment.

Supply of, and Access to, Information

Every Director has full and unrestricted access to information within the Group. Where required, the Board and its Committees are provided with independent professional advice, the cost of which is borne by the Company. The Board may also seek advice from the Management or request further explanation, information or update on any aspect of the Group's operations or business concerns. The Board is supplied with quality and timely information, which allows it to discharge its responsibilities effectively and efficiently.

The agenda for each meeting together with a set of comprehensive Board Papers for each agenda item are delivered to each Director in advance of meetings, to afford the Board sufficient time to review the matters to be deliberated for effective discussion and decision-making during the meeting, and where necessary, to obtain supplementary information before the meeting.

All Board members have access to the advice/opinion of the Company Secretaries. They are also entitled to and may avail themselves of any further professional advice by requesting the Management to make the necessary arrangements at the expense of the Company.

Company Secretaries

The Board is regularly updated and apprised by the Company Secretaries on new or changes in company and securities law, regulation and compliance requirements issued by the regulatory authorities. The Company Secretaries are from the qualified profession body. They are MAICSA members, experienced and conversant with up-to-date statutory and regulatory requirements. The Company Secretaries are holders of professional certificates as qualified Company Secretaries under Section 235(2) of the Companies Act 2016.

One of the Company Secretaries attends all Board and Board Committee meetings and ensure that all meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory registers of the Company. The Company Secretaries, together with the Directors, ensure that all governance matters and applicable laws and regulations of the Code are complied with.

The Company Secretaries work closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees.

The appointment and removal of Company Secretary is at the purview of the Board.

Reinforce Independence

The role of the Chairman of the Board ("the Chairman") and the President/Group Managing Director ("the GMD") are separated with each having a clear scope of duties and responsibilities. The distinct and separate roles of the Chairman and the GMD, with a clear division of functions and responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making. This crucial partnership is essential for the long-term success of the Company and the Group.

The Chairman plays a crucial and pivotal leadership role in ensuring that the Board works effectively, whilst the GMD has the overall responsibility for the operational and business units, organisational effectiveness and implementation of Board policies, directives, strategies and decisions.

Foster Commitment

To ensure that the Directors have the time to focus and fulfil their roles and responsibilities effectively, the Directors must not hold directorships in more than five (5) public listed companies and shall notify the Chairman before accepting any new directorship. The notification should include an indication of time that will be spent on the new appointment and whether any potential conflict of interest will be likely to arise from such new appointment.

The Board ordinarily meets at least five (5) times a year, scheduled well in advance to facilitate the Directors in planning their meeting schedule. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committee papers which are prepared by the Management, provide the relevant facts and analysis for the convenience of Directors. The meeting agenda, the relevant reports and Board papers are furnished to Directors and Board Committee members well before the meeting to allow the Directors sufficient time to peruse for effective discussion and decision-making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues.

The Chairman of the Audit Committee informs the Directors at each Board meetings of any salient matters noted by the Audit Committee which require the Board's attention or direction. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings.

Board Meetings

There were five (5) Board meetings held during the financial year ended 31 December 2023, with details of Directors' attendance set out below:

Directors	Position	No. of meetings attended
1. Datuk Dr. Anis Bin Ahmad	Chairman/Non-Independent Non-Executive Director	5/5
2. Dato' Dr. Lee Fang Hsin	President/Group Managing Director	5/5
3. Tu Shu Yao (Resigned on 31 March 2023)	Independent Non-Executive Director	2/2
4. Lee Ling Chin	Non-Independent Non-Executive Director	5/5
5. Dr. Lee Fang Chuan @ Lee Fang Chen (Retired on 23 May 2023)	Non -Independent Non-Executive Director	2/3
6. Lee Sen Huei (Appointed on 1 June 2023)	Non -Independent Non-Executive Director	2/2
7. Chin Chew Mun	Independent Non-Executive Director	5/5
8. Hasnah Binti Ismail	Independent Non-Executive Director	5/5
9. Dr. Salmah Binti Bahri	Independent Non-Executive Director	5/5
10. Yau Teck Kong	Independent Non-Executive Director	5/5

The Board complied with paragraph 15.06 of the MMLR on the restriction of the number of directorships in listed companies held by the Directors. The Board is satisfied that the external directorships of the Board members have not impaired their ability to devote sufficient time in discharging their roles and responsibilities effectively as well as regularly updating and enhancing their knowledge and skills.

The Board is also satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is demonstrated, in a way, by almost the full attendance record of the Directors at Board meetings.

Directors' Training – Continuing Education Programmes

All Directors have attended the Mandatory Accreditation Programme as required under the MMLR. To remain relevant in the rapidly changing and complex modern business environment, the Directors are committed to continuing education and lifelong learning to fulfill their responsibilities to the Company and enhance their contributions to board deliberations.

The Nomination Committee will carry out the Board assessment and note the area of strength and weakness. The Nomination Committee will recommend at least one education program to fit all Board members in a year. In addition to that, Board members may request the Board for other suitable and beneficial training programmes.

During the financial year ended 31 December 2023, the Board has through the Nomination Committee assessed the training needs of Directors and conducted an in-house training in relation to enhanced sustainability reporting requirements in the Bursa Malaysia Securities Berhad Listing Requirements. All Directors attended the specific programme arranged by the Group namely: "Enhanced Sustainability Reporting Framework under Bursa's Main Market Listing Requirements – Implications to the Board of Directors & Management of YSP Group" facilitated by a consulting firm on 11 September 2023.

Apart from attending the training programmes and courses organised by the relevant regulatory authorities and professional bodies, the Directors also continuously received the briefings and updates on regulatory and industry development, including information on the Group's businesses and operations, risk management activities and other initiatives undertaken by the Group.

Uphold Integrity in Financial Reporting

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of Group's results to Bursa Securities, the annual financial statements of the Group and Company as well as the Chairman's statement and review of the Group's operations in the Annual Report, where relevant. A statement by the Directors of their responsibilities in the preparation of financial statements is set out in the ensuing paragraph.

Statement of Directors' Responsibility for Preparing Financial Statements

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016 and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group as at the end of the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 December 2023, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act 2016.

In discharging its fiduciary responsibility, the Board is assisted by the Audit Committee to oversee the financial reporting processes and the quality of the Group's financial statements.

II BOARD COMPOSITION

The success of the Board in fulfilling its oversight responsibility depends on its size, composition and leadership qualities of its members. Currently, the Board consists of eight (8) members, comprising one (1) Executive Director (the President/Group Managing Director), four (4) Independent Non-Executive Directors and three (3) Non-Independent Non-Executive Directors. The Chairman was re-designated to Non-Independent Non-Executive Chairman due to his long tenure of service in the Board. This comply with paragraph 15.02 of MMLR that at least two (2) or one-third of the Board members are independent directors and also Practice 5.2 of the Code which prescribes that at least half of the Board comprises independent directors. The profile of each Director is presented separately in the Annual Report.

In the event of any vacancy resulting the number of Directors falls below three (3), the Company shall fill such vacancy within three (3) months.

The Company is in compliance with Practice 1.4 of the Code whereby the Chairman is not a member of the Audit Committee, Nomination Committee and Remuneration Committee. In addition, the Board is refrained from appointing an active politician to the Board. This is in line with the Code.

The appointment of independent directors is to ensure that the Board includes directors who can effectively exercise their best judgment objectively for the exclusive benefit of the Company and the Group. Active participation of independent directors in Board deliberations to uphold independent judgement, to protect the interest of minority.

The composition of the Board reflects a diversity of backgrounds, skills and experiences in the areas of business, economics, finance, general management and strategy that contributes effectively in leading and directing the management and affairs of the Group. Given the calibre and integrity of its members and the objectivity and independent judgment brought by the Independent Directors, the Board is of the opinion that its current size and diverse mixed skills composition contribute to an effective Board.

The Board noted the recommendation of the Code on the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to justification and support from the Board before putting to shareholders on two-tier voting. The Board also noted on the 12 years maximum tenure limit.

The Company does not have term limits for both Executive Directors and Independent Non-Executive Directors as the Board believes that continued contribution by Directors provides benefits to the Board and the Group as a whole. The integrity of Independent Directors is not necessarily compromised by the long period of serving.

As at 31 December 2023, the Company has 3 women directors, which is 37.5% of the Board members. In view of its relatively small Board, the Company has yet to adopt the policy on boardroom gender diversity. However, majority of the Company's senior management team is female.

Nomination Committee – Selection and Assessment of Directors

A Nomination Committee, chaired by an Independent Director, has been established with specific terms of reference by the Board, comprising a majority of Independent Non-Executive Directors, as follows:-

- (a) Yau Teck Kong - Chairman (Independent Non-Executive Director)
- (b) Chin Chew Mun - Member (Independent Non-Executive Director)
- (c) Lee Ling Chin - Member (Non-Independent Non-Executive Director)

Terms of Reference

The Terms of Reference of the Nomination Committee is made publicly available on the Company's website at www.ypsah.com in line with paragraph 15.08A(2) of MMLR.

The Nomination Committee is primarily responsible for recommending suitable appointment or re-election to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Directors can contribute to the Board. It assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director, including Non-Executive Directors.

In assessing and evaluating the suitability of candidates for recommendation to the Board for appointment as well as Directors who are seeking for re-election, the Nomination Committee will consider the criteria set out in the Directors' Fit and Proper Policy including skill, knowledge, expertise and experience, professionalism, integrity, competency, commitment, contribution and performance. The policy is accessible on the Company's website at www.ypsah.com.

The Nomination Committee practices a clear and transparent nomination process which includes the identification of candidates, evaluation of suitability of candidates, meeting up with candidates, deliberation by the Nomination Committee and recommendation to the Board.

During the year, the Company has a new appointment of Director, namely Lee Sen Huei. He was nominated by the major shareholder of the Company, YSP International Company Limited as the new representative in the Board to replace Dr. Lee Fang Chuan @ Lee Fang Chen who has retired at the Twenty-second Annual General Meeting held on 23 May 2023. The Nomination Committee interviewed the proposed candidate, assessed him using Directors' Fit and Proper Policy. The proposed candidate was recommended to the Board.

The final decision on the appointment of a candidate recommended by the Nomination Committee rests with the Board. The Board is entitled to the services of the Company Secretary who would ensure that all appointments are properly made upon obtaining all necessary information from the Directors.

Pursuant to the Company's Constitution, one-third of the Directors including the Managing Director, shall retire from office each year, and all Directors shall retire from office at least once in three (3) years. Retiring directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next Annual General Meeting held following their appointment.

At the forthcoming Annual General Meeting, Dato' Dr. Lee Fang Hsin, Mr. Chin Chew Mun and Puan Hasnah Binti Ismail will retire by rotation pursuant to Clause 78 of the Company's Constitution whereas Mr. Lee Sen Huei will retire by rotation pursuant to Clause 79 of the Company's Constitution. All of them, being eligible, offer themselves for re-election.

The evaluation process was carried out through a set of questionnaires which was duly completed by each Nomination Committee member in respect to each of the Directors seeking re-election with reference to the Directors' Fit and Proper Policy. The Nomination Committee assessed and was satisfied and made recommendations to the Board for re-election of all the retiring Directors.

During the financial year ended 31 December 2023, the Nomination Committee has assessed the balance composition of Board members, Directors' contribution, Board effectiveness, Audit Committee and each of its members.

The Nomination Committee concluded that each Board member is competent and committed in discharging his/her duties and responsibilities. All assessments and evaluations carried out by the Nomination Committee were properly documented and recorded by the Company Secretaries by way of minutes of meetings.

The results of all assessment and comments by the Directors are summarised and deliberated at the Nomination Committee meeting and thereafter, recommended to the Board for deliberation.

The Board, through the Nomination Committee's annual appraisal, believes that the current composition of the Board brings the required mix of skills and core competencies required for the Board to discharge its duties effectively.

III DIRECTORS' REMUNERATION

The Board has established a Remuneration Committee consisting of all Independent Non-Executive Directors.

The members of the Remuneration Committee are as follows:-

- (a) Chin Chew Mun - Chairman (Independent Non-Executive Director)
- (b) Yau Teck Kong - Member (Independent Non-Executive Director)
- (c) Hasnah Binti Ismail - Member (Independent Non-Executive Director)

The Remuneration Committee has been entrusted by the Board to determine that the levels of remuneration are sufficient to attract and retain Directors of quality required to manage the business of the Group. The Remuneration Committee is also entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors.

The Terms of Reference of the Remuneration Committee is made publicly available on the Company's website at www.ypsah.com in line with Practice 7.2 of the Code.

The remuneration for the Executive Director links rewards to corporate and individual performances. This is done in the form of basic salary, benefits in kind and incentive emoluments recommended by the Remuneration Committee. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned. In all instances, the deliberations are conducted, with the Directors concerned abstaining from discussions on their individual remuneration.

The remuneration of the Directors for the financial year ended 31 December 2023 is set out below: -

In RM'000		Group					
Director	Fees	Allowances	Salaries	Bonuses	Benefits in Kind	Other Emoluments	Total
Group Managing Director							
Dato' Dr. Lee Fang Hsin	98	-	897	1,417	33	301	2,746
Independent Non-Executive							
Tu Shu Yao (Resigned on 31 March 2023)	24	-	-	-	-	9	33
Chin Chew Mun	104	-	-	-	-	29	133
Hasnah Binti Ismail	98	-	-	-	-	21	119
Dr. Salmah Binti Bahri	98	-	-	-	-	20	118
Yau Teck Kong	98	-	-	-	-	22	120
Non-Independent Non-Executive							
Datuk Dr Anis Bin Ahmad	104	-	-	-	-	18	122
Lee Ling Chin	98	-	-	-	-	11	109
Dr. Lee Fang Chuan @ Lee Fang Chen (Retired on 23 May 2023)	41	-	-	-	-	5	46
Lee Sen Huei (Appointed on 1 June 2023)	57	-	-	-	-	4	61
Total	820	-	897	1,417	33	440	3,607

In RM'000		Company					
Director	Fees	Allowances	Salaries	Bonuses	Benefits in Kind	Other Emoluments	Total
Group Managing Director							
Dato' Dr. Lee Fang Hsin	98	-	-	-	-	-	98
Independent Non-Executive							
Tu Shu Yao (Resigned on 31 March 2023)	24	-	-	-	-	9	33
Chin Chew Mun	104	-	-	-	-	29	133
Hasnah Binti Ismail	98	-	-	-	-	21	119
Dr. Salmah Binti Bahri	98	-	-	-	-	20	118
Yau Teck Kong	98	-	-	-	-	22	120
Non-Independent Non-Executive							
Datuk Dr Anis Bin Ahmad	104	-	-	-	-	18	122
Lee Ling Chin	98	-	-	-	-	11	109
Dr. Lee Fang Chuan @ Lee Fang Chen (Retired on 23 May 2023)	41	-	-	-	-	5	46
Lee Sen Huei (Appointed on 1 June 2023)	57	-	-	-	-	4	61
Total	820	-	-	-	-	139	959

Note:

1. Group = listed issuer + its subsidiaries

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I AUDIT COMMITTEE

The primary objective of the Audit Committee is to assist the Board to review the adequacy and integrity of the Group's financial administration and reporting, internal control and risk management systems, including the management information system and systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Audit Committee consists of four (4) Independent Non-Executive Directors. The Audit Committee meets as and when required, and at least four (4) times during the financial year. The Audit Committee is chaired by an Independent Non-Executive Director, Mr. Chin Chew Mun. He is not the Chairman of the Board.

None of the members of the Board was a former partner of the external auditors of the Company. As such, there was no such former partner being appointed to the Audit Committee. The Audit Committee has adopted a policy that, should the situation arise, it shall require such a former partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee. The said policy was incorporated in the terms of reference of the Audit Committee, a copy of which is available on the Company's website.

The Board, through the Audit Committee maintains an appropriate, formal and transparent relationship with the Group's internal and external auditors. The Audit Committee has explicit authority to communicate directly with the Group's internal and external auditors and vice versa. The Group's internal and external auditors also have direct access to the Audit Committee to highlight any issues of concern at any time. Further, the Audit Committee meets the external auditors without the presence of Executive Directors or the Management whenever necessary. Meetings are held to further discuss the Group's audit plans, audit findings, financial statements, as well as to seek their professional advice on other related matters.

The Audit Committee is also tasked by the Board, amongst other, to consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal as well as all non-audit services to be provided by the external auditors to the Company with special regard to its effect on auditor independence and to provide its recommendations thereon to the Board. The Audit Committee has received confirmation from the external auditors that for the audit of the financial statements of the Group and Company for the financial year ended 31 December 2023, they have maintained their independence in accordance with their firm's requirements and with the provisions of the By-Laws on Professional Ethics, Conduct and Practice of the Malaysian Institute of Accountants and they have reviewed the non-audit services provided to the Group during the financial period in accordance with the independence requirements and are not aware of any non-audit services that have compromised their independence as external auditors of the Group. The external auditors also reaffirmed their independence at the completion of the audit.

The Audit Committee would assess and review the appointment and reappointment of auditors based on the following:-

- 1) Quality of their services
- 2) Their professionalism and ethics
- 3) Independence and objectivity
- 4) Sufficiency and commitment of resources

Report of the Audit Committee is set out in later part of this Annual Report.

II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board firmly believes in maintaining a sound risk management framework and internal control system with a view to safeguard shareholders' investment and the assets of the Group. The expanding size and geographical spread of the Group involves exposure to a wide variety of risks, where the nature of these risks means that events may occur which could give rise to unanticipated or unavoidable losses.

In establishing and reviewing the risk management and internal control systems, the Board recognises that such systems can provide only reasonable, but not absolute, assurance against the occurrence of any material misstatement or loss. The Audit Committee meets on a regular basis to ensure that there is clear accountability for managing significant identified risks and that identified risks are satisfactorily addressed on an ongoing basis. In addition, the adequacy and effectiveness of the risk management and internal control systems are also periodically reviewed by the Audit Committee.

Regular assessments on the adequacy and integrity of the internal controls and monitoring of compliance with policies and procedures are also carried out through internal audits. The Group has outsourced the activities and function of the internal audit to a professional service provider who reports directly to the Audit Committee. The internal audit plan that covers internal audit coverage and scope of work is presented to the Audit Committee and the Board for their respective consideration and approval annually. Internal audit reports encompassing the audit findings together with recommendations thereon are presented to the Audit Committee during its quarterly meetings. Senior and functional line management are tasked to ensure management action plans, including recommendation of improvements resulting from internal audit, are carried out effectively and regular follow-up audits are performed to monitor the continued compliance.

The Statement on Risk Management and Internal Control is set out on page 58 of this Annual Report.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I COMMUNICATION WITH STAKEHOLDERS

The Board is aware of the needs to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. On this basis, the Board will not only comply with the disclosure requirements as stipulated in the MMLR, but is also responsible to disclose material information to regulators, shareholders and stakeholders in a timely manner.

The Group maintains a corporate website, www.yspsah.com to disseminate information and enhance its investor relations. All timely disclosures, material information and announcements made to Bursa Securities are published on the website shortly after the same is released by the Company.

The Board recognises the importance of being transparent and accountable to the Company's investors and, as such, has various channels to maintain communication with them. The various channels of communications are through the quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Company's website where shareholders can access pertinent information concerning the Group.

II CONDUCT OF GENERAL MEETING

Shareholders are encouraged to attend the Annual General Meeting ("AGM") and any other general meetings of the Company where shareholders are given the opportunity to raise questions or concerns with regards to the Group as a whole. Such meetings also serve as a platform for shareholders to have direct access to the Board.

The Company had conducted a virtual Twenty-second Annual General Meeting ("22nd AGM") which was held entirely through live streaming and online remote participation from the broadcast venue at Level 23, Menara LGB, No. 1, Jalan Wan Kadir, Taman Tun Dr. Ismail, 60000 Kuala Lumpur on Tuesday, 23 May 2023 at 9.30 a.m., by leveraging technology in accordance with Sections 327(1) and (2) of the Companies Act 2016 and Clause 59 of the Constitution of the Company.

Save for Mr. Lee Sen Huei who was appointed on 1 June 2023, all the Board members attended the 22nd AGM, where all the Directors were physically present at the broadcast venue together with the Company Secretary, the External Auditors and the senior management.

The Company has at all times dispatched its notices of the AGM and any other general meetings of the shareholders, Annual Report and related circulars to shareholders at least twenty-one (21) days before the AGM and any other general meetings of the shareholders, unless otherwise required by laws, in order to provide sufficient time to shareholders to understand and evaluate the matters involved as well as to make necessary arrangements to attend, participate and vote either in person, by corporate representative, by proxy or by attorney, to exercise their ownership rights on an informed basis during the AGM and any other general meetings of the shareholders. Where special business items are to be transacted, a full explanation is provided in the notice of the AGM and any general meetings of the shareholders or in the related circulars to shareholders in order to assist the shareholders' understanding of the matters and the implication of their decision in voting for or against a resolution. The notice for the 22nd AGM was given 28 days prior to the 22nd AGM of the Company.

Paragraph 8.29A of the MMLR provides that all resolutions set out in the notice of any general meeting shall be voted by poll where every one share has one vote. It also provides that a scrutineer independent of the polling process shall be appointed to validate the votes cast. The outcome of the AGM and any other general meetings of the shareholders are announced to Bursa Securities on the same day the meeting is held.

All the resolutions tabled at the 22nd AGM of the Company were voted electronically by way of e-poll via the remote participation and voting facility provided by the poll administrator and duly verified by an Independent Scrutineer.

The online meeting platform allows members to submit any questions in regard to the financial reports and business operation before a day of the meeting. The Board will address all questions during the question-and-answer session. The online meeting platform allows members voting in absentia by appointing proxy or appoint chairman as their proxy or they can submit the digital votes upon the commencement of the AGM. The Minutes of the 22nd AGM is made publicly available on the Company's website at www.yspsah.com.

COMPLIANCE STATEMENT

The Board is satisfied that the Company had applied most of the principles and best practices of the Code during the financial year. The Board is committed and will continue to enhance compliance with the Code within the Company and the Group.

This Statement on Corporate Governance has been approved by the Board of Y.S.P.SAH on 20 March 2024.

OTHER INFORMATION

Utilisation of proceeds

No proceeds were raised from any corporate proposal during the financial year.

Employees' Share Option Scheme ("ESOS")

A ESOS of up to 10% of the total number of the Company's issued shares was approved by the shareholders at the Company's Extraordinary General Meeting held on 17 June 2013 and the ESOS has been in force for a period of ten (10) years commenced from 1 November 2013 with an extension of three (3) years from 1 November 2020 until 31 October 2023 in accordance with the Bye-Laws of the ESOS. The ESOS has expired on 31 October 2023, without any further extension.

There were no share options granted during the financial year ended 31 December 2023. The total share options granted to Directors as of 31 December 2023 were as follows:-

No.	Name of Directors	No. of Share Options			
		Total Granted	Total Exercised	Forfeited/Expired	Outstanding
1.	Datuk Dr. Anis Bin Ahmad	440,000	(210,000)	(230,000)	-
2.	Dato' Dr. Lee Fang Hsin	845,000	(845,000)	-	-
3.	Dr. Lee Fang Chuan @ Lee Fang Chen (Retired on 23 May 2023)	440,000	(440,000)	-	-
4.	Madam Lee Ling Chin	440,000	(440,000)	-	-
5.	Tu Shu Yao (Resigned on 31 March 2023)	440,000	(440,000)	-	-

Audit Fee and Non-Audit Fee

Details of statutory audit, audit-related and non-audit fees paid/payable in the financial year ended 31 December 2023 to the external auditors are set out below: -

Description	Fees paid/payable to KPMG PLT (RM'000)		
	Company	Subsidiaries	Total
Audit Fees	103	145	248
Non-Audit Fees	50	78	128
Total	153	223	376

Material Contracts

The Company and/or its subsidiary companies had not entered into any material contracts which involved Directors' and/or major shareholders interest, either still subsisting at the end of the financial year, or which were entered into since the end of the previous financial year except for the recurrent related parties transactions as disclosed in this Annual Report.

Corporate Social Responsibilities

Y.S.P.SAH Group cast its net wider in its Corporate Social Responsibility (CSR) programme in 2023 to benefit larger segments of community, extending it beyond the usual charitable homes to include children in schools.

The CSR efforts covered 30 charitable homes and primary schools and spending totalled RM1.3 million worth of products that were specially selected to be suitable and of need to the recipients. These included Shine Calvimin and Shine J-Care 7 for bone care, Shine Essucare for blood circulation, Shine Goldvite Softgel, Shine Biospirulina Tablet for general wellbeing, Shine Kids Multivitamin Lysine Chewable Tablet for children, Shine Vitamin C-100 Grape Flavor Tablet as immune booster, and personal care items like hand sanitizer, Nitolic head lice treatment system, Covid test kits and food series like Shine Supreme Barley Oat.

The Group also contributed groceries amounting up to RM200 for selected charitable homes.

Y.S.P.SAH's CSR initiatives also went beyond Malaysian shores to Turkey in 2023. Essential medical supplies worth RM337,220 were handed over to the Turkey Embassy in Malaysia for victims of two incidences of earthquake that hit Turkey's southern province of Hatay in February. The Group's products given were Anlodin Tablet 10mg, Cardin Orodispersible Tablet, Voren Injection 25mg, Lyan Injection 2% W/V and Isoradin Cream.

Recognising that primary school children are a segment of a community that could benefit from better health care from a young age, Y.S.P.SAH Group started its CSR Programme for 2023 by going to several primary schools on Feb 15.

The first visit was to SJK (C) Kee Chee in Alor Setar, Kedah, which has 281 pupils. The team donated Zenmox Chewable Tablet, Nitolic Head Lice Treatment System and Pro Care Hand Sanitizer that amounted to RM8,590.

This was then followed by SK Sultanah Asma in Alor Setar, Kedah with 496 pupils, which received RM11,230 worth of similar products.

SJK (C) Keat Hwa in Alor Setar with a bigger enrolment of 857 students received similar products which came up to RM12,490. Two other primary schools, SJK (C) Pei Hwa and SJK (C) Pei Shih, also in Alor Setar were given products that cost RM11,890 and RM7,600 respectively.

While all these activities were going on in Kedah, another team was in the Sang Riang Senior Citizen Home in Pahang on the same day. The 382 residents of the home were beneficiaries of Y.S.P.SAH Group's contribution of RM116,630 worth of products that ranged from Shine Calvimin and Shine J-Care 7 for joint and bone health, Shine Goldvite, Shine Essucare and Shine Biospirulina for general wellbeing and Pro Care Hand Sanitizer for personal care.

In Kelantan on the same day, another team visited Rumah Anak Yatim Salimah at Kelantan bearing gifts in the form of Nitolic Head Lice Treatment System and Pro Care Hand Sanitizer amounting to RM5,950 for its 40 children aged between 6 and 18.

The team in Kelantan went to Yayasan Kebajikan Anak-Anak Yatim on Feb 16 to distribute similar products which cost RM5,950. This was followed up with a visit to Mesra Homecare Centre which is home for 35 aged men and women. They received Shine Calvimin, Shine J-Care 7, Shine Goldvite, Shine Essucare, Shine Biospirulina and Pro Care Hand Sanitizer that amounted to RM57,000.

Products costing the same amount together with donation of groceries were presented to the Happy Retirement Home Penang that houses elderly mostly abandoned or homeless.

Persatuan Kanak-Kanak Khas Sungai Petani was next visited and for the 38 children, there were presented Nitolic Head Lice Treatment System and Pro Care Hand Sanitizer worth RM6,980.

In Pahang, a team visited Rapha Children's Home and presented RM6,980 worth of products for the home's 50 children.

Green Pastures (PJ) & Bangsar with its 70 elders and retirees were visited by a team in Kuala Lumpur and they brought Shine Goldvite, Shine Essucare, Shine Biospirulina, Shine Calvimin, Shine J-Care 7 and Pro Care Hand Sanitizer worth RM57,000.

The Melaka team went to the Elders Home Plus in Taman Puncak Bertam. Similar products costing RM57,000 were given for this nursing home for 35 residents.

In Ipoh, M.P.K.S.M Ipoh Rumah Sejahtera Jelapang, RM57,000 worth of products were handed out to the 33 residents while in Pusat Jagaan Persatuan Kebajikan Yatim Rumah Visi, the 50 children were beneficiaries of RM5,950 worth of Nitolic Head Lice Treatment System and Pro Care Hand Sanitizer.

The Ipoh Team also went to the Handicap Children Welfare Ipoh on Feb 17 and products worth RM57,000 were donated.

Other CSR visits in chronological order were to:

- Rumah Seri Kenangan Taman Kemumin in Kota Bharu, Kelantan. The 80 senior citizens in this home received RM57,000 worth of products.
- Pusat Jagaan Kasih Sayang Prasanna in Melaka, a home for 150 old folks and 40 children. Here, RM85,530 worth of products were donated.
- SJK (C) Sin Min A&B in Sungai Petani, Kedah with total enrolment of 500 students received Shine Kids Multivitamin Lysine worth RM25,200.
- SJK (C) Peir Chih in Kelantan where its 600 pupils received RM20,560 worth of Shine Kids Multivitamin Lysine.
- Pertubuhan Kebajikan Orang Kurang Upaya Perdana Johor Bahru was recipient of Shine Vitamin C-500, Shine Vitamin C-1000 Plus Effervescent, Shine Cutie Vitamin, Optishine eye, Procure Nutrigrow Shampoo, Gingilacer toothpaste, D'Beau Hand Rub Spray, Juscheck Covid 19 antigen rapid test kit, FontActive Diabest, FontActive Complete, Shine Soy milk, Poro Tablet, Voren Plus Gel, and Homecare Cool Patch. These products were worth RM9,300.
- Pusat Latihan & Bimbingan Kanak-Kanak Istimewa Tunas also in Johor Bahru. Products donated for this school were Shine Kids Multivitamin Lysine and Shine Efido Probiotic Powder which cost RM22,410.
- KLC Senior Care in Kuala Lumpur which is home for 31 residents aged between 60 and 95. Donated were chocolate malt drinks, rice, cooking oil, crackers and products worth RM16,630 included Shine Vitamin C-500 Plus Tablet, Shine EnerB, FontActiv cream, Shine J-Care Duo, Shine Biospirulina and Juscheck Covid-19 antigen rapid test kit.
- Pertubuhan Kebajikan Warga Emas Kenang Budi in Petaling Jaya received groceries and similar products costing RM6,940.
- Sarawak Hun Nam Siang Tng where its 48 old folks were beneficiaries of Shine Supreme Barley Oat that amounted to RM4,770.
- The Salvation Army Kuching Children's Home for 57 children received Shine Supreme Barley Oat, Shine Biospirulina and Shine Vitamin C-100 Grape Flavour worth RM5,260.
- The Salvation Army Boy's Home also in Kuching was recipient of Shine Supreme Barley Oat, Shine Biospirulina and Shine Vitamin C-100 Grape Flavour that amounted to RM6,380.

Y.S.P.SAH also supported the Blood Bank's National Blood Donation 2022/2023 campaign from March to May 2023 carried out at five different localities in Perak, Pahang, Johor, Kuala Lumpur, and also Universiti Malaya. The target by the Blood Bank was to collect 1,550 packs of blood during the campaign.

The Group sponsored Homecare Nutmeg Oil and Nuvit Grande Platinum Sheep Placenta worth up RM155,680 for distribution to blood donors as part of the Blood Bank's gifts to donors as tokens of appreciation.

All these initiatives and efforts by the Group in engaging its employees in its meaningful CSR programme and in giving out its products that serve needs of segments of the community make it fulfilling as it enhances quality of life and lives up to the Group's We Value Life philosophy.

Recurrent Related Party Transactions of a Revenue Nature ("RRPT")

Details of RRPT conducted pursuant to the shareholders' mandate during the financial year ended 31 December 2023.

Nature of relationship

Dato' Dr. Lee Fang Hsin, Dr. Lee Fang Chuan @ Lee Fang Chen, Lee Ling Chin, Dr. Lee Fang Jen, Dr. Lee Fang Yu and Lee Ling Fen are indirect major shareholders of Y.S.P.SAH by virtue of their family members' substantial shareholdings in Yung Shin Global Holding Corporation ("YSGHC"), which is the ultimate holding company of YSP International Co. Ltd., the major shareholder of Y.S.P.SAH. Yung Shin Pharmaceutical Industries Co., Ltd. ["YSP(Taiwan)"] is a wholly-owned subsidiary of YSGHC.

Y.S.P.SAH Group	Transaction party	Nature of Transaction	Interested Related Party	Actual value for financial year ended 31 December 2023 (RM'000)
a) Y.S.P. Industries (M) Sdn. Bhd. ("YSPI")	Yung Zip Chemical Ind. Co., Ltd. ("YZC")	Purchase of raw materials by YSPI from YZC	Dato' Dr. Lee Fang Hsin Dr. Lee Fang Chuan @ Lee Fang Chen Lee Ling Chin Dr. Lee Fang Jen Dr. Lee Fang Yu Lee Ling Fen	359

Dr. Lee Fang Chuan @ Lee Fang Chen and Lee Ling Chin are directors and shareholders of YZC each with direct interest in YZC. Dato' Dr. Lee Fang Hsin, Dr. Lee Fang Chuan @ Lee Fang Chen, Lee Ling Chin, Dr. Lee Fang Yu, Lee Ling Fen and Dr. Lee Fang Jen are deemed as the related parties by virtue of their family members' substantial direct shareholdings in YZC.

b) YSPI	Yung Shin Pharmaceutical Industries Co., Ltd. ("YSP(Taiwan)")	Royalties and license fees payable by YSPI to YSP(Taiwan) in respect of Technology Transfer Agreement	Dato' Dr. Lee Fang Hsin Dr. Lee Fang Chuan @ Lee Fang Chen Lee Ling Chin Dr. Lee Fang Jen Dr. Lee Fang Yu Lee Ling Fen	Royalties and license fees 156
		Purchase of pharmaceutical products by YSPI from YSP(Taiwan)		Purchase of pharmaceutical products 18,111
		Sales of raw materials by YSPI to YSP(Taiwan)		Sales of raw materials 329
		Purchase of raw materials by YSPI from YSP(Taiwan)		Purchase of raw materials 757

Dato' Dr. Lee Fang Hsin, Dr. Lee Fang Chuan @ Lee Fang Chen and Lee Ling Chin are directors and shareholders of YSGHC with direct interest in YSGHC. Dr. Lee Fang Yu, Lee Ling Fen and Dr. Lee Fang Jen are the shareholders of YSGHC with direct interest. They are deemed interested as the related parties by virtue of their family members' direct substantial shareholdings in YSGHC.

c) YSPI	Angel Associates (Taiwan), Inc. ("AA")	Purchase of raw materials by YSPI from AA	Dato' Dr. Lee Fang Hsin Dr. Lee Fang Chuan @ Lee Fang Chen Lee Ling Chin Dr. Lee Fang Jen Dr. Lee Fang Yu Lee Ling Fen	NIL
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As related parties by virtue of YSGHC having indirect interest in AA.

Y.S.P.SAH Group	Transaction party	Nature of Transaction	Interested Related Party	Actual value for financial year ended 31 December 2023 (RM'000)
d) YSPI	Yung Shin Tiente (Shanghai) Pharm. Trading Co., Ltd (formerly known as Shanghai Yung Zip Pharm. Trading Co., Ltd) ("YST")	Purchase of raw materials and other chemicals by YSPI from YST	Dato' Dr. Lee Fang Hsin Dr. Lee Fang Chuan @ Lee Fang Chen Lee Ling Chin Dr. Lee Fang Jen Dr. Lee Fang Yu Lee Ling Fen	2,680
As related parties by virtue of YSGHC having indirect interest in SYZ.				
e) YSPI	Yung Shin Pharmaceutical Ind. (Kushan) Co., Ltd ("YSPKS")	Purchase of raw materials and other chemicals by YSPI from YSPKS	Dato' Dr. Lee Fang Hsin Dr. Lee Fang Chuan @ Lee Fang Chen Lee Ling Chin Dr. Lee Fang Jen Dr. Lee Fang Yu Lee Ling Fen	NIL
As related parties by virtue of YSGHC having indirect interest in YSPKS.				
f) YSPI	Yung Shin (HK) Company Limited ("YSHK")	Sale of pharmaceutical products by YSPI to YSHK	Dato' Dr. Lee Fang Hsin Lee Ling Chin	521
Dato' Dr. Lee Fang Hsin and Lee Ling Chin are directors and shareholders of YSHK with direct interest in YSHK.				
g) YSPI	Agricode Sdn. Bhd. ("ASB")	Purchase of raw materials by YSPI from ASB	Dato' Dr. Lee Fang Hsin	NIL
Dato' Dr. Lee Fang Hsin holds direct interest in Agricode Bio-Tech Pte. Ltd., which wholly owns ASB.				
h) YSPI	Quality Reputation Sdn. Bhd. ("QRSB")	Sale of pharmaceutical products by YSPI to QRSB	Datuk Dr. Anis Bin Ahmad	332
Datuk Dr. Anis Bin Ahmad is a director and shareholder in QRSB with direct interest.				
i) YSPI	isRed Pharma & Biotech Research Co., Ltd. ("isRed")	Clinical trial Bioavailability/ Bioequivalence study Pharmacokinetic Analytic technology: HPLC, LC/MS/MS The study of applied bioinformatics	Dato' Dr. Lee Fang Hsin Dr. Lee Fang Chuan @ Lee Fang Chen Lee Ling Chin Dr. Lee Fang Jen Dr. Lee Fang Yu Lee Ling Fen	NIL
As related party by virtue of YSGHC being the ultimate holding company of Y.S.P.SAH and having direct interest in isRed. Dato' Dr. Lee Fang Hsin, Dr. Lee Fang Chuan @ Lee Fang Chen and Lee Ling Chin are the directors in Y.S.P.SAH, isRed and YSGHC.				

Y.S.P.SAH Group	Transaction party	Nature of Transaction	Interested Related Party	Actual value for financial year ended 31 December 2023 (RM'000)
j) YSPI	Vetnostrum Animal Health Co., Ltd. ("Vetnostrum")	Purchase of veterinary pharmaceutical products by YSPI from Vetnostrum	Dato' Dr. Lee Fang Hsin Dr. Lee Fang Chuan @ Lee Fang Chen Lee Ling Chin Dr. Lee Fang Jen Dr. Lee Fang Yu Lee Ling Fen	1,147

As related party by virtue of YSGHC being the ultimate holding company of Vetnostrum and Vetnostrum is a wholly-owned subsidiary of YSP(Taiwan).

k) Alpha Active Industries Sdn. Bhd. ("AAI")	YSP(Taiwan)	Sale of OEM or contract manufacturing products including fibre series, beverage series and food supplement products from AAI to YSP(Taiwan)	Dato' Dr. Lee Fang Hsin Dr. Lee Fang Chuan @ Lee Fang Chen Lee Ling Chin Dr. Lee Fang Jen Dr. Lee Fang Yu Lee Ling Fen	NIL
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AAI is a 60% owned subsidiary of Y.S.P.SAH where Dato' Dr. Lee Fang Hsin and Datuk Dr. Anis Bin Ahmad have common directorship in Y.S.P.SAH and AAI.

l) YSPI	Chemix Inc. ("Chemix")	Purchase of raw materials by YSPI from Chemix	Dato' Dr. Lee Fang Hsin Dr. Lee Fang Chuan @ Lee Fang Chen Lee Ling Chin Dr. Lee Fang Jen Dr. Lee Fang Yu Lee Ling Fen	912
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As related party by virtue of YSGHC having indirect interest in Chemix.

m) YSPI	Carlsbad Technology, Inc. ("CTI")	Purchase of pharmaceutical and trading products by YSPI from CTI	Dato' Dr. Lee Fang Hsin Dr. Lee Fang Chuan @ Lee Fang Chen Lee Ling Chin Dr. Lee Fang Jen Dr. Lee Fang Yu Lee Ling Fen	NIL
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As related party by virtue of YSGHC having indirect interest in CTI. Dato' Dr. Lee Fang Hsin, Dr. Lee Fang Chuan @ Lee Fang Chen, Lee Ling Chin and Dr. Lee Fang Yu are directors and shareholders in CTI with direct interest. Dr. Lee Fang Jen and Lee Ling Fen are the shareholders in CTI with direct interest.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors is pleased to present the Statement on Risk Management and Internal Control for the financial year ended 31 December 2023. This covers the processes and scope of risk management and internal controls adopted and implemented for the year under review.

This Board, in this Statement, re-affirms its commitment to maintain a sound system of risk management and internal control in the Group ['Group' referred herein does not include our Associate Company for purposes of applying the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers)].

Board Responsibility

The Board recognises the importance of having a sound system of risk management and internal control in place to ensure adequacy and overall effectiveness of operations. It is paramount that the principal businesses and operational risks are continuously addressed in the interest of safeguarding shareholders' investments and the Group's assets.

Attention must be paid to effectively identify principal risks and ensure the implementation of appropriate systems to manage key business risks. This includes reviewing the adequacy and integrity of internal control and management information systems; ensuring compliance with applicable laws, regulations, policies and procedures; and preventing and detecting errors, irregularities and fraud.

The Board acknowledges that inherent limitations exist in any system of risk management and internal control, and that any system can only provide reasonable, but not absolute assurance against misstatement or loss.

Therefore, the Board considers it prudent to acknowledge that the system of risk management and internal control functions is to manage and reduce, rather than to eliminate, the risks of failure in meeting the Group's business objectives.

In line with this, the Board sets its aim to create an adequate and effective system of the Group's risk management and internal control.

Risk Management Framework

Businesses in 2023 continued to operate in an environment of increased competition with globalisation. This, combined with factors like technological advancements, emerging science and evolving practices, exposed businesses to complex and inter-related risks. If not addressed with appropriate action on a timely basis, it may result in reduced margins, fraud and other management issues.

In addition, businesses also continued to be faced with the need for compliance of new regulatory requirements in the spirit of corporate governance and transparency. In the Malaysian Code of Corporate Governance that places strong emphasis on risk management, for example, a number of methodologies were introduced in the *Corporate Governance Guide (4th Edition) Pull-out II – Guidance on Effective Audit and Risk Management* to help companies approach risk management and internal controls in a systematic manner.

These developments underline that it is increasingly vital for a business organisation to have an effective enterprise-wide Risk Management Framework to manage risks within defined risk parameters, risk tolerances and risk management standards to prevent missteps and avoid operating losses.

The Risk Management Framework must prescribe a comprehensive risk management approach; broad guidelines and parameters in identifying and assessing risks; and a supporting risk management system for controlling, monitoring, and reporting risks that the Group faces in its operations and principal businesses.

From this Framework, a Risk Management Policy was formulated and adopted for risk management practices to be consistent across the Group made up of Y.S.P. Southeast Asia Holding Berhad and all subsidiaries within Y.S.P. SAH. This ensures that risk management is consistently practised at all levels.

Enterprise Risk Management

A professional firm was appointed to provide consulting services to facilitate the process of identifying, analysing, evaluating, treating, monitoring, reviewing and reporting of the Key Risk Profile (KRP) via its Enterprise Risk Management processes or ERM Framework.

The ERM Framework served to:

- provide a policy and organisational structure for the management of risks;
- define risk management roles and responsibilities within the Group and outline procedures to mitigate risks;
- ensure consistent and acceptable management of risks organisation-wide;
- define a reporting framework to ensure communication of necessary risk management information to senior management and personnel engaged in risk management activities;
- detail approved methods of risk assessment; and
- provide a system to enable risk management information to be captured, monitored, and reported.

The process to update the ERM Framework involved:

- reviewing existing KRP and rating of key risks measured by Likelihood and Impact
- exploring any new key risks
- identifying and reviewing validity of risk description, root causes and consequences, and relevance of gross risk ratings in the prevailing business environment
- reviewing validity of existing controls and its effectiveness in mitigation
- reviewing the relevance of the net risk rating
- reviewing management actions to minimise and control the significant risks identified
- reviewing Key Risk Indicator (KRI) for monitoring and reporting of key risks

A Risk Oversight Structure formulated had the Board and Senior Management undertake the task of monitoring the effectiveness of risk management activities across the Group. The Risk Management Committee (RMC) led by the President and assisted the Audit Committee (AC), which was entrusted the responsibility of ensuring the Risk Management Framework operating effectively.

The President reported to the AC and the RMC, in ensuring the effective maintenance of the Risk Management Policy, the RMC assessed the top ten risks and also reported to the AC. The AC updated and reported the risk reassessment on risk profile to the Board on a quarterly basis. It also updated and reported the risk ranking parameters and recommendations for approval on a yearly basis.

Corruption Risk Management

In addition to ERM, a Corruption Risk Management (CRM) process was put in place. This included the formulation and implementation of a systematic corruption risk identification and management system. The objective was to facilitate the identification and implementation of anti-corruption controls to prevent and detect corruption risks, which would then lead to improvement in the decision-making processes to manage corruption risk.

The Board adopted a 'zero-tolerance' stance towards corruption, taking cognisance of the Malaysian Anti-Corruption Commission Act 2009 and subsequent 2018 amendment as well as other legislations on anti-bribery and anti-corruption as in the Companies Act 2016 and Capitals Market and Services Act 2007.

An Anti-Bribery Policy was formulated for internal and external parties working with and for the Group in upholding the Group's zero-tolerance stance against bribery.

The Anti-Bribery Stance was clearly spelt out as follows:

1. The Group adopts a zero-tolerance approach towards bribery and will not pay bribes to or receive bribes from anyone for any purpose.
2. The Group takes the upholding of its anti-bribery stance across the Group's business seriously and expects the same from stakeholders internal and external to the Group's business, extending to all the Group's business dealings and transactions in all countries it has operations in.
3. Directors, employees, suppliers, business associates, and any third parties working with, for, or on behalf the Group shall adhere to and observe the Group's anti-bribery stance, the Group's Anti-Bribery Policy, and other applicable policies pertaining to the Group's anti-bribery measures.
4. Any violation of its Anti-Bribery Policy is treated seriously and the Group will undertake necessary actions, including, but not limited to, review of employment or appointment, disciplinary actions, dismissal, and reporting to the authorities, consistent with the Group's policies and relevant laws and regulations.
5. The Group is committed to complying with the relevant anti-bribery laws and regulations, breaches, or violation of which may cause great damage to the Group including reputational damage, legal fines, and imprisonment of persons responsible.

The Board considered it important that it maintained a risk-based approach to corruption prevention as this would avert the risk of reputation and financial damage to the Group.

Board Affirmation on Risk Management

The Board considered the Risk Management Framework as adequate and effective. The Board, nevertheless, would seek to continuously improve the framework and adopt better practices that suit the evolving business environment.

Internal Audit

A professional firm was engaged to provide Internal Audit services. These ranged from independent evaluation on the effectiveness of the system of internal controls of its operating processes, adherence to organisational and procedural controls for processes, to identification of opportunities for improvements.

The Internal Audit undertaken followed the framework of an Internal Audit Strategy that was formulated based on an understanding of the Group's corporate and strategic goals, understanding of risks for the industry and the changes in the operating environment of the Group, and discussion with the senior management of the Group on latest risk information and business operation conditions.

The Internal Audit focused on Human Resource Talent Management and Succession Planning, Warehouse Management and Logistics, Order-to-Cash Cycle and Credit Control, Procure-to-Pay Cycle, and Business Continuity Management.

In the review of the Human Resource Talent Management and Succession Planning, it ascertained whether in Strategic Human Resource Management, the skills of workforce were maintained at appropriate levels and in line with business objectives; the future skills needs were anticipated and relevant training were planned for; and the desired organisational culture were defined and appraised.

The internal audit focus on Operational Human Resource Management were in areas of talent identification, selection, recruitment, learning and development, and compensation and benefits. In addition, the audit also covered review of the Succession Planning Strategy.

The audit process in Warehouse Management and Logistics involved review of the inventory management, delivery schedule and procedures, process of identification and delivery of products, document processing, security, external transporters performance monitoring, and goods-in-transit insurance coverage.

In audit of the cycle of order-to-cash transactions, procure-to-pay, and credit control, it was to ascertain the order receiving, fulfilment, billings and collections processes; the credit control practices; the procurement planning and replenishment, sourcing strategy, and the payment approval controls among others were adequate or needed improvement.

For Business Continuity Management, the audit involved critical operations identification, business impact analysis, implementation of business continuity strategy, and management review and reporting.

The appointed professional firm concluded, from the audits carried out, that Management has adequate internal controls in place.

Review of Statement by External Auditors

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control ("AAPG3") in the Annual Report issued by the Malaysian Institute of Accountants.

The External Auditors have reported to the Board that nothing came to their attention for them to believe that this Statement on Risk Management and Internal Control to be included in the Group's Annual Report for the year ended 31 December 2023:

- a) had not been prepared in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers); and
- b) was factually inaccurate.

AAPG 3 did not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control had covered all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and opinion by the Board of Directors and management.

The External Auditors were also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problem.

Conclusion

The Board of Directors is of the view that the system of risk management and internal control had been adequate and effective. This was arrived at following the assurance from the Group Managing Director and Head of Corporate Finance (being primarily responsible for the management of financial affairs of the Group).

The Board is satisfied that the system of risk management and internal control in place is adequate and effective to safeguard interests of the shareholders and the assets of the Group. No significant weaknesses which may cause material losses, contingencies, or uncertainties that required disclosure in this Annual Report were detected.

The Board of Directors and the Management affirm that it will remain vigilant and will continue to take steps to further strengthen internal controls for higher corporate governance standards to be achieved.

AUDIT COMMITTEE REPORT

The primary objective of the Audit Committee is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting to shareholders and the public and internal control.

The Audit Committee will adopt practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to all the Company's shareholders.

MEMBERSHIP

The Audit Committee is appointed by the Board and comprises the following members:-

Chairman

Chin Chew Mun : Independent Non-Executive Director

Members

Hasnah Binti Ismail : Independent Non-Executive Director

Dr. Salmah Binti Bahri : Independent Non-Executive Director

Yau Teck Kong : Independent Non-Executive Director

COMPOSITION

The composition of the Audit Committee is at least three (3) members all of whom must be non-executive directors and the majority, including the Chairman, must be independent director.

At least one (1) member of the Committee:-

- a) must be a member of the Malaysian Institute of Accountants ("MIA"); or
- b) have at least 3 years' working experience and:-
 - i) must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - ii) must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
- c) fulfils such other requirements as prescribed or approved by the Exchange.

No alternate director shall be appointed as a member of the Committee.

In the event that the Audit Committee is reduced below three (3) members, the vacancy shall be filled within three (3) months.

The review of the terms of office and performance of the Audit Committee and each of its members will be carried out by the Nomination Committee annually.

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee is made publicly available on the Company's website at www.yspsah.com in line with paragraph 15.11 of MMLR.

MEETINGS

The Chairman may call a meeting of the Audit Committee if a request is made by any committee member, any Director, or the external auditors.

A minimum of two members present shall form a quorum provided both of whom present are independent directors. The Committee shall meet with the external auditors and the internal auditors without executive board members, whenever deemed necessary. The Company Secretary shall act as Secretary of the Audit Committee or in her/his absence, another person authorised by the Chairman of the Audit Committee.

There were five (5) Audit Committee meetings held during the year 2023. The details of attendance of Committee members are as follows:-

Name of Committee Members	Attendance
Chin Chew Mun (Chairman)	5/5
Hasnah Binti Ismail	5/5
Dr. Salmah Binti Bahri	5/5
Yau Teck Kong	5/5

SUMMARY OF WORK OF THE AUDIT COMMITTEE

In line with the terms of reference of the Audit Committee, the following work were carried out by the Audit Committee during the financial year ended 31 December 2023 in discharging its functions and duties:-

- a) Reviewed the scope of work of the external auditors and audit plans for the year and followed up upon finalization of the audit on whether substantial departure from or extension of the scope of the audit plan was needed.
- b) Reviewed with the external auditors the results of the audit, the audit report and the management letter, including management's response.
- c) Evaluated the professionalism and capability of the external auditors, its scope of service and the audit fees.
- d) Assessed the independence of the external auditors and received confirmation from the audit firm of their independence in accordance with the By-Laws of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants.
- e) Acknowledged and noted the Annual Transparency Report by the external auditors issued in accordance with the requirement of the Audit Oversight Board.
- f) Reviewed and approved the non-audit services provided by the external auditors and their affiliates.
- g) Reviewed the internal auditors' scope of work.
- h) Checked with the internal auditors and external auditors on any findings which may require the Committee's specific attention.
- i) Reviewed the adequacy of internal control policy and internal control system.
- j) Reviewed the risk management framework and risk management policy.
- k) Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval.
- l) Reviewed the audited Financial Statements of the Group and the Company prior to their submission for consideration and approval by the Board. The review was to ensure that the audited Financial Statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable Malaysian Financial Reporting Standards ("MFRS").
- m) Reviewed the Company's compliance in particular the quarterly and year end financial statements with the Listing Requirements of the Bursa Securities, applicable approved accounting standards and other legal and regulatory requirements.
- n) Reviewed the recurrent related party transactions entered into by the Group to ensure they are not detrimental to the minority.
- o) Reviewed the conflict of interest situation that arose, persist or may arise within the Group on a quarterly basis, including any transaction, procedure or course of conduct that arises questions on management integrity.
- p) Reviewed the ethical conduct of the Group's business in relation to anti-bribery and anti-corruption and whistleblowing.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent professional consulting firm to assist the Audit Committee in discharging its responsibilities and duties. The role of the internal audit function is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively.

The internal audits cover the review of the adequacy of risk management, operational controls and compliance with established procedures, guidelines and statutory requirements. The internal audit function reports directly to the Audit Committee.

The fee (inclusive of service tax) paid to a professional firm in respect of the internal audit function for the financial year ended 31 December 2023 was RM96,000.

The details of internal audit function during the financial year under review are stated in the Statement on Risk Management and Internal Control of this Annual Report.

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DIRECTORS' REPORT

for the year ended 31 December 2023

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2023.

Principal activities

The Company is principally engaged in investment holding and provision of management services whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	37,315	15,669
Non-controlling interests	510	-
	<u>37,825</u>	<u>15,669</u>

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the final dividend of 7.5 sen per ordinary share of approximately RM10,627,000 and special dividend of 2.5 sen per ordinary share of approximately RM3,542,000 in respect of the year ended 31 December 2022 as reported in the Directors' Report of that year was paid on 25 July 2023.

On 20 March 2024, the Directors recommended a final dividend of 8.0 sen per ordinary share of approximately RM11,348,000 and special dividend of 3.0 sen per ordinary share of approximately RM4,255,000 in respect of the year ended 31 December 2023.

The said dividend will be recognised in the financial year ending 31 December 2024 upon approval by the shareholders at the forthcoming Annual General Meeting of the Company.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Datuk Dr. Anis Bin Ahmad (Chairman)
 Dato' Dr. Lee Fang Hsin
 Dr. Salmah Bt. Bahri
 Chin Chew Mun
 Hasnah Bt. Ismail
 Lee Ling Chin
 Yau Teck Kong
 Lee Sen Huei (Appointed on 1 June 2023)
 Tu Shu Yao (Resigned on 31 March 2023)
 Dr. Lee Fang Chuan @ Lee Fang Chen (Retired on 23 May 2023)

Directors of subsidiaries

The Directors who served in the subsidiaries during the financial year until the date of this report are:

Datuk Dr. Anis Bin Ahmad (Chairman)
 Dato' Dr. Lee Fang Hsin
 Chong Kak Siong
 Christopher Presto
 Chuang Wu-Chang
 Lai Chen Chun
 Lee Ling Chin
 Reynato M. Directo
 Sia Pik Nee
 Tu Shu Yao
 Wang Hsueh Lin
 Yap Li Chen
 Yap Yen Mee
 Gan Swee Poh
 Nancy Yong Tjyy Shyan
 Chin Chew Mun (Appointed on 20 November 2023)
 Dr. Lee Fang Chuan @ Lee Fang Chen (Retired on 23 May 2023)

Directors' interests

The interests and deemed interests in the ordinary shares and options over the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares		
	At 1.1.2023	Bought* Sold	At 31.12.2023
<u>Interests in the Company:</u>			
<i>Datuk Dr. Anis Bin Ahmad</i>	1,300,000	-	1,300,000
<i>Dato' Dr. Lee Fang Hsin</i>			
- own	15,558,122	-	15,558,122
- others	439,875	-	439,875
<i>Lee Ling Chin</i>	2,350,394	85,000	2,435,394
<i>Chin Chew Mun</i>	10,000	-	10,000

* Included options exercised

Deemed interests in the Company:

<i>Dato' Dr. Lee Fang Hsin</i>	52,365,605	-	52,365,605
<i>Lee Ling Chin</i>	52,365,605	-	52,365,605

	Number of options over ordinary shares		
	At 1.1.2023	Granted Forfeited/ Expired	At 31.12.2023
<u>Interests in the Company:</u>			
<i>Datuk Dr. Anis Bin Ahmad</i>	230,000	- (230,000)	-

Directors' interests (continued)

Number of ordinary shares PEO10 each			
At 1.1.2023	Bought	Sold	At 31.12.2023
<u>Interests in Yung Shin (Philippines) Inc.:</u>			
Dato' Dr. Lee Fang Hsin	1	-	1

Number of ordinary shares Rp92,250 each			
At 1.1.2023	Bought	Sold	At 31.12.2023
<u>Interests in PT. Yung Shin Pharmaceutical Indonesia:</u>			
Dato' Dr. Lee Fang Hsin	100	-	100

Number of ordinary shares B\$1.00 each			
At 1.1.2023	Bought	Sold	At 31.12.2023
<u>Interests in Y.S.P. SAH Pharmaceutical (B) Sdn. Bhd.:</u>			
Dato' Dr. Lee Fang Hsin	200	-	200

By virtue of their aforesaid interests in the shares of the Company, Dato' Dr. Lee Fang Hsin, and Lee Ling Chin are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Y.S.P. Southeast Asia Holding Berhad has an interest.

None of the other directors holding office as at 31 December 2023 had any interest in the ordinary shares at the Company and its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The directors' benefit paid to or a receivable by directors in respect of the financial year are as below:

	From the Company RM'000	From subsidiary companies RM'000
Directors of the Company:		
Fees	820	14
Remuneration	139	4,732
Estimated money value of any other benefits	-	116
	<u>959</u>	<u>4,862</u>

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of Employees Share Option Scheme issued by the Company.

Issue of shares and debentures

During the financial year, the Company:

- i) issued 12,000 new ordinary shares for cash arising from the exercise of employees share options at RM1.49 per ordinary share.
- ii) issued 302,000 new ordinary shares for cash arising from the exercise of employees share options at RM1.82 per ordinary share.
- iii) issued 129,000 new ordinary shares for cash arising from the exercise of employees share options at RM1.89 per ordinary share.
- iv) issued 167,000 new ordinary shares for cash arising from the exercise of employees share options at RM2.40 per ordinary share.
- v) issued 200,000 new ordinary shares for cash arising from the exercise of employees share options at RM2.55 per ordinary share.

There were no other changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares

Other than as disclosed below, no options were granted to any person to take up unissued shares of the Company during the financial year.

The Company's Employees Share Option Scheme ("ESOS") is governed by the by-laws approved by the shareholders at the Extraordinary General Meeting held on 17 June 2013. The ESOS was implemented on 1 November 2013 and is to be in force for a period of 10 years from the date of implementation.

The salient features of the ESOS are, inter alia, as follows:

- i) Subject to the discretion of the Options Committee, eligible employees are those who are at least 18 years of age and is employed full-time by and on the payroll of a company in the Group and/or its subsidiaries, which are not dormant and confirmed in writing as a full time employee and have served as full time employees for at least six (6) months of continuous service prior to and up to the date of offer which include service during the probation period. Eligible Directors are those who are at least 18 years of age and have been appointed as a Director of a company in the Group and/or its subsidiaries, which are not dormant, for a period of at least three (3) months and should have their entitlements under the Scheme approved by the shareholders of the Company in a general meeting.
- ii) The aggregate number of shares to be issued under the ESOS shall not exceed in aggregate 10% of the total issued and paid-up share capital of the Company.
- iii) The Scheme shall be in force for a period of ten (10) years from the effective date.
- iv) The option price shall be fixed based on the higher of the following:
 - (a) the 5-day weighted average market price of the shares of the Company immediately preceding the date of offer with a discount of not more than 10%; or
 - (b) the par value of the Company's shares.
- v) The maximum number of new Company's shares to be issued pursuant to the exercise of the options which may be granted under the Scheme shall not exceed 10% of the total issued and paid-up ordinary share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares shall be allocated, in aggregate, to Directors and senior management of the Group. In addition, not more than 10% of the shares available under the ESOS shall be allocated to any individual eligible employee who, either singly or collectively through persons connected with the eligible employee, holds 20% or more in the issued and paid-up ordinary share capital of the Company.

Options granted over unissued shares (continued)

- vi) The new Company's shares to be allotted and issued upon any exercise of the options will upon allotment and issuance, rank pari passu in all respects with the then existing issued and paid-up ordinary shares of the Company, save and except that the new Company's shares so issued will not be entitled to rights arising on a liquidation of the Company and dividend, right, allotment and/or other distribution where the entitlement date precedes the date of allotment of the new Company's shares and will be subject to all the provisions of the Articles relating to transfer, transmission or otherwise of the Company's shares.
- vii) All options to the extent that have not been exercised upon the expiry of the option period shall automatically lapse and become null and void and have no further effect.

The options offered to take up unissued ordinary shares and the exercise prices are as follows:

Date of offer	Exercise price	Number of options over ordinary shares				At 31.12.2023
		At 1.1.2023	Granted	Exercised	Forfeited/ Expired	
1 August 2014	RM1.49	111,000	-	(12,000)	(99,000)	-
7 September 2016	RM1.89	538,000	-	(129,000)	(409,000)	-
6 December 2017	RM2.40	1,205,000	-	(167,000)	(1,038,000)	-
30 November 2018	RM2.55	1,760,000	-	(200,000)	(1,560,000)	-
6 March 2020	RM1.82	741,000	-	(302,000)	(439,000)	-

The options offered to take up unissued ordinary shares of the Company had expired on 31 October 2023.

The Company has obtained approval from the Companies Commission of Malaysia for relief from the requirements of Section 255(1) of the Companies Act 2016 in Malaysia. Under the relief, the Company is exempted from disclosure of number of options over ordinary shares granted to an individual not exceeding 25,000 ordinary shares.

Other than those exempted from disclosure under Section 255(1) of the Companies Act 2016, the options are offered to the following management personnel, other than the Directors:

Interest in the Company	Number of options over ordinary shares				At 31.12.2023
	At 1.1.2023	Granted	Exercised	Forfeited/ Expired	
Ananda Prakash A/L Ulaganathan	130,000	-	(40,000)	(90,000)	-
Gan Swee Poh	85,000	-	(25,000)	(60,000)	-
Lai Chen Chun	180,000	-	(130,000)	(50,000)	-
Lim Weng Kong	90,000	-	-	(90,000)	-
Ng Foong Heong	100,000	-	(40,000)	(60,000)	-
Poh Swee Cheng	75,000	-	(25,000)	(50,000)	-
Sia Pik Nee	130,000	-	(80,000)	(50,000)	-
Yap Li Chen	150,000	-	(150,000)	-	-
Yap Siew Wai	100,000	-	(50,000)	(50,000)	-
Yap Yen Mee	100,000	-	(100,000)	-	-
Yap Yok Fatt	30,000	-	-	(30,000)	-

Indemnity and insurance costs

There were no insurance effected and indemnity given to the Directors, officers or auditors of the Company during the financial year.

Other statutory information

Before financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the year ended 31 December 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and the Company during the financial year are RM247,500 and RM102,500 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Datuk Dr. Anis Bin Ahmad
 Director

.....
Dato' Dr. Lee Fang Hsin
 Director

Kuala Lumpur

Date: 20 March 2024

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Assets					
Property, plant and equipment	3	161,710	134,719	-	-
Intangible assets	4	4,893	4,826	21	21
Investments in subsidiaries	5	-	-	109,467	111,074
Investments in associates	6	296	258	224	224
Deferred tax assets	7	179	158	-	-
Amounts due from subsidiaries	8	-	-	14,170	14,170
Total non-current assets		167,078	139,961	123,882	125,489
Inventories	9	131,407	117,259	-	-
Trade and other receivables	10	71,469	67,893	37	83
Prepayment and other assets	11	18,981	18,455	-	-
Amounts due from affiliated companies	12	105	275	-	-
Amounts due from an associate	6	942	438	-	-
Amounts due from subsidiaries	8	-	-	17,247	15,864
Current tax assets		428	258	54	54
Cash and cash equivalents	13	130,330	129,506	45,986	44,373
Total current assets		353,662	334,084	63,324	60,374
Total assets		520,740	474,045	187,206	185,863
Equity					
Capital		154,396	152,258	154,396	152,258
Other reserves		2,804	5,447	-	2,559
Retained earnings		237,858	214,454	30,038	28,280
Total equity attributable to owners of the Company		395,058	372,159	184,434	183,097
Non-controlling interests		6,169	5,816	-	-
Total equity	14	401,227	377,975	184,434	183,097
Liabilities					
Deferred tax liabilities	7	12,163	11,516	-	-
Loans and borrowings	15	35,282	13,451	-	-
Post-employment benefits	16	563	593	-	-
Lease liabilities		3,022	4,784	-	-
Total non-current liabilities		51,030	30,344	-	-
Loans and borrowings	15	11,647	10,639	-	-
Trade and other payables	17	39,213	39,337	113	98
Refund liability	18	2,008	1,928	-	-
Amounts due to subsidiaries	8	-	-	2,659	2,668
Amounts due to affiliated companies	12	8,566	8,193	-	-
Lease liabilities		3,175	3,396	-	-
Current tax liabilities		3,874	2,233	-	-
Total current liabilities		68,483	65,726	2,772	2,766
Total liabilities		119,513	96,070	2,772	2,766
Total equity and liabilities		520,740	474,045	187,206	185,863

The notes on pages 81 to 124 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	19	354,995	334,248	17,155	12,809
Cost of sales		(200,784)	(189,803)	-	-
Gross profit		154,211	144,445	17,155	12,809
Other income		4,738	3,065	1,492	2,257
Distribution expenses		(77,622)	(72,817)	-	-
Administrative expenses		(26,030)	(25,408)	(1,586)	(1,523)
Other expenses		(519)	(1,037)	(3,816)	(7,723)
Net impairment loss on financial instruments		(640)	(209)	-	-
Results from operating activities		54,138	48,039	13,245	5,820
Finance income		1,906	1,407	3,812	3,199
Finance costs	20	(2,260)	(1,727)	-	(38)
Share of profit/(loss) from associates, net of tax		38	(26)	-	-
Profit before tax	21	53,822	47,693	17,057	8,981
Tax expense	23	(15,997)	(12,920)	(1,388)	(250)
Profit for the year		37,825	34,773	15,669	8,731
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations differences for foreign operations		(84)	2,226	-	-
Share of gain of equity-accounted associates		(77)	188	-	-
Total other comprehensive (loss)/income for the year		(161)	2,414	-	-
Total comprehensive income for the year		37,664	37,187	15,669	8,731
Profit attributable to:					
Owners of the Company		37,315	34,466	15,669	8,731
Non-controlling interests		510	307	-	-
Profit for the year		37,825	34,773	15,669	8,731
Total comprehensive income attributable to:					
Owners of the Company		37,231	36,692	15,669	8,731
Non-controlling interests		433	495	-	-
Total comprehensive income for the year		37,664	37,187	15,669	8,731
Basic earnings per ordinary share (sen):	24	26.37	24.45		
Diluted earnings per ordinary share (sen):	24	26.36	24.41		

The notes on pages 81 to 124 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

		Attributable to owners of the Company					
		Capital RM'000	Exchange fluctuation reserve RM'000	Non- distributable Share option reserve RM'000	Distributable Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000
Total equity RM'000							
Note							
	Group						
	At 1 January 2022	151,963	662	2,675	191,202	346,502	5,361
	Foreign currency translation differences for foreign operations	-	2,226	-	-	2,226	188
	Total other comprehensive income for the year	-	2,226	-	-	2,226	188
	Profit for the year	-	-	-	34,466	34,466	307
	Total comprehensive income for the year	-	2,226	-	34,466	36,692	495
	Contributions by and distributions to owners of the Group	-	-	-	(11,282)	(11,282)	-
25	Dividends to owners of the Company	-	-	-	-	-	(40)
	Dividend to non-controlling interest	-	-	(68)	68	-	-
	ESOS forfeited	-	-	-	-	-	-
	Total transactions with owners of the Group	-	-	(68)	(11,214)	(11,282)	(40)
14.3	Issuance of shares pursuant to ESOS	295	-	(48)	-	247	-
	At 31 December 2022	152,258	2,888	2,559	214,454	372,159	5,816
							377,975

The notes on pages 81 to 124 are an integral part of these financial statements.

The notes on pages 81 to 124 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

		Attributable to owners of the Company			
		◀-----	Non-distributable	-----▶	Distributable
	Note	Capital RM'000	Share option reserve RM'000	Retained earnings RM'000	Total equity RM'000
Company					
At 1 January 2022		151,963	2,675	30,763	185,401
Profit and total comprehensive income for the year		-	-	8,731	8,731
<i>Contributions by and distributions to owners of the Company</i>					
Dividends to owners of the Company	25	-	-	(11,282)	(11,282)
ESOS forfeited		-	(68)	68	-
Total transactions with owners of the Company					
		-	(68)	(11,214)	(11,282)
Issuance of shares pursuant to ESOS	14.3	295	(48)	-	247
At 31 December 2022/1 January 2023		152,258	2,559	28,280	183,097
Profit and total comprehensive income for the year		-	-	15,669	15,669
<i>Contributions by and distributions to owners of the Company</i>					
Dividends to owners of the Company	25	-	-	(14,169)	(14,169)
ESOS forfeited/lapsed		-	(2,143)	258	(1,885)
Total transactions with owners of the Company					
		-	(2,143)	(13,911)	(16,054)
Issuance of shares pursuant to ESOS	14.3	2,138	(416)	-	1,722
At 31 December 2023		154,396	-	30,038	184,434

The notes on pages 81 to 124 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2023

Note	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from operating activities				
Profit before tax	53,822	47,693	17,057	8,981
Adjustments for:				
Amortisation of intangible assets	77	88	-	-
Net impairment loss on financial instruments	640	209	-	-
Damaged goods written off	2,206	743	-	-
Dividend income	-	-	(17,155)	(12,809)
Depreciation on property, plant and equipment				
- owned assets	11,127	11,392	-	-
- right-of-use assets	4,467	3,746	-	-
Finance costs	2,260	1,727	-	38
Gain on disposal of property, plant and equipment	(146)	(187)	-	-
Gain on lease modification	(2)	(177)	-	-
Impairment loss on:				
- investments in subsidiaries	-	-	3,816	7,723
- investments in associates	-	(93)	-	(93)
Interest income	(1,906)	(1,407)	(3,812)	(3,199)
Gain on foreign exchange				
- unrealised	(4,548)	(562)	(1,041)	(1,490)
Property, plant and equipment written off	23	49	-	-
Share of (profit)/loss from associates	(38)	26	-	-
Dissolvment of associate	-	1,111	-	1,189
Inventories written down to net realisable value	153	1,596	-	-
Operating profit/(loss) before changes in working capital	68,135	65,954	(1,135)	340

The notes on pages 81 to 124 are an integral part of these financial statements.

Statements Of Cash Flows (Continued)
For The Year Ended 31 December 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Operating profit/(loss) before changes in working capital		68,135	65,954	(1,135)	340
Changes in working capital:					
Inventories		(15,688)	(10,581)	-	-
Trade and other receivables, prepayments and other assets		(4,563)	(13,559)	46	(33)
Trade and other payables		(254)	7,000	15	13
Refund liability		56	361	-	-
Related parties, net		2,610	6,607	1,060	1,528
Cash generated from/(used in) operations		50,296	55,782	(14)	1,848
Income tax paid		(13,969)	(7,566)	(1,388)	(288)
Net cash from/(used in) operating activities		36,327	48,216	(1,402)	1,560
Cash flows from investing activities					
Acquisition of property, plant and equipment	(i)	(35,633)	(4,252)	-	-
Acquisition of intangible asset		(144)	(6)	-	-
Dividends received		-	-	13,155	18,409
Interest received		1,906	1,407	3,812	3,199
Loan to subsidiary		-	-	(1,500)	(1,500)
Proceeds from disposal of property, plant and equipment		146	190	-	-
Net cash (used in)/from investing activities		(33,725)	(2,661)	15,467	20,108
Cash flows from financing activities					
Repayment of:					
- term loans		(3,683)	(7,511)	-	(4,190)
- hire purchase creditors		(3,754)	(3,806)	-	-
- revolving credit		(100)	(9,900)	-	-
Drawdown of term loan		26,350	-	-	-
Payment of lease liabilities	(ii)	(3,736)	(3,663)	-	-
Repayment from a subsidiary		-	-	-	4,166
Dividends paid		(14,169)	(11,282)	(14,169)	(11,282)
Dividend paid to non-controlling interest		(80)	(40)	-	-
Interest paid		(2,260)	(1,727)	-	(38)
Proceed from exercise of ESOS		1,722	247	1,722	247
Net cash from/(used in) financing activities		290	(37,682)	(12,447)	(11,097)
Net increase in cash and cash equivalents		2,892	7,873	1,618	10,571
Effect of exchange rate fluctuations on cash held		(2,068)	1,232	(5)	30
Cash and cash equivalents at 1 January		129,506	120,401	44,373	33,772
Cash and cash equivalents at 31 December	13	130,330	129,506	45,986	44,373

The notes on pages 81 to 124 are an integral part of these financial statements.

Statements Of Cash Flows (Continued)
For The Year Ended 31 December 2023

Notes to statements of cash flows

(i) *Acquisition of property, plant and equipment*

During the financial year, the Group acquired property, plant and equipment (owned assets) with an aggregate cost of RM12,657,000 (2022: RM5,890,000) of which RM4,024,000 (2022: RM1,638,000) was acquired by means of hire purchase arrangements.

(ii) *Cash outflows for leases as lessee:*

	Note	←----- 2023 RM'000	Group 2022 RM'000 -----→
Included in net cash from operating activities			
Payment relating to short-term leases	21	150	146
Payment relating to leases of low-value assets	21	7	6
Included in net cash from financing activities			
Interest paid in relation to lease liabilities	20	478	314
Payment of lease liabilities		3,736	3,663
Total cash outflows for leases		4,371	4,129

The notes on pages 81 to 124 are an integral part of these financial statements.

Statements Of Cash Flows (Continued)

For The Year Ended 31 December 2023

Notes to statement of cash flows (continued)

(iii) Reconciliation of movements of liabilities to cash flows arising from financing activities:

Group	At 1 January 2022	Net changes from financing cash flows	At 31 December 2022/ 1 January 2023		Net changes from financing cash flows	At 31 December 2023					
	RM'000	RM'000	Addition RM'000	Lease modification RM'000	Foreign exchange movement RM'000	Addition RM'000	Lease modification RM'000	Foreign exchange movement RM'000	At 31 December 2023 RM'000		
Term loans	22,068	(7,511)	-	-	29	14,586	(3,683)	26,350	-	37,253	
Hire purchase creditors	7,270	(3,806)	1,638	-	2	5,104	(3,754)	4,024	-	5,376	
Revolving credit	14,300	(9,900)	-	-	-	4,400	(100)	-	-	4,300	
Lease liabilities	4,319	(3,663)	765	6,689	70	8,180	(3,736)	342	1,382	29	6,197
Total liabilities from financing activities	47,957	(24,880)	2,403	6,689	101	32,270	(11,273)	30,716	1,382	31	53,126

Company

Company	At 1 January 2022 RM'000	Net changes from financing cash flows RM'000	At 31 December 2022/ 1 January 2023 RM'000	Net changes from financing cash flows RM'000	At 31 December 2023 RM'000	Foreign exchange movement RM'000	Lease modification RM'000	Foreign exchange movement RM'000	At 31 December 2023 RM'000
Financing activities from term loans/total liabilities	4,179	(4,190)	11	-	-	-	-	-	-

The notes on pages 81 to 124 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Y.S.P. Southeast Asia Holding Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

Principal place of business/Registered office

Level 22, Menara LGB,
No. 1 Jalan Wan Kadir,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate. The financial statements of the Company as at and for the year ended 31 December 2023 do not include other entities.

The Company is principally engaged in investment holding and provision of management services whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 20 March 2024.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual 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 and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2024 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2024.
- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

The initial application of the abovementioned accounting standards, interpretations and amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

1. Basis of preparation (continued)

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 – extension options and incremental borrowing rate in relation to leases
- Note 3 – the measurement of recoverable amounts of cash-generating units
- Note 5 – impairment of investment in subsidiaries
- Note 18 – refund liability
- Note 27.4 – measurement of expected credit loss ("ECL")

(e) Changes in material accounting policies

The Company has adopted amendments to MRFS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The amendments did not result in significant changes to the Company's accounting policies. The material accounting policies are disclosed in Note 2 to the financial statements.

2. Material accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Investments in subsidiaries

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

2. Material accounting policies (continued)

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. The estimated useful lives for the current and comparative periods are as follows:

• leasehold land	44 - 92 years
• buildings	50 years
• plant, machinery and equipment	4 - 10 years
• furniture, fittings and renovation	2 - 12 years
• motor vehicles	5 - 10 years

(c) Leases

(i) Lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group or the Company is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition exemption

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(d) Intangible assets

(i) Goodwill

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses.

(ii) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

• license fees, technical transfer fees and trademarks	7 – 20 years
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(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average method.

3. Property, plant and equipment

Group Cost	Right-of-use assets				Owned assets						Total RM'000
	Long term leasehold land RM'000	Buildings RM'000	Land use rights RM'000	Motor vehicles RM'000	Freehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and renovation RM'000	Capital work-in-progress RM'000	
At 1 January 2022	22,678	9,695	7,108	809	17,198	68,709	103,175	6,990	38,216	199	274,777
Additions	-	561	-	452	-	112	4,068	1,077	512	121	6,903
Derecognition	-	(186)	-	(493)	-	-	-	-	-	-	(679)
Disposals	-	-	-	-	-	-	(3)	(608)	(3)	-	(614)
Lease modification	-	6,524	-	315	-	-	-	-	-	-	6,839
Reclassification	-	-	-	-	-	-	169	-	-	(169)	-
Written off	-	-	-	-	-	-	(1,711)	(295)	(63)	-	(2,069)
Effect of movements in exchange rates	-	124	(13)	22	-	523	15	39	14	(4)	720
At 31 December 2022/1 January 2023	22,678	16,718	7,095	1,105	17,198	69,344	105,713	7,203	38,676	147	285,877
Additions	27,000	269	-	73	-	5,700	4,349	663	898	1,047	39,999
Derecognition	-	-	-	(176)	-	-	-	-	-	-	(176)
Disposals	-	-	-	-	-	-	(2)	(746)	(1)	-	(749)
Lease modification	-	1,272	-	142	-	-	-	-	-	-	1,414
Written off	-	-	-	-	-	-	(338)	(16)	(279)	-	(633)
Effect of movements in exchange rates	-	144	234	11	-	981	418	42	285	6	2,121
At 31 December 2023	49,678	18,403	7,329	1,155	17,198	76,025	110,140	7,146	39,579	1,200	327,853

3. Property, plant and equipment (continued)

Group	Right-of-use assets				Owned assets						Total RM'000
	Long term leasehold land RM'000	Buildings RM'000	Land use rights RM'000	Motor vehicles RM'000	Freehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and renovation RM'000	Capital work-in- progress RM'000	
Depreciation and impairment loss											
At 1 January 2022											
Accumulated depreciation											
Accumulated impairment loss											
Depreciation for the year											
Derecognition											
Disposals											
Written off											
Effect of movements in exchange rates											
At 31 December 2022/1 January 2023											
Accumulated depreciation											
Accumulated impairment loss											
Depreciation for the year											
Derecognition											
Disposals											
Written off											
Effect of movements in exchange rates											
At 31 December 2023											
Accumulated depreciation											
Accumulated impairment loss											
Carrying amounts											
At 1 January 2022											
At 31 December 2022/1 January 2023											
At 31 December 2023											

3. Property, plant and equipment (continued)

- 3.1 The Group leases a number of buildings that run between 1 year and 4 years, with an option to renew the leases after that date.

Judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

- 3.2 Freehold land, long term leasehold land and buildings with net carrying amount of RM75,541,000 (2022: RM44,344,000) have been pledged to a licensed bank as collateral for credit facilities granted to the Group and the Company.
- 3.3 Included in property, plant and equipment of the Group is net carrying amount of plant, machinery and equipment, and motor vehicles (owned assets) of the subsidiaries held under hire purchase creditor arrangements of RM10,326,000 (2022: RM12,030,000) and Nil (2022: RM298,000) respectively.
- 3.4 For the purpose of impairment testing, the Group tested the property, plant and equipment of the subsidiaries in Vietnam and Indonesia amounting to RM10,017,000 (2022: RM10,465,000) and RM9,347,000 (2022: RM9,551,000) respectively. The Group has exercised significant judgement in determining the property, plant and equipment's recoverable amount using fair value less cost of disposal.

Fair value less cost of disposal is based on Directors' estimation having regard to estimated resale value of the properties by independent external valuer. Fair value less cost of disposal is a level 3 fair value measurement. Direct comparison method was used in determining the fair value within level 3. Direct comparison model considers the sales of similar substitute properties and related market data, and establishes a value estimated by a process involving comparison.

- 3.5 Land use rights have unexpired period of less than 50 years.

4. Intangible assets

	Goodwill RM'000	License fees RM'000	Technical transfer fees RM'000	Trademarks RM'000	Total RM'000
Group Cost					
At 1 January 2022	4,574	801	445	487	6,307
Addition for the year	-	-	-	6	6
Effect of movements in exchange rates	-	-	-	(6)	(6)
At 31 December 2022/ 1 January 2023	4,574	801	445	487	6,307
Addition for the year	-	-	141	3	144
Effect of movements in exchange rates	-	-	-	8	8
At 31 December 2023	4,574	801	586	498	6,459
Amortisation					
At 1 January 2022	-	754	231	414	1,399
Amortisation for the year	-	17	38	33	88
Effect of movements in exchange rates	-	-	-	(6)	(6)
At 31 December 2022/ 1 January 2023	-	771	269	441	1,481
Amortisation for the year	-	17	40	20	77
Effect of movements in exchange rates	-	-	-	8	8
At 31 December 2023	-	788	309	469	1,566
Carrying amounts					
At 1 January 2022	4,574	47	214	73	4,908
At 31 December 2022/ 1 January 2023	4,574	30	176	46	4,826
At 31 December 2023	4,574	13	277	29	4,893

	Trademarks RM'000
Company	
At 1 January 2022/ 31 December 2022/ 1 January 2023/ 31 December 2023	21

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to an individual cash-generating unit within the manufacturing segment of the Group - Alpha Active Industries Sdn. Bhd. ("AAI"), which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

4. Intangible assets (continued)

Impairment testing for cash-generating units containing goodwill (continued)

The recoverable amount of AAI was based on its value in use, determined by discounting future cash flows to be generated by AAI. The Group is of the view that the recoverable amount is greater than carrying amount of the unit (including goodwill), hence no impairment is necessary.

Value in use is determined by discounting the 5 years cash flows generated and is based on the following key assumptions:

(i) *Budgeted gross margin*

The basis used to determine the values assigned to the budgeted gross margin is the gross margin achieved in the year immediately before the budgeted year and increased for expected efficiency improvements thereafter.

(ii) *Growth rate*

The growth rate of 10% (2022: 10%) and the terminal growth rate of 0% (2022: 0%) used are consistent with the long-term business plan of the subsidiary.

(iii) *Discount rate*

The pre-tax discount rate was 17.68% (2022: 17.66%) which was estimated based on the Group's weighted average cost of capital.

Based on the analysis of variances in the key assumptions that the Group considered to be reasonably possible at the end of the reporting period, the carrying amount of the unit (including goodwill) did not exceed its recoverable amount. Accordingly, sensitivity analysis is not presented.

5. Investments in subsidiaries

	Note	Company	
		2023 RM'000	2022 RM'000
At cost:			
Unquoted shares		94,045	94,045
Amounts due from subsidiaries	5.1	52,526	50,317
		146,571	144,362
Impairment loss:			
At beginning of the year		(33,288)	(25,565)
Impairment losses for the year	5.2	(3,816)	(7,723)
At end of the year		(37,104)	(33,288)
Carrying amounts		109,467	111,074

5.1 The amounts due from subsidiaries of RM52,526,000 (2022: RM50,317,000) bear interest at the rate of 4.00% to 4.50% (2022: 4.00% to 4.50%) per annum.

5. Investments in subsidiaries (continued)

5.2 Impairment loss on investment in subsidiaries

The impairment loss during the year amounting to RM3,802,000 (2022: RM6,133,000) and Nil (2022: RM1,577,000) was mainly attributable to an impairment of investment in subsidiaries in Indonesia and Singapore respectively.

The subsidiaries in Indonesia which are from manufacturing and trading operating segments recorded net losses for the year and deficit in shareholders' equity.

The subsidiary in Singapore which is from investment holding operating segment recorded net losses for the year. However, no further impairment loss during the year as its estimated recoverable amount exceeded carrying amount.

The recoverable amount of the subsidiaries in Indonesia amounting to RM9,347,000 (2022: RM9,551,000) were based on the fair value less cost of disposal derived from Directors' estimation of the fair value of the underlying assets and liabilities of the subsidiaries. The key underlying assets comprise land, buildings, machineries and equipment, of which their fair values were estimated by independent external valuer. The fair value of these investment in subsidiaries is classified within Level 3 of the fair value hierarchy.

Following the impairment loss of the cost of investments in subsidiaries, the recoverable amount is approximately the carrying amount.

5.3 Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation/ Principal place of business	Principal activities	Effective ownership interest	
			2023 %	2022 %
Y.S.P. Industries (M) Sdn. Bhd.	Malaysia	Importer, exporter and manufacturer of pharmaceutical and veterinary products, pharmaceutical fine chemicals and provision of management services	100	100
Y.S.P. SAH Investment Pte. Ltd. #	Singapore	Investment holding	100	100
Sun Ten Southeast Asia Holding Pte. Ltd. #	Singapore	Investment holding	60	60
Yung Shin Pharmaceutical (Singapore) Pte. Ltd. #	Singapore	Importer, exporter and trading in numerous types of pharmaceutical products	100	100
Yung Shin (Philippines) Inc. #	Philippines	Importing, trading, buying, selling and distributing pharmaceuticals, veterinary products, raw materials, fine chemicals, health food products and medical devices	99.99	99.99
PT. Yung Shin Pharmaceutical Indonesia #	Indonesia	Trading in numerous types of pharmaceutical products	99.71	99.71

5. Investments in subsidiaries (continued)

5.3 Details of the subsidiaries are as follows: (continued)

Name of subsidiary	Country of incorporation/ Principal place of business	Principal activities	Effective ownership interest	
			2023 %	2022 %
Y.S.P. (Cambodia) Pte. Ltd. #	Cambodia	Providing management services in respect of product registration, trademark registration and national marketing and trading in all kinds of pharmaceutical products	100	100
Kumpulan Y.S.P. (Malaysia) Sdn. Bhd.	Malaysia	Dormant	100	100
YSPSAH Pharmaceutical (B) Sdn. Bhd. #	Brunei Darussalam	Dormant	99	99
Alpha Active Industries Sdn. Bhd. #	Malaysia	Manufacturer for biotechnology products and health products	60	60
<i>Subsidiaries of Y.S.P. SAH Investment Pte. Ltd.</i>				
Y.S.P. Industries Vietnam Co., Ltd. #	Vietnam	Manufacturer for pharmaceutical and veterinary products, pharmaceutical, traditional medicines, food supplements, veterinary, aquatic, and cosmetic products	100	100
PT. YSP Industries Indonesia #	Indonesia	Manufacturing pharmaceutical products	85	85
<i>Subsidiaries of Sun Ten Southeast Asia Holding Pte. Ltd.</i>				
Sun Ten Pharmaceutical Mfg (M) Sdn. Bhd.	Malaysia	Trading in traditional herbal products	60	60
Sun Ten (Singapore) Pte. Ltd. #	Singapore	Importer, exporter and trading in all kinds of pharmaceutical products	60	60

Audited by firms of auditors other than KPMG PLT

5. Investments in subsidiaries (continued)

5.4 Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Sun Ten Southeast Asia Holding Pte. Ltd. and its subsidiaries RM'000	Alpha Active Industries Sdn. Bhd. RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
2023				
NCI percentage of ownership interest and voting interest	40%	40%		
Carrying amount of NCI	6,306	2,882	(3,019)	6,169
Profit/(Loss) allocated to NCI	380	216	(86)	510
Summarised financial information before intra-group elimination				
As at 31 December				
Non-current assets	1,493	3,551		
Current assets	22,914	8,474		
Non-current liabilities	(1,054)	(1,087)		
Current liabilities	(7,589)	(3,733)		
Net assets	15,764	7,205		
Revenue	23,974	13,091		
Profit for the year	949	541		
Total comprehensive income	1,159	541		
Cash flows from/(used in):				
- operating activities	1,521	1,374		
- investing activities	81	(28)		
- financing activities	(360)	(1,074)		
Net increase in cash and cash equivalents	1,242	272		
Dividends paid to NCI	-	80		

5. Investments in subsidiaries (continued)

5.4 Non-controlling interests in subsidiaries (continued)

	Sun Ten Southeast Asia Holding Pte. Ltd. and its subsidiaries RM'000	Alpha Active Industries Sdn. Bhd. RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
2022				
NCI percentage of ownership interest and voting interest	40%	40%		
Carrying amount of NCI	7,805	2,745	(4,734)	5,816
Profit/(Loss) allocated to NCI	374	547	(614)	307
Summarised financial information before intra-group elimination				
As at 31 December				
Non-current assets	1,554	3,644		
Current assets	19,758	7,777		
Non-current liabilities	(466)	(930)		
Current liabilities	(6,239)	(3,628)		
Net assets	14,607	6,863		
Revenue	23,077	16,685		
Profit for the year	936	1,368		
Total comprehensive income	1,133	1,368		
Cash flows from/(used in):				
- operating activities	538	2,415		
- investing activities	52	(178)		
- financing activities	(326)	(1,231)		
Net increase in cash and cash equivalents	264	1,006		
Dividends paid to NCI	-	40		

6. Investments in associates/amounts due from an associate

6.1 Investments in associates

	←----- Group -----→		←----- Company -----→	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shares, at cost	224	224	224	224
Share of post-acquisition profit/(loss)	191	153	-	-
Accumulated impairment	(180)	(180)	-	-
Effect of movement in exchange rate	61	61	-	-
	296	258	224	224

Details of associates are as follows:

Name of entity	Country of incorporation/ Principal place of business	Nature of the relationship	Effective ownership interest	
			2023 %	2022 %
Y.S.P. (Thailand) Co., Ltd.	Thailand	Trading of pharmaceutical products and medical equipment	48.56	48.56

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

Group	2023 RM'000	2022 RM'000
Summarised financial information		
As at 31 December		
Current assets	1,571	933
Current liabilities	(954)	(424)
Net assets	617	509
Year ended 31 December		
Profit/(loss) for the year	77	(54)
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets/ Carrying amount in the statement of financial position	296	258
Group's share of result for year ended 31 December		
Group's share of profit or loss from continuing operations	38	(26)

6.2 Amounts due from an associate

The trade amounts due from an associate was unsecured, interest free and has a credit term of 120 days (2022: 120 days).

7. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property, plant and equipment	-	-	(12,654)	(12,675)	(12,654)	(12,675)
Others	179	158	491	1,159	670	1,317
Tax assets/(liabilities)	179	158	(12,163)	(11,516)	(11,984)	(11,358)
Set off of tax	-	-	-	-	-	-
Net tax assets/(liabilities)	179	158	(12,163)	(11,516)	(11,984)	(11,358)

Movement in temporary differences during the year

Group	At 1.1.2022 RM'000	Recognised in profit or loss (Note 23) RM'000	Effect of movement in exchange rate RM'000	At 31.12.2022/ 1.1.2023 RM'000	Recognised in profit or loss (Note 23) RM'000	Effect of movement in exchange rate RM'000	At 31.12.2023 RM'000
Property, plant and equipment	(11,836)	(839)	-	(12,675)	21	-	(12,654)
Others	1,397	(79)	(1)	1,317	(646)	(1)	670
	(10,439)	(918)	(1)	(11,358)	(625)	(1)	(11,984)

7. Deferred tax assets/(liabilities) (continued)

Unrecognised deferred tax assets

Deferred tax assets (stated at gross) have not been recognised in respect of the following:

	←----- Group -----→	
	2023 RM'000	2022 RM'000
Unutilised tax losses	22,828	28,042
Others	77	38
	22,905	28,080

	←----- Group -----→	
	2023 RM'000	2022 RM'000
Expired in year:		
Indefinite	1,387	1,396
2023	-	7,026
2024	2,912	2,912
2025	4,934	4,934
2026	3,511	3,511
2027	15	15
2029	17	17
2032	8,269	8,269
2033	1,860	-
	22,905	28,080

Deferred tax assets have not been recognised in respect of the above because it is not probable that future taxable profits will be available against which the Group entities can utilise the benefits therefrom.

8. Amounts due from/(to) subsidiaries

8.1 Amounts due from subsidiaries

	←----- Company -----→	
	2023 RM'000	2022 RM'000
Non-current	14,170	14,170
Current	17,247	15,864
	31,417	30,034

The amounts due from subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand except for RM15,000,000 (2022: RM15,000,000) which bear interest at 4.50%, where RM830,000 is repayable in 2024 and RM14,170,000 is repayable over 3 years beginning from year 2025.

8.2 The amounts due to subsidiaries are non-trade in nature, unsecured, interest free and repayable on demand.

9. Inventories

	Group	
	2023 RM'000	2022 RM'000
Raw materials	29,149	26,487
Work-in-progress	14,186	21,559
Finished goods	78,483	59,072
Packaging materials	9,589	10,141
	131,407	117,259
Recognised in profit or loss:		
Inventories recognised as cost of sales	183,695	185,009
Damaged goods written off	2,206	743
Inventories written down to net realisable value	153	1,596

10. Trade and other receivables

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade					
Trade receivables	10.1	66,661	63,376	-	-
Non-trade					
Other deposits		1,086	783	-	-
Other receivables		3,722	3,734	37	83
		4,808	4,517	37	83
		71,469	67,893	37	83

10.1 Trade receivables are non-interest bearing and are generally on 30 to 150 days (2022: 30 to 150 days) credit terms.

11. Prepayment and other assets

	Note	Group	
		2023 RM'000	2022 RM'000
Deposits	11.1	14,937	14,609
Prepayments		4,044	3,846
		18,981	18,455

11.1 Included in the deposits of the Group are deposits paid to suppliers for purchases of materials and purchases of property, plant and equipment amounting to RM6,905,000 (2022: RM5,632,000) and RM7,263,000 (2022: RM3,100,000) respectively.

12. Amounts due from/(to) affiliated companies

Affiliated companies refer to corporations of which certain Directors of the Company have interests.

The trade amounts due from and due to affiliated companies amounting to RM105,000 and RM8,410,000 (2022: RM188,000 and RM8,092,000) respectively are unsecured, interest free and have a repayment term of between 90 to 120 days (2022: 90 to 120 days).

The non-trade amounts due from and due to affiliated companies amounting to Nil and RM156,000 (2022: RM87,000 and RM101,000) respectively are unsecured, interest free and repayable on demand.

13. Cash and cash equivalents

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed deposits with licensed banks	51,413	73,427	29,077	43,234
Cash and bank balances	78,917	56,079	16,909	1,139
	130,330	129,506	45,986	44,373

14. Capital and reserves

14.1 Capital

	Group and Company			
	Amount 2023 RM'000	Number of shares 2023 '000	Amount 2022 RM'000	Number of shares 2022 '000
Share capital				
Ordinary shares, issued and fully paid:				
At 1 January	149,261	141,035	149,014	140,900
Issued for cash under ESOS	1,722	810	247	135
At 31 December	150,983	141,845	149,261	141,035
Others				
At 1 January	2,997		2,949	
Share options exercised	416		48	
At 31 December	3,413		2,997	
Total				
At 1 January	152,258	141,035	151,963	140,900
At 31 December	154,396	141,845	152,258	141,035

14. Capital and reserves (continued)

14.1 Capital (continued)

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets.

Others comprise the value of employee services received and recognised in the share option reserve pursuant to the issue of share options, and is transferred to capital when the share options are exercised.

14.2 Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than Ringgit Malaysia ("RM").

14.3 Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. Share options have expired during the year.

15. Loans and borrowings

	Note	←----- 2023 RM'000	Group -----→ 2022 RM'000
Non-current			
Term loan I	15.1	4,658	6,579
Term loan II	15.1	3,735	4,947
Term loan III	15.1	24,420	-
Hire purchase creditors	15.2	2,469	1,925
		35,282	13,451
Current			
Term loan I	15.1	1,925	1,848
Term loan II	15.1	1,212	1,212
Term loan III	15.1	1,303	-
Hire purchase creditors	15.2	2,907	3,179
Revolving credit	15.3	4,300	4,400
		11,647	10,639
		46,929	24,090

15.1 Term loans

The term loans bear interest at rates ranging from 4.04% to 5.10% (2022: 3.24% to 4.69%) per annum.

Term loan I and II

Term loan I and II are secured by:

- Freehold land and buildings of the Group (see Note 3);
- Long-term leasehold land and buildings of the Group (see Note 3); and
- Corporate guarantees from the Company.

The Group is required to maintain a maximum debt-to-equity ratio of 2.0 (2022: 2.0) at all times. One of its subsidiaries, Y.S.P. Industries (M) Sdn. Bhd., is required to maintain a Tangible Net Worth that is not permitted to fall, at any time, below RM160 million.

15. Loans and borrowings (continued)

15.1 Term loans (continued)

Term loan III

Term loan III is secured by:

- i) Long-term leasehold land and buildings of the Group (see Note 3); and
- ii) Corporate guarantees from the Company.

15.2 Hire purchase creditors

Hire purchase creditors were payable as follows:

	Future minimum lease payments 2023 RM	Interest 2023 RM	Present value of minimum lease payments 2023 RM	Future minimum lease payments 2022 RM	Interest 2022 RM	Present value of minimum lease payments 2022 RM
Less than one year	3,072	165	2,907	3,353	174	3,179
Between one and five years	2,537	68	2,469	1,970	45	1,925
	5,609	233	5,376	5,323	219	5,104

15.3 Revolving credit

The short term revolving credit from licensed banks bears interest at rates ranging from 1.00% (2022: 1.00%) above the bank's cost of fund and 1.10% (2022: 1.10%) above Kuala Lumpur Interbank Offered Rate KLIBOR.

16. Employee benefits

16.1 Post-employment benefits

	Group	
	2023 RM'000	2022 RM'000
Present value of unfunded defined benefit obligation		
At 1 January	593	604
(Income)/expense recognised in profit or loss	(49)	127
Effect of movements in exchange rate	19	(139)
At 31 December	563	592

16. Employee benefits (continued)

16.2 Share-based payment arrangement

The Group granted share options to qualified key management personnel to purchase shares in the Company under the Employees Share Option Scheme ("ESOS") approved by the shareholders of the Company on 17 June 2013. The share options were vested on the grant date.

Grant date/employees entitlement date	Number of options ('000)	Exercise price
1 August 2014	2,000	RM1.49
7 September 2016	4,000	RM1.89
6 December 2017	2,500	RM2.40
30 November 2018	3,000	RM2.55
6 March 2020	1,804	RM1.82

The ESOS had expired on 31 October 2023.

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2023	Number of options ('000) 2023	Weighted average exercise price 2022	Number of options ('000) 2022
At 1 January	RM2.58	4,355	RM1.93	4,737
Forfeited/expired during the year	RM2.31	(3,545)	RM2.26	(247)
Exercised during the year	RM2.13	(810)	RM1.83	(135)
At 31 December	-	-	RM2.58	4,355

No share options were granted during the financial year. The fair value of share options granted in the previous financial year was estimated using a Trinomial Model, taking into account the terms and conditions upon which the options were granted. The fair value of share options granted was measured at grant date.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

16.3 Employees benefits expenses

	2023 RM'000	Group 2022 RM'000
Included in profit or loss:		
Wages, salaries and others	101,172	90,492
Contributions to defined contribution plans	11,161	10,325
Expenses related to post-employment benefits	(49)	127
	112,284	100,944

17. Trade and other payables

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade					
Trade payables	17.1	15,553	15,838	-	-
Non-trade					
Accruals		15,486	16,118	113	98
Other payables		8,174	7,381	-	-
		23,660	23,499	113	98
		39,213	39,337	113	98

17.1 The normal trade credit terms granted by trade payables to the Group range from 30 to 180 days (2022: 30 to 180 days).

18. Refund financial liability

	Group	
	2023 RM'000	2022 RM'000
Sales returns		
At 31 December	2,008	1,928

Refund liability from customers is with regards to quality issue, expired or short expiry, recalled and slow-moving products. The estimated liability is made after taking into consideration the historical trend of sales returns.

19. Revenue

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Sales of goods		354,995	334,248	-	-
Dividends income from subsidiaries (unquoted)		-	-	17,155	12,809
		354,995	334,248	17,155	12,809

19. Revenue (continued)

	Group	
	2023 RM'000	2022 RM'000
Disaggregation of revenue and primary geographical markets		
Malaysia	253,717	244,114
Singapore	38,192	33,140
Vietnam	21,682	22,896
Philippines	2,665	2,433
Cambodia	10,140	8,199
Myanmar	2,522	802
Brunei	3,417	2,995
Indonesia	5,828	5,560
Thailand	1,134	1,542
Africa	6,579	4,942
Other countries	9,119	7,625
	354,995	334,248

The Group manufactures and sells a range of pharmaceutical products, veterinary products and traditional herbal products in the domestic and overseas market.

For the pharmaceutical products, veterinary products and traditional herbal products sold in the domestic market, the revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises. For sales to overseas market, the revenue is recognised at a point in time upon transfer of control in accordance with International Commercial Terms. The revenue recognised from the sales of goods is net of pricing allowance, other trade discounts and price promotions to the customers. The credit period of the Group is at an average of 30 to 150 days (2022: 30 to 150 days) from the date of invoice.

For domestic market, the Group accepts returns for products in good condition with at least six months from the end of their shelf life or products with quality issue which originated from the Group and within products shelf life period. For overseas market, the Group only accepts returns for products with quality issue which originated from the Group and within products shelf life period.

20. Finance costs

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expenses of financial liabilities that are not at fair value through profit or loss	1,782	1,413	-	38
Interest expenses on lease liabilities	478	314	-	-
	2,260	1,727	-	38
Recognised in profit or loss	2,260	1,727	-	38

21. Profit before tax

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditor's remuneration				
Audit fees:				
- KPMG PLT	248	254	103	101
- other auditors	197	190	-	-
Non audit fees:				
- KPMG PLT	128	140	50	60
- other auditors	47	45	-	-
Material expenses/(income)				
Amortisation of intangible assets	77	88	-	-
Damaged goods written off	2,206	743	-	-
Depreciation on property, plant and equipment:				
- owned assets	11,127	11,392	-	-
- right-of-use assets	4,467	3,746	-	-
Dividend income from subsidiaries (unquoted)	-	-	(17,155)	(12,809)
Gain on disposal of property, plant and equipment	(146)	(187)	-	-
Impairment loss/(Reversal of impairment loss) on:				
- investments in subsidiaries	-	-	3,816	7,723
- investments in associates	-	(93)	-	(93)
Interest income from fixed deposits and loans	(1,906)	(1,407)	(3,812)	(3,199)
Inventories written down to net realisable value	153	1,596	-	-
Foreign exchange gain:				
- realised	(1,660)	(2,280)	(8)	(333)
- unrealised	(4,548)	(562)	(1,041)	(1,490)
Property, plant and equipment written off	23	49	-	-
Research and development expenditure	13,356	13,362	-	-
Expenses arising from leases				
Expenses relating to short-term leases	150	146	-	-
Expenses relating to low value leases	7	6	-	-
Net loss on impairment of financial instruments				
Financial assets at amortised cost	640	209	-	-

22. Key management personnel compensations

The key management personnel compensations are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors of the Company:				
- Fees	820	860	820	860
- Benefits in kind	33	33	-	-
- Remuneration	2,754	2,065	139	160
	3,607	2,958	959	1,020
Directors of the Group entities:				
- Fees	14	13	-	-
- Remuneration	3,131	2,868	-	-
- Benefits in kind	158	144	-	-
	3,303	3,025	-	-
Other key management personnel:				
- Remuneration	460	409	-	-
	460	409	-	-
	7,370	6,392	959	1,020

23. Tax expense

23.1 Recognised in profit or loss

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current tax expense				
- Current year	14,563	12,752	1,000	288
- Under/(Over) provision in prior years	809	(750)	388	(38)
	15,372	12,002	1,388	250
Deferred tax expense				
- Origination and reversal of temporary differences	712	949	-	-
- Over provision in prior years	(87)	(31)	-	-
	625	918	-	-
Total tax expense	15,997	12,920	1,388	250

Provision for taxation for companies incorporated in Malaysia is determined by applying the current Malaysian tax rate on chargeable income. Taxation for entities in other jurisdictions is calculated at the tax rates prevailing in the respective jurisdictions.

23. Tax expense (continued)

23.2 Reconciliation of effective tax expense

	←----- Group ----->		←----- Company ----->	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit for the year	37,825	34,773	15,669	8,731
Total income tax expense	15,997	12,920	1,388	250
Profit excluding tax	53,822	47,693	17,057	8,981
Income tax calculated using Malaysian tax rate of 24% (2022: 24%)	12,917	11,446	4,094	2,155
Effect of tax rates in foreign jurisdictions	883	485	-	-
Non-deductible expenses	2,016	1,436	1,048	1,205
Tax exempt income	(281)	(85)	(4,142)	(3,072)
Tax incentives	(510)	(929)	-	-
Effect of changes in unrecognised deferred tax asset	250	1,348	-	-
Under/(Over) provision in prior years	722	(781)	388	(38)
	15,997	12,920	1,388	250

24. Earnings per ordinary share

24.1 Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2023 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	←----- Group ----->	
	2023 RM'000	2022 RM'000
Profit attributable to ordinary shareholders (RM'000)	37,315	34,466
Weighted average number of ordinary shares in issue ('000)	141,488	140,965
Basic earnings per ordinary share (sen)	26.37	24.45

24. Earnings per ordinary share (continued)

24.2 Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2023 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares calculated as follows:

	Group	
	2023 RM'000	2022 RM'000
Profit attributable to ordinary shareholders (RM'000)	37,315	34,466
Weighted average number of ordinary shares ('000)		
Weighted average number of ordinary shares at 31 December (basic)	141,488	140,965
Effect of issuance of shares under ESOS	69	249
Weighted average number of ordinary shares at 31 December (diluted)	141,557	141,214
Diluted earnings per ordinary share (sen)	26.36	24.41

25. Dividends

Dividends recognised by the Company are:

	Sen per share	Total amount RM'000	Date of payment
2023			
Final 2022 ordinary	7.5	10,627	
Special 2022 ordinary	2.5	3,542	
		14,169	25 July 2023
2022			
Final 2021 ordinary	7.0	9,872	
Special 2021 ordinary	1.0	1,410	
		11,282	25 July 2022

On 20 March 2024, the Directors recommended a final dividend of 8.0 sen per ordinary share of approximately RM11,348,000 and special dividend of 3.0 sen per ordinary share of approximately RM4,255,000 in respect of the year ended 31 December 2023.

The said dividend will be recognised in the financial year ending 31 December 2024 upon approval by the shareholders at the forthcoming Annual General Meeting of the Company.

26. Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

Operating segments	Business activities
Manufacturing	Manufacturing of pharmaceutical products
Trading	Import, export and trading in various kinds of pharmaceutical, traditional herbal and veterinary products
Investment holding	Investment holding

The manufacturing of pharmaceutical products in Malaysia, Vietnam and Indonesia are aggregated to form a reportable segment as manufacturing due to the similar nature and economic characteristics of the production process and distribution method. The level of capital investment for these divisions are significantly higher than the other operating segments. The products manufactured in this segment are based on the local demand from the targeted market and export demand. The basis of segmentation is consistent with the information reported internally to the Group Managing Director.

Performance is measured based on segment profit before tax, depreciation and amortisation as included in the internal management reports that are reviewed by the Group Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets are measured based on all assets (including intangible assets) of a segment, as included in the internal management reports that are reviewed by the Group Managing Director. Segment total assets are used to measure the return of assets of each segment.

Segment liabilities

The total of segment liabilities are measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group Managing Director.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

26. Operating segments (continued)

Group	Manufacturing		Trading		Investment holding		Inter-segment eliminations		Total	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue										
External	292,019	277,788								
Inter-segment	39,612	46,243	62,976	56,460	-	-	-	-	354,995	334,248
			1,037	1,580	17,155	12,809	(57,804)	(60,632)	-	-
	331,631	324,031	64,013	58,040	17,155	12,809	(57,804)	(60,632)	354,995	334,248
Results										
Profit from operations	47,618	45,304	7,575	2,907	13,059	4,394	(14,114)	(4,566)	54,138	48,039
Interest income	577	677	90	71	3,846	3,231	(2,607)	(2,572)	1,906	1,407
Finance costs	(4,394)	(4,063)	(462)	(492)	-	(38)	2,596	2,866	(2,260)	(1,727)
Share of loss of associates	-	-	-	-	-	-	38	(26)	38	(26)
Profit before tax	43,801	41,918	7,203	2,486	16,905	7,587	(14,087)	(4,298)	53,822	47,693
Income tax expense									(15,997)	(12,920)
Profit for the year									37,825	34,773

26. Operating segments (continued)

Other information

Group	Manufacturing		Trading		Investment holding		Inter-segment eliminations		Total	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Segment assets	467,940	421,951	77,596	68,602	194,818	193,469	(219,614)	(209,977)	520,740	474,045
Consolidated assets	467,940	421,951	77,596	68,602	194,818	193,469	(219,614)	(209,977)	520,740	474,045
Segment liabilities	218,014	187,977	44,193	40,420	3,505	3,454	(162,236)	(149,530)	103,476	82,321
Deferred tax liabilities	12,163	11,511	-	5	-	-	-	-	12,163	11,516
Current tax liabilities	2,476	1,313	1,395	917	-	-	3	3	3,874	2,233
Consolidated liabilities	232,653	200,801	45,588	41,342	3,505	3,454	(162,233)	(149,527)	119,513	96,070
Capital expenditure on: - property, plant and equipment	12,593	5,612	64	278	-	-	-	-	12,657	5,890
- owned assets	27,342	991	-	22	-	-	-	-	27,342	1,013
- right-of-use assets										
Depreciation of property, plant and equipment	10,388	10,669	844	822	-	-	(105)	(99)	11,127	11,392
- owned assets	3,955	3,281	717	653	-	-	(205)	(188)	4,467	3,746
- right-of-use assets										
Impairment losses/ (Reversal of) on: - financial instruments	235	(72)	405	281	-	-	-	-	640	209
- investment in cost of subsidiaries and associates	-	-	-	-	3,816	7,723	(3,816)	(7,723)	-	-
Inventories written down/ (back) to net realisable value	157	1,569	(4)	27	-	-	-	-	153	1,596
Damaged goods written off	2,172	715	34	28	-	-	-	-	2,206	743

26. Operating segments (continued)

Geographical segments

In presenting information on the basis of geographical segments, segment assets are based on the geographical location of the assets.

Group	Non-current assets excluding deferred tax assets	
	2023 RM'000	2022 RM'000
Geographical information		
Malaysia	144,238	115,567
Indonesia	7,858	8,150
Vietnam	9,980	11,021
Singapore	4,800	5,017
Philippines	21	25
Other countries	2	23
	166,899	139,803

Major customers

The Group does not have any customers where the Group generates revenue equal or more than 10% of the Group's total revenue.

27. Financial instruments

27.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Amortised cost ("AC"); and
- (b) Financial liabilities measured at amortised cost ("FL").

	2023		2022	
	Carrying amount RM'000	AC/ (FL) RM'000	Carrying amount RM'000	AC/ (FL) RM'000
Financial assets				
Group				
Trade and other receivables (excluded VAT receivables)	71,422	71,422	67,526	67,526
Amounts due from:				
- affiliated companies	105	105	275	275
- associates	942	942	438	438
Cash and cash equivalents	130,330	130,330	129,506	129,506
	202,799	202,799	197,745	197,745
Company				
Other receivables	37	37	83	83
Amounts due from subsidiaries	31,417	31,417	30,034	30,034
Cash and cash equivalents	45,986	45,986	44,373	44,373
	77,440	77,440	74,490	74,490

27. Financial instruments (continued)

27.1 Categories of financial instruments (continued)

The table below provides an analysis of financial instruments categorised as follows: (continued)

	2023		2022	
	Carrying amount RM'000	AC/ (FL) RM'000	Carrying amount RM'000	AC/ (FL) RM'000
Financial liabilities				
Group				
Trade and other payables	(39,213)	(39,213)	(39,337)	(39,337)
Amounts due to affiliated companies	(8,566)	(8,566)	(8,193)	(8,193)
Loans and borrowings	(46,929)	(46,929)	(24,090)	(24,090)
	(94,708)	(94,708)	(71,620)	(71,620)
Company				
Other payables	(113)	(113)	(98)	(98)
Amounts due to subsidiaries	(2,659)	(2,659)	(2,668)	(2,668)
	(2,772)	(2,772)	(2,766)	(2,766)

27.2 Net gains and losses arising from financial instruments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net gains/(losses) arising on:				
Financial assets measured at amortised cost	7,475	4,040	4,862	5,022
Financial liabilities measured at amortised cost	(2,260)	(1,727)	-	(38)
	5,215	2,313	4,862	4,984

27.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

27.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits placed with licensed banks. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, fixed deposits with licensed banks and financial guarantees given to one of its subsidiary, Y.S.P. Industries (M) Sdn. Bhd. ("YSPIM") for amounts owing by its related corporations.

27. Financial instruments (continued)

27.4 Credit risk (continued)

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The credit risk is controlled by the application of credit approvals, limits and monitoring procedures.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statement of financial position.

Concentration of credit risk

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	←----- 2023 RM'000	Group 2022 RM'000 -----→
Malaysia	54,678	52,331
Singapore	5,679	4,693
Vietnam	4,711	4,665
Philippines	142	207
Others	1,556	1,668
	66,766	63,564

Recognition and measurement of impairment loss

The Group uses an allowance matrix to measure expected credit losses ("ECLs") of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due. Loss rates are based on actual credit loss experience over the past five years.

27. Financial instruments (continued)

27.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment loss (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables which are grouped together as they are expected to have similar risk nature.

The ageing of trade receivables and trade amounts due from affiliates as at the end of the reporting period was:

Group	Gross RM'000	Loss allowance RM'000	Net RM'000
2023			
Not past due	46,560	(902)	45,658
Past due 1 - 30 days	13,090	(367)	12,723
Past due 31 - 60 days	4,696	(239)	4,457
Past due 61 - 90 days	1,871	(242)	1,629
Past due 91 - 120 days	375	(147)	228
Past due more than 120 days	2,614	(543)	2,071
	69,206	(2,440)	66,766
Credit impaired			
Individually impaired	1,347	(1,347)	-
Trade receivables, net	70,553	(3,787)	66,766
2022			
Not past due	43,428	(849)	42,579
Past due 1 - 30 days	13,223	(334)	12,889
Past due 31 - 60 days	4,838	(195)	4,643
Past due 61 - 90 days	1,352	(170)	1,182
Past due 91 - 120 days	367	(76)	291
Past due more than 120 days	2,466	(486)	1,980
	65,674	(2,110)	63,564
Credit impaired			
Individually impaired	997	(997)	-
Trade receivables, net	66,671	(3,107)	63,564

27. Financial instruments (continued)

27.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment loss (continued)

The movements in the allowance for impairment in respect of trade receivables during the year are shown below:

	Trade receivables Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
2023			
Balance at 1 January	2,606	997	3,603
Net remeasurement of loss allowance	290	350	640
	2,896	1,347	4,243
Effect of movements in exchange rates			(456)
Balance at 31 December			3,787
2022			
Balance at 1 January	2,523	871	3,394
Net remeasurement of loss allowance	83	126	209
	2,606	997	3,603
Effect of movements in exchange rates			(496)
Balance at 31 December			3,107

At 31 December 2023, there is no significant individual impairment loss during the year.

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These deposits and balances with licensed banks have low credit risks. Consequently, the Group and the Company are of the view that no loss allowance is considered necessary.

Other receivables

Credit risks on other receivables are mainly arising from other non-trade debtors and deposits paid for office buildings and fixtures rented. These deposits will be received at the end of each lease terms.

27. Financial instruments (continued)

27.4 Credit risk (continued)

Other receivables (continued)

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group and the Company do not consider it necessary to recognise any allowance for impairment losses.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries and unsecured financial guarantee to one of the subsidiaries in respect of amount owing from certain other subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM43,035,000 (2022: RM70,136,000) representing the outstanding banking facilities and intercompany advances of the subsidiaries as at the end of the reporting period.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the lenders in full; or
- The subsidiary is continuously loss making and is having a deficit in shareholders' fund.

The Company has not provided expected credit losses on these financial guarantees because there are no indications that further impairment is required.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

27. Financial instruments (continued)

27.4 Credit risk (continued)

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiary's financial positions deteriorate significantly. As the Company is able to determine the timing of payments of the outstanding amounts when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its amount owed to the Company in full; or
- The subsidiary is continuously loss making and are having a deficit in shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available. The Company has not provided expected credit losses on these loans and advances to subsidiaries because there are no indicators that any subsidiaries would default on repayments.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances as at 31 December 2023.

Company	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
2023			
Low credit risk	31,417	-	31,417
2022			
Low credit risk	30,034	-	30,034

27.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligation as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company seek to achieve a balance between certainty of funding even in difficult times for the markets and a flexible and cost-effective borrowing structure. This is to ensure that at the minimum, all projected net borrowing needs are covered by committed facilities. Also, the objective for debts maturity is to ensure that the amount of debts maturing in any one year is not beyond the Group's and the Company's means to repay or refinance.

27. Financial instruments (continued)

27.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest/ profit rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
2023						
Term loans	37,253	4.04 - 5.10	47,375	6,037	18,610	22,728
Hire purchase creditors	5,376	4.07 - 7.02	5,674	3,116	2,558	-
Revolving credit	4,300	4.16 - 4.87	4,342	4,342	-	-
Lease liabilities	6,197	6.57	6,628	3,480	3,040	108
Trade and other payables	39,213	-	39,213	39,213	-	-
Amounts due to affiliated companies	8,566	-	8,566	8,566	-	-
	<u>100,905</u>		<u>111,798</u>	<u>64,754</u>	<u>24,208</u>	<u>22,836</u>
2022						
Term loans	14,586	3.24 - 4.69	16,166	3,654	12,410	102
Hire purchase creditors	5,104	5.97 - 7.52	5,326	3,355	1,922	48
Revolving credit	4,400	3.07 - 4.62	4,439	4,439	-	-
Lease liabilities	8,180	6.57	8,927	3,819	5,104	4
Trade and other payables	39,337	-	39,337	39,337	-	-
Amounts due to affiliated companies	8,193	-	8,193	8,193	-	-
	<u>79,800</u>		<u>82,388</u>	<u>62,797</u>	<u>19,436</u>	<u>154</u>

27. Financial instruments (continued)

27.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM'000	Contractual interest/ profit rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000
2023					
Other payables	113	-	113	113	-
Amounts due to subsidiaries	2,659	-	2,659	2,659	-
Financial guarantees	-	-	43,035	43,035	-
	<u>2,772</u>		<u>45,807</u>	<u>45,807</u>	<u>-</u>
2022					
Other payables	98	-	98	98	-
Amounts due to subsidiaries	2,668	-	2,668	2,668	-
Financial guarantees	-	-	70,136	70,136	-
	<u>2,766</u>		<u>72,902</u>	<u>72,902</u>	<u>-</u>

27.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

27.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar (USD), Singapore Dollar (SGD), Philippines PESO (PHP), Indonesian Rupiah (IDR) and Vietnam Dong (VND).

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's policy is to minimise the exposure of overseas operating subsidiaries or activities to currency risk by matching local currency income against local currency costs.

27. Financial instruments (continued)

27.6 Market risk (continued)

27.6.1 Currency risk (continued)

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	USD RM'000	SGD RM'000	Denominated in PHP RM'000	IDR RM'000	VND RM'000
Group					
2023					
Trade receivables	4,787	5,672	142	1,556	4,711
Cash and cash equivalents	14,376	18,791	1,415	5,506	9,773
Trade payables	(7,668)	-	-	-	(299)
Amounts due to affiliated companies	(8,410)	-	-	-	-
Lease liabilities	-	(551)	-	-	-
Exposure in the statement of financial position, net	3,085	23,912	1,557	7,062	14,185
2022					
Trade receivables	5,150	4,693	208	1,788	4,665
Cash and cash equivalents	8,133	14,643	1,034	4,979	10,033
Trade payables	(6,449)	-	-	-	(104)
Amounts due to affiliated companies	(8,091)	-	-	-	-
Lease liabilities	-	(1,079)	-	-	-
Exposure in the statement of financial position, net	(1,257)	18,257	1,242	6,767	14,594

	Denominated in USD	
Company	2023 RM'000	2022 RM'000
Cash and cash equivalents	7,059	4,535
Exposure in the statement of financial position	7,059	4,535

27. Financial instruments (continued)

27.6 Market risk (continued)

27.6.1 Currency risk (continued)

Currency risk sensitivity analysis

A 5% (2022: 5%) strengthening of the Ringgit Malaysia ("RM") against the following currencies at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant.

Group	2023		2022	
	Equity RM'000	Profit or loss RM'000	Equity RM'000	Profit or loss RM'000
USD	(117)	(117)	48	48
SGD	(909)	(909)	(694)	(694)
PHP	(59)	(59)	(47)	(47)
IDR	(268)	(268)	(257)	(257)
VND	(539)	(539)	(555)	(555)
Company				
USD	(268)	(268)	(172)	(172)

A 5% (2022: 5%) weakening of the Ringgit Malaysia ("RM") against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

27.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's policy is to borrow both floating rate and fixed rate debts. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

27. Financial instruments (continued)

27.6 Market risk (continued)

27.6.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed rate instruments				
Financial assets	51,413	73,427	46,633	43,234
Financial liabilities	(11,572)	(13,284)	-	-
	39,841	60,143	46,633	43,234
Floating rate instruments				
Financial liabilities	(41,553)	(18,986)	-	-

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Equity		Profit or loss	
	100bp increase RM'000	100bp decrease RM'000	100bp increase RM'000	100bp decrease RM'000
Group				
2023				
Floating rate instruments	(316)	316	(316)	316
2022				
Floating rate instruments	(144)	144	(144)	144

27. Financial instruments (continued)

27.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short-term borrowings approximate their fair values due to the relatively short term nature of these financial instruments.

The Company provides corporate guarantee to banks for credit facility extended to subsidiaries and financial guarantee to one of the subsidiaries in respect of amount owing from certain other subsidiaries. The fair value of such corporate guarantee is not expected to be material as the probability of the subsidiaries defaulting on the credit payment is remote.

The Group and the Company do not have any financial instruments carried at fair value. The fair values of other financial assets and liabilities not carried at fair value, together with the carrying amounts shown in the statements of financial position, are as follows:

	2023		2022	
	Carrying amount RM'000	Fair value Level 3 RM'000	Carrying amount RM'000	Fair value Level 3 RM'000
Group				
Non-current				
- term loans	(32,813)	(27,724)	(11,526)	(11,106)
- hire purchase creditors	(2,469)	(2,201)	(1,925)	(1,788)
Company				
Non-current				
- amounts due from subsidiaries	14,170	12,833	14,170	12,838

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2022: no transfer between Level 1 and 2 fair values).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

27. Financial instruments (continued)

27.7 Fair value information (continued)

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For hire purchase creditors and term loans the market rate of interest is determined by reference to similar hire purchase and borrowing agreements.

Interest rates used to determine fair value

The interest rates used to discount estimated cash flows are as follows:

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
Non-current				
- amounts due from subsidiaries	-	-	4.50	4.50 - 7.00
- term loans	4.04 – 5.10	3.92 – 4.80	-	-
- hire purchase creditors	4.07 – 7.02	3.02	-	-

28. Capital management

The Group's objectives when managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios at 31 December 2023 and at 31 December 2022 were as follows:

	Group	
	2023 RM'000	2022 RM'000
Total borrowings	53,126	32,270
Total equity	401,227	377,975
Debt-to-equity ratios	0.13	0.09

There were no changes in the Group's approach to capital management during the financial year and the Group is required to maintain a maximum debt-to-equity ratio of 2.0 (2022: 2.0) at all times and also Tangible Net Worth not permitted to fall, at any time, below RM160 million to comply with certain bank covenants.

29. Capital commitments

	←----- Group -----→ 2023 RM'000	2022 RM'000
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for	11,528	32,694
Authorised but not contracted for	-	67
	11,528	32,761

30. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

Significant related party transactions of the Group and the Company, other than key management personnel compensations (see Note 22), are as follows:

	←----- Group -----→ 2023 RM'000	2022 RM'000	←----- Company -----→ 2023 RM'000	2022 RM'000
Corporations related to a substantial shareholder				
Purchases of pharmaceutical products	18,868	15,394	-	-
Consultancy fees payable	156	101	-	-
Sales of raw materials	(329)	(433)	-	-
Companies in which certain Directors have interest:				
Sales of pharmaceutical products	(853)	(799)	-	-
Purchases of pharmaceutical products	5,098	6,042	-	-
Subsidiaries:				
Dividends	-	-	(17,155)	(12,808)
Interest received	-	-	(2,572)	(2,539)
Corporate guarantee fee	-	-	(443)	(340)
Loan to subsidiaries	-	-	1,500	1,500

Significant related party balances related to the above transactions are disclosed in Notes 8 and 12.

STATEMENT BY DIRECTORS PURSUANT TO

Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 72 to 124 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Datuk Dr. Anis Bin Ahmad
 Director

.....
Dato' Dr. Lee Fang Hsin
 Director

Kuala Lumpur

Date: 20 March 2024

STATUTORY DECLARATION PURSUANT TO

Section 251(1)(b) of the Companies Act 2016

I, **Dato' Dr Lee Fang Hsin**, the Director primarily responsible for the financial management of Y.S.P. Southeast Asia Holding Berhad, do solemnly and sincerely declare that the financial statements set out on pages 72 to 124 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named Dato' Dr. Lee Fang Hsin, NRIC: 600227-89-5013, in Kuala Lumpur on 20 March 2024.

.....
Dato' Dr Lee Fang Hsin

Before me:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF Y.S.P. SOUTHEAST ASIA HOLDING BERHAD (REGISTRATION NO. 200101017024 (552781-X)) (INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Y.S.P. Southeast Asia Holding Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 72 to 124.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group

Revenue recognition (Refer to Note 19)

Total revenue of the Group for the year ended 31 December 2023 amounted to RM354,995,000. Revenue recognition has been identified as a key audit matter as it represents the most significant amount in the financial statement of the Group and is one of the key performance indicators of the Group, and may be overstated due to pressure faced by the Group in achieving performance target.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- i) Obtained an understanding over the sales process and evaluated the design, implementation and operating effectiveness of key internal controls over the existence, accuracy and timing of revenue recognition;
- ii) Assessed Group's accounting policy over revenue recognition is in accordance with MFRS 15;
- iii) Assessed whether revenue has been recognised appropriately by comparing sales transactions for the year, on sampling basis, with relevant underlying documents, including customers' signed acknowledgement of receipt (for domestic sales) and bills of lading (for export sales); and
- iv) Inspected sales transactions before and after year end, on sampling basis, to assess the Group's timing of revenue that the sales are recognised in the correct accounting period.

We have determined that there are no key audit matters in the audit of separate financial statements of the Company to communicate in our audit.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Auditors' Responsibility for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 5 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya

Date: 20 March 2024

Koh Ree Nie
Approval Number: 03339/12/2025 J
Chartered Accountant

LIST OF PROPERTIES

Title / Location	Description & Usage	Tenure	Land/ Built-up Area sq. metres	Approximate Age of Building	Net Book Value as at 31 st December 2023 (RM'000)
Lot 3, 5 & 7, Jln P/7, Section 13 Kawasan Perindustrian Bandar Baru Bangi, 43000 Kajang, Selangor, Malaysia.	Three contiguous parcels of industrial land with purpose built industrial buildings for own use consisting of:-	99 years leasehold, all expiring on 29.09.2086	0.4047 hectare each, totaling 1.2141 hectare or 2.861 acres	31 years	19,875
Held under :- - H.S.(M) 9635 for P.T. 11466, Seksyen 13; - H.S.(M) 9636 for P.T.11467 Seksyen 13; and - H.S.(M) 9637 for P.T. 11468 Seksyen 13	(i) 4-storey office / laboratory building (ii) 4-storey production / laboratory / warehouse building (iii) 2-storey raw materials / packaging building (iv) 1-storey maintenance / Tenaga Nasional Berhad sub-station building (v) 5-storey canteen/ warehouse/ packing area (vi) water treatment plant (vii) guard house		Land - 11,580 (or 124,646 square feet) Gross Build up areas- 22,982.62		
all in the Mukim of Kajang, District of Hulu Langat State of Selangor.					
No.18 & 20 Jalan Wan Kadir, Tmn Tun Dr. Ismail, 60000 Kuala Lumpur, Malaysia.	Intermediate 3-storey terrace shop-office for own use	Freehold	Land - 327	35 years	5,510
Held under Geran :- - 23507 for Lot No. 50965, - 23508 for Lot No. 50966			Build Up – 915.656		
in Mukim Kuala Lumpur, District of Wilayah Persekutuan, State of Wilayah Persekutuan.					
No. 2A & 8, Jalan 9/9M, No. 12 & 12A, Jalan 9/9L, Seksyen 9, Fasa 1, Bandar Baru Bangi, Selangor, Malaysia.	4 units of double storey terrace house for own use	99 years leasehold	Land - 143 per unit	18 years	838
Held under: - H.S. (D) 81710 for P.T. 55601, Seksyen 9 - H.S. (D) 81711 for P.T. 55602, Seksyen 9 - H.S. (D) 81741 for P.T. 55632, Seksyen 9 - H.S. (D) 81743 for P.T. 55634, Seksyen 9,			Build-up – 178.189 per unit		
all in the Mukim of Kajang, District of Hulu Langat, State of Selangor.					

List Of Properties (continued)

Title / Location	Description & Usage	Tenure	Land/ Built-up Area sq. metres	Approximate Age of Building	Net Book Value as at 31 st December 2023 (RM'000)
Lot 1, Jalan 9/8, Lot 2,4,6 & 8, Jalan 9/7, Taman IKS, Section 9, Bandar Baru Bangi, 43650 Kajang, Selangor, Malaysia. Held under :- - H.S.(D) 87699 for P.T. 56932 Seksyen 9, - H.S.(D) 87693 for P.T. 56926 Seksyen 9, - H.S.(D) 87694 for P.T.56927 Seksyen 9, - H.S.(D) 87695 for P.T. 56928 Seksyen 9, and - H.S. (D) 87696 for P.T. 56929 Seksyen 9, all in the Mukim of Kajang, District of Hulu Langat, State of Selangor.	Five contiguous parcels of industrial lands with purpose built industrial buildings for own use consisting of :- (i) 2-storey warehouse building PKNS Industrial land for factory build on Lot 1 & 2 Section 9, Bandar Baru Bangi. (ii) Lot 4, 6 & 8 - vacant land	99 years leasehold, all expiring in year 2103	Land - 4.03 acres / 13,939 square meters (5 units) Build up – 238,535	19 years	10,492
Lot no 3, Jalan 9/8,Taman IKS, Section 9, Bandar Baru Bangi, 43650 Kajang, Selangor, Malaysia. Held under: - H.S.(D) 87700 for P.T. 56933, Seksyen 9, Bandar Baru Bangi, Daerah Hulu Langat, Selangor.	Vacant land	99 years leasehold, all expiring in year 2103	2,723.5	NA	1,454
Lot 12, Jln P/7, Section 13 Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor, Malaysia. Held under :- - 5847, Seksyen 13, Lot no. 27274 Lot 14, Jln P/7, Section 13 Kawasan Perusahaan Bangi, 43650 Bandar Baru Bangi, Selangor Darul Ehsan. Held under :- - 5846, Seksyen 13, Lot no. 27275 all within the Mukim of Kajang, District of Hulu Langat, State of Selangor.	3-storey factory annexed with 4 ½ storey office block 2 ½ storey factory building	99 years leasehold, expiring on 29.09.2086	Land - 4,042 square meter Gross floor area 5,336.00 square meters Land - 8,291 square meter Gross floor area 9,568.00 square meters	36 years	11,022

List Of Properties (continued)

Title / Location	Description & Usage	Tenure	Land/ Built-up Area sq. metres	Approximate Age of Building	Net Book Value as at 31 st December 2023 (RM'000)
No. 1, Jalan P/5, Kawasan Perindustrian Seksyen 13, Bandar Baru Bangi, 43650 Kajang, Selangor Malaysia	A piece of leasehold land with purpose built industrial buildings for own use consisting of: i) A single storey factory complex	99 years leasehold, all expiring on 29.09.2086	2.76 hectare each, or 6.82 acres (27,599.56 square metres)	31 years	32,121
Held under :- - H.S.(M) 9686 for P.T. 11517, in the Mukim of Kajang, District of Hulu Langat State of Selangor.	ii) A single storey warehouse iii) Ancillary buildings/ canteen/ schedule waste store/chemical room/scrap area/pump- house/parking area		Land -17,722.27 square metres Gross Build-up areas – 9,877.29 square metres		
Industrial lot in Sendayan TechValley held under HS(D) 223325 PT12687 Bandar Sri Sendayan, District of Seremban, State of Negeri Sembilan Darul Khusus, Malaysia.	Vacant land	Freehold	A total area of approximately 28,381 square metres (305,490 square feet)	NA	12,524
Land together with one (1) unit of Double Storey Building erected thereon and appurtenances thereof situate at Between Green Road and Railway Line Kuching, containing an area of 1,011.7 square metres, more or less, and described as Lot 54 Section 18 Kuching Town Land District, Sarawak, Malaysia.	A Double Storey Building for own use consisting of Warehouse and Office.	Freehold	a total area of approximately 1,011.7 square metres	31 years	2,009
Apartment 7-1-8 Kiara Green Townhouse Jalan Tun Mohd Fuad Taman Tun Dr Ismail 60000 Wilayah Persekutuan Kuala Lumpur. Held under strata title Geran 26869/M3/2/77, No Bangunan M3 No. Tingkat 2 No. Petak 77 lot 51912 Mukim Kuala Lumpur Daerah Kuala Lumpur Negeri Wilayah Persekutuan Kuala Lumpur together with Petak Aksesori A49	1 unit of apartment for own use	Freehold	a total area of approximately 122 square metres	32 years	699

List Of Properties (continued)

Title / Location	Description & Usage	Tenure	Land/ Built-up Area sq. metres	Approximate Age of Building	Net Book Value as at 31 st December 2023 (RM'000)
No. 10, Ubi Crescent # 06-57, Singapore 408564.	Flatted factory for own use	60 years leasehold, expiring on 04.07.2057	209	21 years	1,688
No. 10, Ubi Cresent # 06-58, Singapore 408564	Flatted factory for own use	60 years leasehold, expiring on 04.07.2057	216	21 years	1,744
No. 8, Kaki Bukit Road 2, #02-26, Ruby Warehouse Complex, Singapore 417841.	2 nd storey flatted warehouse within a 4-storey industries development. Let out.	60 years leasehold, expiring on 06.12.2041	139	38 years	602
Nhon Trach 3 Industry Zone-Phase 2, Dong Nai Province, Vietnam. So:112/HDTD.NT3 Land Used Right Certificate: So AO 950020	Industrial land with a factory	46 years leasehold, expiring on 31.12.2053	39,012	13 years	9,070
Unit 3-B LPL Plaza Condominium Building, No. 124 L.P Leviste Street, Salcedo Village, Makati City, Philippines.	Condominium Unit for own use	Freehold	152	39 years	N/A
4th Floor Cacho Gonzales, Building 101 Aguirre St. Corner Trasierra St. Legaspi Village, Makati City, Philippines.	Office and warehouse use	Freehold	480	47 years	N/A
Propinsi Jawa Barat, Kabupaten Bekasi, Kecamatan Cikarang Selatan, Desa Cibatu, Delta Silicon, Lippo Cikarang, Indonesia at the address known as Jalan Kapuk, Blok F20 nomor 016F & 016G.	Industrial land with 2-storey office building and single storey production building for own use	Land rights ownership expiring in year 2027	Land area : 3,136 Building area : 2,000	11 years	3,023
Foresta Business Loft 1 No. 31, Jalan BSD Raya Utama, BSD City, South Tangerang, Banten, Indonesia.	4-storey office building with a sublevel basement for office and warehouse use	Land rights ownership expiring in year 2042	Land area : 190 Building area : 715.47	9 years	2,743

SHAREHOLDING STATISTICS

AS AT 29 MARCH 2024

Total Number of Issued Shares : 141,844,985 ordinary shares
 Class of Shares : There is only one class of shares in the Company
 • Ordinary Shares
 Voting Rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS AS AT 29 MARCH 2024

Size of Holdings	No. of Holders	Total Holdings	%
Less than 100 shares	419	6,541	0.01
100 – 1,000 shares	749	496,061	0.35
1,001 – 10,000 shares	1,900	8,218,195	5.79
10,001 – 100,000 shares	612	18,208,566	12.84
100,001 to less than 5% of issued shares	111	52,085,508	36.72
5% and above of issued shares	2	62,830,114	44.29
Total	3,793	141,844,985	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 29 MARCH 2024

No.	Name	Direct Interest		Deemed Interest	
		Shares	%	Shares	%
1.	YSP International Company Limited	52,365,605	36.92	-	-
2.	Dato' Dr. Lee Fang Hsin	15,558,122	10.97	52,805,480 ^(a)	37.23
3.	Dr. Lee Fang Chuan @ Lee Fang Chen	2,245,997	1.58	52,365,605 ^(b)	36.92
4.	Lee Ling-Chin	2,435,394	1.72	52,365,605 ^(b)	36.92
5.	Dr. Lee Fang-Yu	1,447,952	1.02	52,365,605 ^(b)	36.92
6.	Dr. Lee Fang-Jen	1,213,970	0.86	52,365,605 ^(b)	36.92
7.	Lee Ling-Fen	519,545	0.37	52,365,605 ^(b)	36.92
8.	Yung Shin Formosa Holding Corporation	-	-	52,365,605 ^(c)	36.92
9.	Yung Shin Global Holding Corporation	-	-	52,365,605 ^(d)	36.92

**DIRECTORS' SHAREHOLDINGS
AS AT 29 MARCH 2024**

No.	Name	Direct Interest		Deemed Interest	
		Shares	%	Shares	%
1.	Datuk Dr. Anis Bin Ahmad	1,300,000	0.92	-	-
2.	Dato' Dr. Lee Fang Hsin	15,558,122	10.97	52,805,480 ^(a)	37.23
3.	Lee Ling-Chin	2,435,394	1.72	52,365,605 ^(b)	36.92
4.	Chin Chew Mun	10,000	0.01	-	-

Note

- (a) Deemed interest by virtue of his interest in Yung Shin Global Holding Corporation and his spouse's interest in the Company pursuant to Sections 8 and 59(11)(c) of the Companies Act 2016 respectively.
- (b) Deemed interest by virtue of his/her interest in Yung Shin Global Holding Corporation.
- (c) Deemed interest by virtue of Section 8 of the Companies Act 2016, through its 100% interest in YSP International Company Limited.
- (d) Deemed interest by virtue of Section 8 of the Companies Act 2016, through its 100% interest in Yung Shin Formosa Holding Corporation.

THIRTY (30) LARGEST SHAREHOLDERS AS AT 29 MARCH 2024

No.	Names	No. of Shares held	%
1	YSP INTERNATIONAL COMPANY LIMITED	52,365,605	36.92
2	DATO' DR. LEE FANG HSIN	10,464,509	7.38
3	DATO' DR. LEE FANG HSIN	5,093,613	3.59
4	AMBANK (M) BERHAD - PLEDGED SECURITIES ACCOUNT FOR TAN KONG HAN (SMART)	2,275,448	1.60
5	LEE LING-CHIN	1,960,394	1.38
6	DR. LEE FANG CHUAN @ LEE FANG CHEN	1,822,097	1.28
7	CITIGROUP NOMINEES (ASING) SDN BHD – EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	1,742,500	1.23
8	DR. LEE FANG-YU	1,447,952	1.02
9	DATUK DR. ANIS BIN AHMAD	1,300,000	0.92
10	TU SHU YAO	1,214,500	0.86
11	DR. LEE FANG-JEN	1,213,970	0.86
12	YAN KAI YIN	1,206,003	0.85
13	LEONG FOONG FIN	1,184,730	0.84
14	LIAO, MIAO-YI	1,153,600	0.81
15	DATUK KOAY SOON ENG	1,153,000	0.81
16	LIM KHUAN ENG	1,090,000	0.77
17	HLB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR WONG AH CHIEW	1,089,900	0.77
18	PUBLIC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR TAN KONG HAN (SS2/PIV)	1,066,600	0.75
19	PUBLIC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR LIM HOCK FATT (E-SS2)	930,000	0.66
20	RHB NOMINEES (ASING) SDN BHD - TIEN TE LEE BIOMEDICAL FOUNDATION	892,262	0.63
21	AMANAHRAYA TRUSTEES BERHAD – PUBLIC ISLAMIC TREASURES GROWTH FUND	805,000	0.57
22	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN BHD – PLEDGED SECURITIES ACCOUNT FOR TAN HENG LOON	684,000	0.48
23	LIN, CHI-JUI	640,153	0.45
24	PUBLIC NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN (E-KLC)	543,800	0.38
25	LEE, LING-FEN	519,545	0.37
26	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR ONG YOONG NYOCK (8039533)	502,100	0.35
27	LEE LING-CHIN	475,000	0.33
28	PHILLIP NOMINEES (TEMPATAN) SDN BHD – EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	461,000	0.33
29	TU YING YEE	460,000	0.32
30	YAP YEN MEE	459,933	0.32

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-third Annual General Meeting of the Company will be conducted virtually through live streaming via a remote participation and voting facilities at the Broadcast Venue, Level 23, Menara LGB, No. 1, Jalan Wan Kadir, Taman Tun Dr. Ismail, 60000 Kuala Lumpur on Tuesday, 21 May 2024 at 9:30 a.m. for the following purposes: -

AGENDA AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company and its Group for the financial year ended 31 December 2023 and the Reports of the Directors and the Auditors thereon. (Please refer to Note 2)
2. To approve the payment of Directors' fees and benefits for the financial year ended 31 December 2023 amounting to RM959,050.00.
3. To approve the payment of dividend comprising the following for the financial year ended 31 December 2023:-
 - i). final ordinary dividend (single-tier) of 8.0 sen per ordinary share; and
 - ii). final special dividend (single-tier) of 3.0 sen per ordinary share
4. To re-elect the following Directors retiring in accordance with the Company's Constitution:-
 - i). Dato' Dr. Lee Fang Hsin – Clause 78
 - ii). Mr. Chin Chew Mun – Clause 78
 - iii). Puan Hasnah Binti Ismail – Clause 78
 - iv). Mr. Lee Sen Huei – Clause 79
5. To re-appoint Messrs. KPMG PLT as Auditors and to authorise the Board of Directors to fix their remuneration.

**(ORDINARY
RESOLUTION 1)**

**(ORDINARY
RESOLUTION 2)**

**(ORDINARY
RESOLUTION 3)**

**(ORDINARY
RESOLUTION 4)**

**(ORDINARY
RESOLUTION 5)**

**(ORDINARY
RESOLUTION 6)**

**(ORDINARY
RESOLUTION 7)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions: -

6. **AUTHORITY TO ALLOT SHARES PURSUANT TO THE COMPANIES ACT 2016 AND WAIVER OF PRE-EMPTIVE RIGHTS**

**(ORDINARY
RESOLUTION 8)**

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approvals from the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company at the time of submission and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.

AND THAT pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 8 of the Company's Constitution, approval be and is hereby to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new Company shares ranking equally to the existing issued Company shares arising from any issuance of the new Company shares pursuant to Sections 75 and 76 of the Companies Act 2016."

7. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR RRPT 1 TO RRPT 6 AND RRPT 8 TO RRPT 11

(ORDINARY RESOLUTION 9)

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR RRPT 7

(ORDINARY RESOLUTION 10)

"THAT approval be hereby given to the Company and/or its subsidiaries ("Group") to enter into the recurrent related party transactions of a revenue or trading nature as set out in Section 1.4 of the Circular to Shareholders dated 23 April 2024 ("Circular") which are necessary for the Group's day-to-day operations provided such transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not detrimental to minority shareholders and such approval shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM, at which time it will lapse, unless by a resolution passed at such AGM, such authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting; whichever is earlier.

AND THAT, the Directors of the Company be and hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Mandate."

8. To transact any other business which may properly be transacted at an Annual General Meeting for which due notice shall have been given.

By Order of the Board,

LIM SECK WAH (MAICSA 0799845)
SSM PC NO. 202008000054
KONG MEI KEE (MAICSA 7039391)
SSM PC NO. 202008002882
 Company Secretaries

Dated this 23 April 2024
 Kuala Lumpur

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders, the dividend comprising the following for the financial year ended 31 December 2023 will be paid on 22 July 2024 to depositors registered in the Record of Depositors at the close of business on 25 June 2024: -

- i. final ordinary dividend (single-tier) of 8.0 sen per ordinary share; and
- ii. final special dividend (single-tier) of 3.0 sen per ordinary share

A depositor shall qualify for the entitlement only in respect of:-

- (a) Shares transferred into the Depositor's Securities Account before 4:30 p.m. on 25 June 2024 in respect of ordinary transfer;
- (b) Shares bought on the Exchange on a cum entitlement basis according to the Rules of the Exchange.

Notes:

1. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No shareholders/ proxies from the public will be physically present at the meeting venue. Shareholders who wish to participate the meeting will therefore have to register via the link <https://vps.megacorp.com.my/ydusOq>. Kindly refer to the annexure of the Administrative Notes for further information.
2. The Audited Financial Statements are for discussion only as the Company's Constitution provides that the audited financial statements are to be laid in the general meeting.
3. For the purpose of determining a member who shall be entitled to attend, speak and vote at the Annual General Meeting. The Company shall be requesting the Record of Depositors as at 14 May 2024. Only a depositor whose name appears on the Record of Depositors as at 14 May 2024 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her stead.
4. A member entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak and vote in his/her stead. All voting will be conducted by way of poll pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities.
5. Where a member appoints two (2) proxies to attend at the same meeting, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
6. (i) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
(ii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
8. The instrument appointing a proxy must be deposited at the Company Secretary's office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to AGM-support.YSP@megacorp.com.my not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. You also have the option to register directly at <https://vps.megacorp.com.my/ydusOq> to submit the proxy appointment electronically not later than 19 May 2024 at 9:30 a.m. For further information on the electronic submission of Form of Proxy, kindly refer to the annexure of the Administrative Notes.

Notes: (continued)

9. Explanatory Notes on Special Business

- 9.1 The profiles of Directors seeking re-election are set out in the Board of Directors' Profiles section of the Company's Annual Report 2023.

The Board, on the recommendation of the Nomination Committee, supported the re-election of the retiring Directors. The Board and the Nomination Committee had reviewed the assessment results of the board evaluation exercise conducted for the financial year ended 31 December 2023 with reference to the Directors' Fit and Proper Policy and were satisfied with the performance and contributions of the retiring Directors that they had effectively discharged their duties and responsibilities well.

- 9.2 The proposed Ordinary Resolution 8 is to give mandate to the Board of Directors of the Company the flexibility to allot new shares in the Company up to an amount not exceeding in total 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The Company continues to consider opportunities to broaden its earnings potential. If any of the expansion/diversification proposals involves the allotment of new shares, the Directors, under certain circumstance when the opportunity arises, would have to convene a general meeting to approve the allotment of new shares even though the number involved may be less than 10% of the total number of issued shares.

In order to avoid any delay and costs involved in convening a general meeting to approve such allotment of shares, it is thus considered appropriate that the Directors be empowered to allot shares in the Company, up to any amount not exceeding in total 10% of the total number of issued shares of the Company at the time of submission, for such purposes. The renewed authority for allotment of shares will provide flexibility to the Company for the allotment of shares for the purpose of funding future investment, working capital and/or acquisitions.

The waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016 will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer new shares to all the existing shareholders of the Company prior to issuance of new shares in the Company under the mandate.

No shares have been issued and allotted by the Company since obtaining the said mandate from its shareholders at the last Annual General Meeting on 23 May 2023.

- 9.3 The proposed Ordinary Resolutions 9 and 10, if passed, will mandate the Company to enter into the categories of recurrent transactions of a revenue or trading nature with those related parties specified in Section 1.4 of the Circular to Shareholders dated 23 April 2024.

ADMINISTRATIVE NOTES



Y.S.P. Southeast Asia Holding Bhd.

ADMINISTRATIVE NOTES FOR THE TWENTY-THIRD ANNUAL GENERAL MEETING ("23RD AGM")

Date : Tuesday, 21 May 2024
Time : 9:30 a.m.
Broadcast Venue : Level 23, Menara LGB, No. 1, Jalan Wan Kadir,
Taman Tun Dr. Ismail, 60000 Kuala Lumpur



Voting via Digital Ballot Form at a Virtual 23rd AGM

- Shareholders who wish to participate at the virtual **23rd AGM** will have to do so remotely. Pre-registration of attendance is required via the link at <https://vps.megacorp.com.my/ydusOq> (please refer to para 4 for further details). After the registration is validated and accepted, shareholders will receive an email for the meeting link to grant access to the **Digital Ballot Form ("DBF")**.
- With the DBF and meeting link, you may exercise your right as a shareholder of the Company to participate and vote during the **23rd AGM**, at the comfort of your home or from any location.
- Shareholders may use the *Questions' Pane* facility (located at the top right corner of the screen) to submit questions in real time during the meeting via the Live-Streaming solution. Shareholders may also submit questions before the meeting via email to the following e-mail address in relation to the agenda items for the **23rd AGM**: AGM-support.YSP@megacorp.com.my

Registration Procedure

- Kindly follow the steps below to ensure that you are able to obtain your DBF and details to log in to the Live-Streaming session to participate and vote remotely at the **23rd AGM** online:
 - Open this link <https://vps.megacorp.com.my/ydusOq>, or scan the QR code at the top right corner of this document, and submit all requisite details at least twenty-four (24) hours before the **23rd AGM**.
 - Only shareholders are allowed to register their details online. Shareholders can also appoint proxies or Chairman of the meeting as proxy via online, as in step (a) above. Please ensure that your details are accurate as non-compliance would result in you not being able to participate in the **23rd AGM**.
 - Alternatively, you may deposit your Form of Proxy, duly completed with the proxy's email address and mobile phone number, at the office of the Poll Administrator at least forty-eight (48) hours before the **23rd AGM**:

Mega Corporate Services Sdn. Bhd.

Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan **or**;

Submit via e-mail to:

AGM-support.YSP@megacorp.com.my

- For corporate shareholders / nominee accounts, please execute Form of Proxy as per step (c) above.
- Upon verification on your registration, the Poll Administrator, Mega Corporate Services Sdn. Bhd., will send the following via email:
 - Meeting Link** – for the Live-Streaming Session
 - DBF** – for Voting Purposes

Record of Depositors ("ROD") for the 23rd AGM

5. The date of ROD for the **23rd AGM** is Tuesday, 14 May 2024. As such, only shareholders whose names appear in the ROD shall be entitled to participate and vote at the **23rd AGM** or appoint proxy(ies) / corporate representative(s) to participate and vote on his / her behalf.

Poll Voting

6. The voting of the **23rd AGM** will be conducted by poll. The Company has appointed Mega Corporate Services Sdn. Bhd. as the Poll Administrator to conduct the polling process by way of e-voting, and Cygnus Technology Solutions Sdn. Bhd. as the Scrutineers to verify the poll results.
7. Shareholders can proceed to vote on the resolutions and submit your votes during the voting period as stipulated in the DBF. Upon the voting session for the **23rd AGM** is ended, the Scrutineers will verify the poll results after which the Chairman will announce the poll results of the resolutions.

Enquiry

If you have any enquiries on the above, please contact the Poll Administrator during office hours (Monday to Friday):

Mega Corporate Services Sdn. Bhd.

Email : AGM-support.YSP@megacorp.com.my
 Tel : +60 (3) 2694 8984
 Benjamin Teow : +60 (17) 6119666
 Vinoo : +60 (16) 9699220

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FORM OF PROXY

(Before completing this form, please refer to the notes)

No. of shares held	:	
CDS Account No.	:	

I/We * _____ NRIC/Passport/Registration No.* _____
(Full name in block)
of _____
(Address)
with email address _____ mobile phone no. _____
being a member/members* of **Y.S.P. SOUTHEAST ASIA HOLDING BERHAD** ("the Company") hereby appoint(s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

and / or*

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend, speak and vote for *me/us on my/our behalf at the Twenty-third Annual General Meeting of the Company to be conducted virtually through live streaming via a remote participation and voting facilities at the Broadcast Venue, Level 23, Menara LGB, No. 1, Jalan Wan Kadir, Taman Tun Dr. Ismail, 60000 Kuala Lumpur on Tuesday, 21 May 2024 at 9:30 a.m. or any adjournment thereof in the manner as indicated below:-

ORDINARY RESOLUTIONS		FIRST PROXY		SECOND PROXY	
		FOR	AGAINST	FOR	AGAINST
1.	To approve the payment of Directors' fees and benefits for the financial ended 31 December 2023				
2.	To approve final dividend for the financial year ended 31 December 2023				
3.	To re-elect the director, Dato' Dr. Lee Fang Hsin				
4.	To re-elect the director, Mr. Chin Chew Mun				
5.	To re-elect the director, Puan Hasnah Binti Ismail				
6.	To re-elect the director, Mr. Lee Sen Huei				
7.	To re-appoint the retiring auditors, Messrs. KPMG PLT				
8.	Authority to allot shares and waiver of pre-emptive rights				
9.	Proposed Shareholders' Mandate for RRPT 1 to RRPT 6 and RRPT 8 to RRPT 11				
10.	Proposed Shareholders' Mandate for RRPT 7				

Please indicate with an "x" in the appropriate space above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

Dated _____ 2024

Signature/Common Seal

* **Strike out whichever is not desired.**

Notes:-

1. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No shareholders/ proxies from the public will be physically present at the meeting venue. Shareholders who wish to participate the meeting will therefore have to register via the link <https://vps.megacorp.com.my/ydusOq>. Kindly refer to the annexure of the Administrative Notes for further information.
2. For the purpose of determining a member who shall be entitled to attend, speak and vote at the Annual General Meeting. The Company shall be requesting the Record of Depositors as at 14 May 2024. Only a depositor whose name appears on the Record of Depositors as at 14 May 2024 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her stead.
3. A member entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak and vote in his/her stead. All voting will be conducted by way of poll pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities.
4. Where a member appoints two (2) proxies to attend at the same meeting, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
5. (i) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
(ii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
7. The instrument appointing a proxy must be deposited at the Company Secretary's office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to AGM-support.YSP@megacorp.com.my not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. You also have the option to register directly at <https://vps.megacorp.com.my/ydusOq> to submit proxy appointment electronically not later than 19 May 2024 at 9:30 a.m. For further information on the electronic submission of Form of Proxy, kindly refer to the annexure of the Administrative Notes.

fold here for sealing

**Affix
stamp
here**

**The Company Secretary
Y.S.P. SOUTHEAST ASIA HOLDING BHD.**

REGISTRATION NO. 200101017024 (552781-X)

Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

fold here



Y.S.P. SOUTHEAST ASIA HOLDING BERHAD

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Level 22, Menara LGB, No.1, Jalan Wan Kadir,
Taman Tun Dr. Ismail, 60000 Kuala Lumpur, Malaysia.

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Email: yspsah@yspsah.com

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