



YEW LEE PACIFIC GROUP BERHAD

Registration No. 202001036243 (1392564-D)
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023**

YEW LEE PACIFIC GROUP BERHAD

Registration No. 202001036243 (1392564-D)

(Incorporated in Malaysia)

Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the Fourth Quarter Ended 31 December 2023 ⁽¹⁾

	Note	Individual Quarter		Cumulative Quarter	
		Unaudited Current Quarter 31.12.2023 RM'000	Unaudited Preceding Year Corresponding Quarter 31.12.2022 RM'000	Unaudited Current Year-to-date 31.12.2023 RM'000	Audited Preceding Year Corresponding Year-to-date 31.12.2022 RM'000
Revenue		4,934	5,327	21,148	29,674
Cost of sales		(4,178)	(4,029)	(16,001)	(20,226)
Gross profit		756	1,298	5,147	9,448
Other income		341	397	1,685	1,105
Administrative expenses		(2,160)	(2,511)	(7,723)	(10,188)
Selling and marketing expenses		(17)	53	(101)	(121)
Finance costs		(4) ₋	(41)	(37)	(286)
Share of loss of an associate		(104)	(133)	(56)	(55)
Other expenses		(125)	(408)	(168)	(765)
Loss before tax	B12	(1,309)	(1,345)	(1,253)	(862)
Income tax	B5	(74)	215	(400)	(587)
Loss after tax		(1,383)	(1,130)	(1,653)	(1,449)
Other comprehensive (loss)/ income:					
- Foreign currency translation of foreign operation		196	(1)	155	(4)
- Share of other comprehensive income / (loss) of an associate		(16)	7	(20)	7
Total comprehensive loss for the financial period		(1,203)	(1,124)	(1,518)	(1,446)
Loss attributable to:					
- Owners of the Company		(1,383)	(1,130)	(1,653)	(1,449)
- Non-controlling interest		(4) ₋	(4) ₋	(4) ₋	(4) ₋
		(1,383)	(1,130)	(1,653)	(1,449)
Total comprehensive loss attributable to:					
- Owners of the Company		(1,203)	(1,124)	(1,518)	(1,446)
- Non-controlling interest		(4) ₋	(4) ₋	(4) ₋	(4) ₋
		(1,203)	(1,124)	(1,518)	(1,446)
Loss per share ("LPS")					
- Basic (Sen) ⁽²⁾	B11	(0.26)	(0.21)	(0.31)	(0.32)
- Diluted (Sen) ⁽³⁾	B11	(0.26)	(0.21)	(0.31)	(0.32)

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Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the Fourth Quarter Ended 31 December 2023 ⁽¹⁾ (Continued)

NOTES:

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.
- (2) Basic LPS is calculated based on the Company's weighted share capital of 534,269,400 ordinary shares.
- (3) Diluted LPS is calculated based on the Company's weighted share capital of 532,910,734 ordinary shares.
- (4) Represents less than RM1,000.

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YEW LEE PACIFIC GROUP BERHAD

Registration No. 202001036243 (1392564-D)

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**Unaudited Condensed Consolidated Statements of Financial Position
As At 31 December 2023 ⁽¹⁾**

	Unaudited As at 31.12.2023 RM'000	Audited As at 31.12.2022 RM'000
	Note	
Non-current assets		
Property, plant and equipment	22,719	10,699
Right-of-use assets	-	7,557
Investment in an associate company	319	449
	<u>23,038</u>	<u>18,705</u>
Current assets		
Inventories	4,031	5,778
Trade receivables	4,511	4,480
Other receivables, deposits and prepayments	2,749	330
Tax recoverable	2,068	364
Short-term investment funds	26,641	30,125
Fixed deposits with licensed banks	7,031	14,030
Cash and bank balances	7,874	7,928
	<u>54,905</u>	<u>63,035</u>
Total assets	<u>77,943</u>	<u>81,740</u>
Equity		
Share capital	67,480	66,966
Merger reserves	(31,197)	(31,197)
Foreign currency translation reserve	78	(57)
Retained earnings	36,577	38,230
	<u>72,938</u>	<u>73,942</u>
Non-controlling interests	(1)	(1)
Total equity	<u>72,937</u>	<u>73,941</u>
Non-current liabilities		
Bank borrowings	B8 -	2,685
Lease liabilities	-	41
Deferred tax liabilities	1,201	1,006
	<u>1,201</u>	<u>3,732</u>
Current liabilities		
Trade payables	2,461	2,265
Other payables and accruals	1,344	1,678
Bank borrowings	B8 -	98
Lease liabilities	-	26
	<u>3,805</u>	<u>4,067</u>
Total liabilities	<u>5,006</u>	<u>7,799</u>
Total equity and liabilities	<u>77,943</u>	<u>81,740</u>
Net assets per share (Sen) ⁽²⁾	13.65	13.89
Gearing ratio (times)	-	0.04

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**Unaudited Condensed Consolidated Statements of Financial Position
As At 31 December 2023 ⁽¹⁾ (Continued)**

NOTES:

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 ("FYE 2022") as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on the number of ordinary shares in issue of 534,269,400 shares as at 31 December 2023 (31 December 2022: 532,435,600 shares).

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YEW LEE PACIFIC GROUP BERHAD

Registration No. 202001036243 (1392564-D)

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**Unaudited Condensed Consolidated Statements of Changes in Equity
for the Period Ended 31 December 2023 ⁽¹⁾**

	----- Attributable to Owners of the Company -----								
	-----Non-Distributable-----				Distributable		Sub-Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Invested Equity RM'000	Merger Reserves RM'000	Foreign Currency Translation Reserve RM'000	Retained Earnings RM'000				
Balance as at 31 December 2021/ 1 January 2022 (Audited)	(2) -	350	-	(60)	41,276	41,566	(2) -	41,566	
Transaction with owners:									
Acquisition of subsidiaries	-	(350)	(31,197)	-	-	(31,547)	-	(31,547)	
Issuance of shares pursuant to acquisition of subsidiaries	31,547	-	-	-	-	31,547	-	31,547	
Issuance of share pursuant to public issue	37,270	-	-	-	-	37,270	-	37,270	
Transaction cost related to IPO issuance	(1,851)	-	-	-	-	(1,851)	-	(1,851)	
Dividend paid	-	-	-	-	(1,597)	(1,597)	-	(1,597)	
	66,966	(350)	(31,197)	-	(1,597)	33,822	-	33,822	
Loss for the financial year	-	-	-	-	(1,449)	(1,449)	(1)	(1,450)	
Other comprehensive income	-	-	-	3	-	3	(2) -	3	
Total comprehensive profit/ (loss) for the financial year	-	-	-	3	(1,449)	(1,446)	(1)	(1,447)	
Balance as at 31 December 2022 / 1 January 2023 (Audited)	66,966	-	(31,197)	(57)	38,230	73,942	(1)	73,941	

NOTES:

(1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the FYE 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.

(2) Represents less than RM1,000.

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**Unaudited Condensed Consolidated Statements of Changes in Equity
for the Period Ended 31 December 2023 ⁽¹⁾ (Continued)**

	----- Attributable to Owners of the Company -----								
	-----Non-Distributable-----				Distributable		Sub-Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Invested Equity RM'000	Merger Reserves RM'000	Foreign Currency Translation Reserve RM'000	Retained Earnings RM'000				
Balance as at 31 December 2022/ 1 January 2023 (Audited)	66,966	-	(31,197)	(57)	38,230	73,942			
Transaction with owners:									
Issuance of ordinary share pursuant to: - Exercise of warrant	514	-	-	-	-	514	-	514	
	67,480	-	-	-	-	514	-	514	
Loss for the financial period	-	-	-	-	(1,653)	(1,653)	⁽²⁾ -	(1,653)	
Other comprehensive income	-	-	-	135	-	135	⁽²⁾ -	135	
Total comprehensive loss for the financial period	-	-	-	135	(1,653)	(1,518)	⁽²⁾ -	(1,518)	
Balance as at 31 December 2023	67,480	-	(31,197)	78	36,577	72,938	(1)	72,937	

NOTES:

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.
- (2) Represents less than RM1,000.

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**Unaudited Condensed Consolidated Statements of Cash Flows
for the Fourth Quarter Ended 31 December 2023 ⁽¹⁾**

	Unaudited Current Year-to-date 31.12.2023 RM'000	Audited Preceding Year-to-date 31.12.2022 RM'000
Cash flow from operating activities		
Loss before tax	(1,253)	(862)
Adjustment for: -		
Amortisation of right-of-use assets	26	419
Impairment of trade receivables, net	107	431
Depreciation of property, plant and equipment	1,544	1,028
Fair value gain on short-term investment	(1,014)	(425)
Finance costs	37	286
Gain on disposal of non-current assets	(46)	(31)
Interest income	(410)	(254)
Inventories written down, net	136	318
Property, plant and equipment written off	-	1
Share of Loss result of an associate	56	55
Unrealised (gain) / Loss on foreign exchange, net	(38)	19
Operating (loss) / profit before working capital changes	(855)	985
Changes in working capital:		
Inventories	1,682	727
Trade and other receivables	(3,305)	4,559
Trade and other payables	(72)	(294)
Cash (used in) / generated from operations	(2,550)	5,977
Tax paid	(1,230)	(558)
Net cash (used in) / generated from operating activities	(3,780)	5,419
Cash flow from investing activities		
Interest received	410	166
Purchase of property, plant and equipment	(6,018)	(1,076)
Proceed from disposal of non-current assets	72	36
Net cash used in investing activities	(5,536)	(874)
Cash flow from financing activities		
Dividend paid	-	(1,597)
Finance costs paid	(37)	(286)
Proceeds from exercise of warrant / issuances of shares	514	35,419
Withdraw / (Placement) on short-term money market fund	4,500	(29,700)
Repayment of lease liabilities	(66)	(721)
Repayment of term loans, net	(2,783)	(5,511)
Net cash generated from / (used in) from financing activities	2,128	(2,396)
Net (decrease) / increase in cash and cash equivalents	(7,188)	2,149
Effect of foreign currency translation	135	(4)
Cash and cash equivalents at beginning of the financial period	21,958	19,813
Cash and cash equivalents at end of the financial period	14,905	21,958

NOTE:

1. The basis of preparation of the above Unaudited Condensed Consolidated Statements of Cash Flows are detailed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

Notes To the Unaudited Interim Financial Report for the Fourth Quarter Ended 31 December 2023

A1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Boards (“MASB”) and Rule 9.22 of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the FYE 2022 as disclosed in the Annual Report. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the FYE 2022.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the Group’s latest audited financial statements, except for the adoption of the following new MFRSs and amendments to MFRSs which became effective as disclosed as follow:

MFRS (Including the Consequential Amendments)		Effective Date
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The adoption of the above accounting standards and amendments have no material impact to the unaudited condensed consolidated financial statements of the Group.

The Group has not applied in advance the following MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the current financial period:

MFRS (Including the Consequential Amendments)		Effective Date
Amendments to MFRS 7	Financial Instruments: Disclosures - Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 16	Leases - Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies	1 January 2024
Amendments to MFRS 107	Statement of Cash Flows - Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability	1 January 2025

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)**A2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

MFRS (Including the Consequential Amendments)		Effective Date
Amendments to MFRS 10	Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
Amendments to MFRS 128	Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The adoption of the above MFRSs and amendments to MFRSs are expected to have no material impact on the financial statements of the Group in the period of initial application.

A3. MATERIAL CHANGES IN ACCOUNTING ESTIMATES

There were no material changes in accounting estimates during the current financial quarter under review.

A4. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report for the preceding FYE 2022 was issued without any qualifications.

A5. SEASONAL OR CYCLICAL FACTORS

The nature of the Group’s business was not subject to any seasonal and cyclical factors during the current financial quarter under review.

A6. ITEMS OR INCIDENCE OF AN UNUSUAL NATURE

There were no material and unusual items affecting assets, liabilities, equity, net income or cash flows during the financial quarter under review.

A7. MATERIAL SUBSEQUENT EVENT

There were no other material events subsequent to the end of the current financial quarter under review that have not been reflected in the interim financial report.

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)

A8. DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review except as follows:

Bonus Issue of Warrants

On 9 February 2023, the Company has completed a bonus issue of 266,217,800 warrants (“Warrant A”) on the basis of one (1) warrant for every two (2) existing Yew Lee ordinary shares. The warrants are issued in registered form and constituted by a Deed Poll.

The salient terms of the Warrant A are as follows:

- i. Each warrant shall entitle the registered warrant holders to subscribe for one (1) new Yew Lee ordinary share at any time during the exercise period of five (5) years commencing from and inclusive of the date of issuance of the warrants. Any warrants which are not exercised after the exercise period will thereafter lapse and cease to be valid;
- ii. The exercise price of the warrants is fixed at RM0.28 per warrant; and
- iii. The new ordinary shares to be issued upon the exercise of the Warrants shall rank equally in all respects with the existing Yew Lee ordinary shares.

The additional Warrant A issued and exercised by registered warrant holders to new ordinary shares are as follows:

2023	No. of Warrant A Issued	No. of Warrant A Exercised	Balance Warrant A Outstanding
February	266,217,800	-	266,217,800
March	-	-	266,217,800
April	-	-	266,217,800
May	-	-	266,217,800
June	-	-	266,217,800
July	-	-	266,217,800
August	-	5,000	266,212,800
September	-	1,373,800	264,839,000
October	-	455,000	264,384,000
November	-	-	264,384,000
December	-	-	264,384,000

As at 31 December 2023, the total number of issued shares of the Company was 534,269,400 ordinary shares.

A9. DIVIDEND PAID

There were no dividends paid during the financial quarter under review.

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)**A10. SEGMENTAL INFORMATION**

The Group is principally engaged and organised into business units based on business by product related activities and has three reportable segments as follows:

- (a) Manufacturing segment – Consist mainly the manufacturing of industrial brushes;
- (b) Trading segment – Consist of trading of industrial hardware and machinery parts; and
- (c) Investment holding – Investment holding operations.

The Group operates predominantly in Malaysia and hence, no geographical segment presented.

Result for current quarter	Manufacturing segment	Trading segment	Investment holding	Elimination	Total
31.12.2023	RM’000	RM’000	RM’000	RM’000	RM’000
<u>Revenue</u>					
External revenue	3,668	1,395	-	(129)	4,934
Elimination of inter-segment revenue	(40)	(89)	-	129	-
	3,628	1,306	-	-	4,934
<u>Results</u>					
Segment profit / (loss)	(715)	(513)	23	-	(1,205)
Share of loss of an associate	(104)	-	-	-	(104)
Segment profit / (loss) before tax	(819)	(513)	23	-	(1,309)
Tax expenses	(13)	(61)	(1) -	-	(74)
Segment profit / (loss) after tax	(832)	(5)	23	-	(1,383)
<u>Assets and liabilities as at 31.12.2023</u>					
<u>Assets</u>					
Segment assets	46,542	9,862	21,746	-	78,150
Elimination of inter-segment balances	(207)	-	-	-	(207)
	46,335	9,862	21,746	-	77,943
<u>Liabilities</u>					
Segment liabilities	3,171	1,768	274	-	5,213
Elimination of inter-segment balances	-	-	(207)	-	(207)
	3,171	1,768	67	-	5,006

NOTE:

(1) Represents less than RM1,000.

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING (CONTINUED)

A11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no valuation of property, plant and equipment during the current financial quarter under review.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group during the current financial quarter under review.

A13. CAPITAL COMMITMENTS

The capital commitments of the Group were as follows: -

	Unaudited As at 31.12.2023 RM'000	Unaudited As at 31.12.2022 RM'000
<u>Approved and contracted for:</u>		
Property, plant and equipment	4,633	-

A14. CONTINGENT ASSETS OR CONTINGENT LIABILITIES

There were no contingent assets and contingent liabilities as at the date of this interim financial report.

A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no related party transactions during the current financial quarter under review.

A16. FAIR VALUE OF FINANCIAL LIABILITIES

There was no gain or loss arising from fair value changes of the Group's financial liabilities for the current financial quarter under review.

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PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE AMLR OF BURSA SECURITIES

Notes To the Unaudited Condensed Consolidated Interim Financial Report for the Fourth Quarter Ended 31 December 2023

B1. REVIEW OF PERFORMANCE

	<u>Individual Quarter</u>		<u>Variance</u>	
	<u>Unaudited Current Quarter 31.12.2023 RM'000</u>	<u>Unaudited Preceding Year Corresponding Quarter 31.12.2022 RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	4,934	5,327	(393)	(7)
Gross profit	756	1,298	(542)	(42)
Loss before tax	(1,309)	(1,345)	(36)	(3)
Loss after tax	(1,383)	(1,130)	253	22

The Group recorded revenue of RM4.9 million in the fourth quarter ended 31 December 2023 as compared to the preceding year's corresponding quarter of RM5.3 million, representing a decrease of 7%. The decrease in revenue is mainly due to lesser sales order received from local and overseas customers.

The Group recorded a gross profit margin of 15% in the fourth quarter ended 31 December 2023 which shows a significant decrease as compared to preceding year's corresponding quarter of 24%. The decrease in the margin was mainly due to the unfavourable impact of production cost, compounded by the decrease in revenue as well as significant contribution of low margin yielding trading transaction during the period under review.

The Group posted loss after tax of RM1.4million in the current quarter as compared to loss after tax of RM1.1million in the preceding year corresponding quarter. The loss in current quarter was mainly due to lower margins as stated above, provision of expenses that include expected credit loss, inventories written down and deferred taxation. Furthermore, there were losses related to the sharing from associate entity and the initial set up cost arising from the new subsidiary company in Thailand in the period under review.

The Group's performance in the manufacturing segment for the current period under review had improved with increased revenue though it still registered a loss after tax due to pressure in production and other related operating costs as stated above. Meanwhile, the performance was also marginally impacted by the losses incurred in the trading segment.

Nevertheless, the Group's sustainability is positive and it continues to generate gross operating profit from its core operation activities. The Group will continue to closely monitor and adapt to the latest business environment by diversifying into other industries.

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PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE AMLR OF BURSA SECURITIES (CONTINUED)

B2. PERFORMANCE COMPARISON WITH PRECEDING QUARTER'S RESULTS

	<u>Individual Quarter</u>		<u>Variance</u>	
	<u>Unaudited Current Quarter 31.12.2023 RM'000</u>	<u>Unaudited Preceding Quarter 30.09.2023 RM'000</u>	<u>RM'000</u>	<u>%</u>
Revenue	4,934	5,661	(727)	(13)
Gross profit	756	1,477	(721)	(49)
(Loss) / Profit before tax	(1,309)	43	(1,352)	>100
Loss after tax	(1,383)	(124)	1,259	>100

The Group recorded revenue of RM4.9 million in the fourth quarter ended 31 December 2023 as compared to the preceding quarter of RM5.6 million, representing a decrease of 13%. The decrease in revenue is mainly due to lesser sales order received from local and overseas customers.

The Group recorded a gross profit margin of 15% in the fourth quarter ended 31 December 2023 as compared to preceding quarter of 26%. The decrease in the margin was mainly due to the unfavourable impact of production cost, compounded by the decrease in revenue as well as significant contribution of low margin yielding trading transaction during the period under review.

The loss in the current quarter was mainly due to lower margins as stated above, provision of expenses that include expected credit loss, inventories written down and deferred taxation. Furthermore, there were losses related to the sharing from associate entity and the initial set up cost for the new subsidiary company in Thailand in the period under review.

As compared to preceding quarter, the loss is mainly due to provision of income tax expense

The Group's performance in the manufacturing segment for the current period under review has improved with increased revenue though it still registered loss after tax due to pressure in production and other related operating costs as stated above. Meanwhile, the performance was also marginally impacted by the losses incurred in the trading segment.

B3. PROSPECTS AND OUTLOOK FOR THE CURRENT FINANCIAL YEAR

The positive outlook for the Company's core business in the long term has gradually improved largely due to the recovery of our primary revenue driver which is the glove industry. Demand for gloves have been demonstrating a return to pre-pandemic levels while the average selling price is starting to show normalcy with less to no indication of excess dumping by glove manufacturers. With our extensive experience as a glove industry brush provider, we are confident on our ability to offer support and services to the glove industry as they regain their momentum in their respective markets.

Meanwhile, our Group have been actively engaged in identifying and capitalizing on emerging opportunities within the global glove market and its peripheral industries. This proactive approach ensures that we remain agile and responsive to this evolving and dynamic industry.

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PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE AMLR OF BURSA SECURITIES (CONTINUED)

B3. PROSPECTS AND OUTLOOK FOR THE CURRENT FINANCIAL YEAR (Cont'd)

In terms of adopting ESG principles, continuous initiatives of aligning the Group's operations and product offerings with prevailing ESG best practices and initiatives, will put Yew Lee Pacific Group at a more favourable and advantage position during vendor selection processes.

Moving forward, our organization will continue to dedicate more efforts towards exploring additional opportunities which includes

- to expand our range of industrial brushes by developing customisable industrial brushes and to continue to strengthen our market position in the industrial brush industry within Malaysia as well as in international markets;
- to explore and expand more industrial hardware and machinery parts in trading business segment; and
- to extend our product supply to other market or industries such semiconductor, timber, glass and agricultural sector with the view of expanding our customer base whilst reducing our over dependency and reliance on the rubber gloves industry.

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

The Group did not issue any profit forecast or profit guarantee in the current financial quarter under review.

B5. INCOME TAX EXPENSE

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Unaudited</u> <u>Current Year</u> <u>Quarter</u> <u>31.12.2023</u> <u>RM'000</u>	<u>Unaudited</u> <u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>31.12.2022</u> <u>RM'000</u>	<u>Unaudited</u> <u>Current</u> <u>Year-to-date</u> <u>31.12.2023</u> <u>RM'000</u>	<u>Unaudited</u> <u>Preceding Year</u> <u>Year-to-date</u> <u>31.12.2022</u> <u>RM'000</u>
In respect of current period:				
Income tax expense ⁽¹⁾	(120)	(319)	206	483
Deferred tax expense	194	104	194	104
Effective tax rate (%)	5	(16)	23	62
Statutory tax rate (%)	24	24	24	24

NOTE:

(1) Income tax expense is recognised based on management's best estimate.

(2) The high effective tax rate mainly due to income tax expense was mainly derived from an entity which profit making against lower group profit or loss making in the period under review.

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PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE AMLR OF BURSA SECURITIES (CONTINUED)

B6. STATUS OF CORPORATE PROPOSALS

There were no other corporate proposals announced but not implemented as at the date of this interim financial report.

B7. UTILISATION PROCEEDS FROM INITIAL PUBLIC OFFERING (“IPO”)

As at 31 December 2023, the status of the utilisation of proceeds arising from IPO amounting to approximately RM37.27 million is stated in the following manner:

<u>Utilisation of proceeds</u>	<u>Initial IPO allocation Proceeds RM'000</u>	<u>Revised IPO allocation Proceeds RM'000</u>	<u>Actual utilisation Amount RM'000</u>	<u>Unutilised to the revised IPO Proceeds RM'000</u>	<u>Revised timeframe for utilisation from Listing</u>
Purchase of additional manufacturing machineries and equipment	10,900	1,900	1,536	364	Within 24 months
Construction of new warehouse facility and office building	7,300	7,300	4,167	3,133	Within 24 months
Renovation of new office	1,800	1,800	-	1,800	Within 36 months
Repayment of bank borrowings	8,900	8,891	8,891	-	Within 12 months
Working capital requirements	4,570	4,579	4,579	-	Within 18 months
Estimated listing expenses	3,800	3,800	3,800	-	Within 1 month
Incorporate new subsidiary company in Thailand	-	9,000	4,551	4,449	Within 36 months
	37,270	37,270	27,524	9,746	

The utilisation of proceeds disclosed above should be read in conjunction with the Prospectus of the Company dated 17 May 2022 and announcement made on Bursa Securities' website on 18 May 2023.

B8. BANK BORROWINGS

	<u>Unaudited As at 31.12.2023 RM'000</u>	<u>Audited As at 31.12.2022 RM'000</u>
<u>Current</u>		
Lease liabilities	-	26
Term loans	-	98
	<u>-</u>	<u>124</u>
<u>Non-current</u>		
Lease liabilities	-	41
Term loans	-	2,685
	<u>-</u>	<u>2,726</u>

The bank borrowings are secured and denominated in Ringgit Malaysia.

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PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE AMLR OF BURSA SECURITIES (CONTINUED)

B9. MATERIAL LITIGATION

There were no material litigation involving the Group in the current financial quarter under review.

B10. DIVIDEND

No dividend has been declared or recommended by the Board for the current financial quarter under review.

B11. LOSS PER SHARE

The basic and diluted Loss Per Share (“LPS”) for the current financial quarter and financial year-to-date are computed as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Unaudited Current Year Quarter 31.12.2023 RM'000</u>	<u>Unaudited Preceding Year Corresponding Quarter 31.12.2022 RM'000</u>	<u>Unaudited Current Year-to-date 31.12.2023 RM'000</u>	<u>Audited Preceding Year Year-to-date 31.12.2022 RM'000</u>
Loss attributable to the Owners of the Company	(1,383)	(1,130)	(1,653)	(1,449)
Number of ordinary shares (in thousand)	534,269	532,436	532,910	456,233
Basic LPS (Sen) ⁽¹⁾	(0.26)	(0.21)	(0.31)	(0.32)
Diluted LPS (Sen) ⁽²⁾	(0.26)	(0.21)	(0.31)	(0.32)

NOTES:

- (1) Basic LPS is calculated based on the Company’s weighted share capital of 534,269,400 ordinary shares for the financial period ended 31 December 2023. (Financial period ended 31 December 2022: 456,233,385 ordinary shares).
- (2) Diluted LPS is calculated based on the Company’s weighted share capital of 532,910,734 ordinary shares for the financial period ended 31 December 2023. (Financial period ended 31 December 2022: 456,233,385 ordinary shares).

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**PART B – EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE AMLR OF BURSA SECURITIES
(CONTINUED)****B12. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

Profit or loss before tax is arrived after charging/(crediting):

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Unaudited Current Year Quarter 31.12.2023 RM'000	Unaudited Preceding year Corresponding Quarter 31.12.2022 RM'000	Unaudited Current Year-to-date 31.12.2023 RM'000	Audited Preceding Year Year-to-date 31.12.2022 RM'000
Depreciation of property, plant and equipment	418	351	1,544	1,028
Amortisation of right-of- use assets	7	26	26	419
Interest income	(79)	(43)	(410)	(246)
Unrealised (gain) / loss on foreign exchange, net	⁽¹⁾ -	34	(38)	19
Interest expense	-	41	37	286
Rental expense	31	3	35	13
Impairment on trade receivables, net	115	378	107	430
Property, plant and equipment written off	-	-	-	1
Fair value gain on short- term investment	(222)	-	(1,014)	(404)
Gain on disposal of non- current assets	(7)	(36)	(46)	(31)

Note:

1) Represents less than RM1,000.

B13. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors of the Company in accordance with a resolution passed by the Board of Directors on 23 February 2024.

**BY ORDER OF THE BOARD
YEW LEE PACIFIC GROUP BERHAD**