

8. APPROVALS AND CONDITIONS

8.1 CONDITIONS ON APPROVALS FOR THE FLOTATION SCHEME

The Flotation Scheme has been approved by the FIC on 24 March 2003 and 2 May 2003, the MITI on 23 July 2003, 21 August 2003, 20 November 2003 and 21 November 2003 and the SC on 26 September 2003 respectively.

No condition has been imposed by the FIC in its approval for the Flotation Scheme. The conditions imposed by the MITI and the SC and their respective status of compliance are set out below:

Authority/Details of conditions imposed	Status of compliance
<p><i>Conditions imposed by the MITI vide its letters dated 23 July 2003, 21 August 2003, 20 November 2003 and 21 November 2003:</i></p> <ol style="list-style-type: none"> 1. Y.S.P.SAH is to obtain the approvals of the FIC and the SC. 2. The final allocation of the 16,499,700 Offer Shares is subject to the MITI's approval which shall be determined by the MITI after the receipt of approval from the SC. 3. The recognition of the Bumiputera Investors (except for Tier I Bumiputera Investors) is subject to the following: <ol style="list-style-type: none"> (a) 30% of the Shares allocated to the respective Bumiputera Investors may be sold within the 3 months period after the Listing; and (b) the balance 70% of the Shares allocated to the respective Bumiputera Investors can only be sold thereafter in stages upon obtaining the prior approval of the MITI. 	<p>Complied.</p> <p>Complied. MITI's approval was obtained on 20 November 2003.</p> <p>Noted and to be complied after the Listing.</p>
<p><i>Conditions imposed by the SC vide its letter dated 26 September 2003 ("SC Approval Letter"):</i></p> <ol style="list-style-type: none"> 1. The utilisation of proceeds are subject to the following conditions: <ol style="list-style-type: none"> (i) The approval of the shareholders of Y.S.P.SAH must be obtained for any subsequent deviation amounting to 25% or more from the original utilisation of proceeds. In the event that the deviation is less than 25%, necessary disclosure would be required to be made to the shareholders of Y.S.P.SAH via KLSE; (ii) Any extension of time for the fixed period which has been determined by Y.S.P.SAH for the utilisation of the said proceeds must be approved by way of a final resolution by the Board of Directors of Y.S.P.SAH and should be fully disclosed to the KLSE; and (iii) Necessary disclosures relating to the status of the said utilisation of proceeds is required to be made in the quarterly and annual reports of Y.S.P.SAH until all the proceeds are fully utilised. 2. In respect of Y.S.P.SAH's Public Issue which are reserved for the eligible employees of the Y.S.P.SAH Group, the respective investors identified by the Placement Agent and the Malaysian public, RHB Sakura/Y.S.P.SAH is required to ensure that: <ol style="list-style-type: none"> (a) at least 3,000,000 Shares shall be allocated to retail investors by way of balloting; and 	<p>To be complied, if applicable.</p> <p>To be complied, if applicable.</p> <p>Noted and to be complied.</p> <p>Complied.</p>

8. APPROVALS AND CONDITIONS (Cont'd)

Authority/Details of conditions imposed	Status of compliance
<p>(b) the Shares allocated to the said retail investors may only be clawed-back and offered to other investors (ie. private placees) in the event of under-subscription by the retail investors and the total number of Shares to be clawed-back shall be limited to the total number of Shares not subscribed under the retail offerings.</p>	To be complied, if applicable.
<p>3. Prior to the registration of Y.S.P.SAH's Prospectus:</p>	
<p>(i) Y.S.P.SAH and YSP(TW) are required to furnish written undertakings to the SC confirming that both parties will maintain their business arrangement for as long as Y.S.P.SAH requires, in connection with, amongst others, knowledge and technology transfer, technical assistance and rights to use the trademark as stipulated in the Technology Transfer Agreement dated 1 September 1998.</p>	Complied. The undertaking letters have been furnished to the SC on 24 November 2003.
<p>(ii) YSP(TW) is required to furnish a written undertaking to the SC on the following:</p>	
<p>(a) market segments/locations presently enjoyed by Y.S.P.SAH shall be maintained in future and YSP(TW), its subsidiary and associated companies and related parties shall not compete with Y.S.P.SAH for the same market segments/locations; and</p>	Complied. The undertaking letter has been furnished to the SC on 24 November 2003.
<p>(b) YSP(TW), its subsidiary and associated companies and related parties, the major shareholders of Y.S.P.SAH and the Directors of Y.S.P.SAH who are representatives of YSP(TW) shall not establish or involve themselves in any business or enterprise which will compete with Y.S.P.SAH in its present or future markets, in particularly the Association of South East Asia Nations (ASEAN) market and Islamic countries, for products listed in the undertaking letter dated 10 July 2001 furnished by YSP(TW) to Y.S.P.SAH; and</p>	
<p>(iii) Dr. Lee Fang Hsin is required to furnish a written undertaking to the SC to undertake that he will continue to play an active role in the management of Y.S.P.SAH Group for at least 3 full years from the date of admission of Y.S.P.SAH to the KLSE.</p>	Complied. The undertaking letter has been furnished to the SC on 24 November 2003.
<p>4. Y.S.P.SAH is required to plan and implement an effective management succession plan to ensure continuity of management as well as good corporate governance practices.</p>	To be complied. Please refer to Section 7.8 of this Prospectus.
<p>5. Y.S.P.SAH is required to make a detailed disclosure in its Prospectus in relation to the following:</p>	
<p>(a) Undertaking as stated in items 3(i), (ii) and (iii) above;</p>	Complied. Please refer to Sections 4.1(j), (k), (q), (u) and 9.1 of this Prospectus.
<p>(b) A statement as to whether the Y.S.P.SAH Group's products are 'halal' and the need for such certification and the steps taken by the Group in procuring such 'halal' certification;</p>	Complied. Please refer to Section 6.4.1 of this Prospectus.
<p>(c) The details of the management succession plan;</p>	Complied. Please refer to Sections 4.1(q) and 7.8 of this Prospectus.

8. APPROVALS AND CONDITIONS (Cont'd)

Authority/Details of conditions imposed	Status of compliance
(d) The risks associated and steps taken to mitigate the Y.S.P.SAH Group's reliance on prescriptive drugs and imported raw materials as well as technical know-how provided by YSP(TW);	Complied. Please refer to Sections 4.1(k), (m) and (o) of this Prospectus.
(c) The risks associated and steps taken to manage the conflict of interests arising from the involvement of certain Directors and major shareholders of Y.S.P.SAH in other businesses/corporations carrying on business activities which are similar to those of the Y.S.P.SAH Group;	Complied. Please refer to Sections 4.1(u) and 9.1 of this Prospectus.
(f) Transactions between the Y.S.P.SAH Group and the related parties or companies related to the promoters/Directors of Y.S.P.SAH as well as the review procedures undertaken to ensure that the said transactions are on arms-length basis and must not be based on terms that are more favourable than the normal commercial terms and detrimental to the Y.S.P.SAH Group; and	Complied. Please refer to Section 9.1 of this Prospectus.
(g) Management of the relevant risks which have a negative impact on the Group's operations and profitability, including and not limited to the risks associated with the reduction in product selling prices, market competition and product liabilities.	Complied. Please refer to Section 4.1(a), (b), (c) and (g) of this Prospectus.
<p>6. A moratorium shall be imposed on the 24,750,000 Shares representing 45% of the enlarged paid-up share capital of Y.S.P.SAH, held by the shareholders/promoters of Y.S.P.SAH, whereby they are not allowed to sell, transfer or assign their shareholdings for 1 year from the date of admission of Y.S.P.SAH to the KLSE. In this connection, the SC has no objection on Y.S.P.SAH's proposal for the aforesaid moratorium to be imposed on the shareholders/promoters as particularised in Section 8.2 of this Prospectus.</p> <p>The said moratorium on the disposal of shares shall apply to the ultimate shareholder of YSP(INV), namely YSP(TW), as YSP(INV) is a wholly-owned subsidiary of YSP International, a company incorporated in BVI, which is a wholly-owned subsidiary of YSP(TW).</p>	Noted and to be complied after the Listing.
7. RHB Sakura and Y.S.P.SAH are required to submit the relevant supporting documents on behalf of the Bumiputera Investors (save for the well-known Bumiputera institutions) to confirm their respective subscriptions to the Offer Shares after the implementation of the Offer for Sale.	To be complied.
8. Y.S.P.SAH is required to fully comply with the relevant requirements in relation to the listing of a company as stipulated under the SC Guidelines.	Noted.
9. Datuk Dr. Anis bin Ahmad, the appointed Chairman of Y.S.P.SAH, is also a Director of Duopharma Biotech Berhad ("Duopharma"), a company listed on the Main Board of the KLSE which is involved in business activities that are similar to the Y.S.P.SAH Group. In this connection, Y.S.P.SAH is required to ensure that Datuk Dr. Anis bin Ahmad resigns from one of his aforesaid positions in order to avoid any potential conflict of interests, prior to the registration of Y.S.P.SAH's Prospectus.	Complied. Datuk Dr. Anis bin Ahmad has resigned from the board of directors of Duopharma on 6 October 2003.
10. In accordance with the National Development Policy, Y.S.P.SAH is encouraged to ensure that at least 30% of the members of the Board of Directors shall be Bumiputera Directors.	Noted and to be complied after the Listing.
11. Y.S.P.SAH and the relevant parties are required to furnish written confirmations to the SC on the compliance of all the terms and conditions after the Flotation Scheme is implemented.	To be complied.

8. APPROVALS AND CONDITIONS (Cont'd)**8.2 MORATORIUM ON SHARES**

The SC, in approving the listing of Y.S.P.SAH, stated that a moratorium shall be placed on the disposal of Shares by the persons listed below.

The moratorium has been imposed on the sale of 24,750,000 Shares representing 45% of the enlarged issued and paid-up capital of Y.S.P.SAH as follows:

Shareholders	Shareholdings after the IPO		Shareholdings under moratorium	
	No. of Shares	% of enlarged issued and paid-up share capital	No. of Shares	% of enlarged issued and paid-up share capital
YSP(INV)	23,184,300	42.2	18,972,000	34.5
Dr. Lee Fang Hsin	1,620,160	2.9	1,325,000	2.4
Lee Tien-Te	553,055	1.0	452,000	0.8
Lee-Chang Yu-Ying	460,045	0.8	376,000	0.7
Lin Meng-Be	529,052	1.0	433,000	0.8
Lin Min-Ju	529,052	1.0	433,000	0.8
Dr. Lee Fang-Yu	526,052	1.0	430,000	0.8
Dr. Lee Fang-Chen @ Lee Fang-Chuan	421,042	0.8	344,000	0.6
Dr. Lee Fang-Jen	403,040	0.7	330,000	0.6
Lee Ling-Chin	314,031	0.6	257,000	0.5
Lee Ling-Fen	230,023	0.4	188,000	0.3
Lin Bao-Cheng	230,023	0.4	188,000	0.3
Chiang Hung-Wen	252,025	0.5	206,000	0.4
Lee I-Hsiung	252,025	0.5	206,000	0.4
Li Yu-Lin	252,025	0.5	206,000	0.4
Lee Wen-Chih	126,013	0.2	103,000	0.2
Lee Wen-Jung	126,013	0.2	103,000	0.2
Tang Wei-Chen	126,013	0.2	103,000	0.2
Leu Teh-Ming	63,006	0.1	52,000	0.1
Ho Kuo-Liang	53,005	0.1	43,000	0.1
Total	30,250,000	55.0	24,750,000	45.0

The aforesaid shareholders are not allowed to sell, transfer or assign their shareholding under moratorium in Y.S.P.SAH within 1 year from the date of admission of Y.S.P.SAH to the Official List of the Second Board. The aforesaid moratorium shall also apply to the ultimate shareholder of YSP(INV), namely YSP(TW), as YSP(INV) is a wholly-owned subsidiary of YSP International, which is in turn a wholly-owned subsidiary of YSP(TW).

The restriction, which has been fully accepted by the shareholders, is specifically endorsed on the share certificates and notices of allotment representing the shareholdings of the aforesaid shareholders which are under moratorium. This is to ensure that the Company's Registrar does not register any transfer that is not in compliance with the restriction imposed by the SC.

The statement to be endorsed on the said certificate is as follows:

"The shares comprised herein are not capable of being sold, transferred or assigned for a period as determined by the Securities Commission ("Moratorium Period"). Accordingly, the shares comprised herein will not constitute good delivery pursuant to the Rules of the Exchange during the Moratorium Period. No share certificate or certificates will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction."

9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

9.1 RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

- (a) Saved as disclosed below, none of the Directors or substantial shareholders nor any persons connected with the Directors or substantial shareholders of the Company, have any interest, whether direct or indirect, in any business carrying on a similar trade as the Y.S.P.SAH Group:

(i) **Datuk Dr. Anis bin Ahmad**

Name of Company	Country of Incorporation	Principal Activities	Nature of Interest	% of shareholding	
				Direct	Indirect
Zuellig Pharma Sdn. Bhd.	Malaysia	Marketing and distribution of pharmaceutical products	Director	-	-
Aventis Farma SA (Malaysia) Sdn. Bhd.	Malaysia	Trading in pharmaceutical and chemical products	Director	-	-
Pharma Assist Sdn. Bhd.	Malaysia	Provision of consultancy services for sale of pharmaceuticals	Director	-	100.0 ¹
Duopharma Biotech Berhad ²	Malaysia	Investment holding company with subsidiaries operating as manufacturer, distributor, importer and exporter of pharmaceutical products and medicines.	Shareholder	0.1	-
Quality Reputation Sdn. Bhd.	Malaysia	General trading, investment holdings and property investments.	Director	40	-

Notes:

- Deemed interested through his family members' direct shareholding.*
- Datuk Dr Anis bin Ahmad was previously a director of Duopharma Biotech Bhd. He had resigned from his position as a director on 6 October 2003.*

The Board of Directors of Y.S.P.SAH is of the view that the business and products provided by Zuellig Pharma Sdn. Bhd. ("Zuellig") and Aventis Farma SA (Malaysia) Sdn. Bhd. ("Aventis") cater to a different market category. Zuellig deals with patented drugs and products by multinational companies and Aventis promotes its own house brands and patented drugs. In respect of Pharma Assist Sdn. Bhd. and Quality Reputation Sdn. Bhd., the Board of Directors of Y.S.P.SAH is of the view that the business does not compete directly with the business of the Y.S.P.SAH Group.

9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

(ii) Lee Tien-Te

Name of Company	Country of Incorporation	Principal Activities	Nature of Interest	% of shareholding	
				Direct	Indirect
YSP(TW)	Taiwan, R.O.C.	Investment holding company with subsidiaries in R&D, manufacture and sale of pharmaceutical and cosmetic products	Director and Shareholder	6.3	23.5 ¹
Carlsbad Technology Inc.	USA	Manufacturing and development of generic pharmaceutical products	Director and Shareholder	1.0	3.0 ¹
Yung Shin Pharm. Ind. (KS) Co., Ltd	China	Manufacturer, importer, exporter and retail of pharmaceutical finished goods, raw materials and other chemicals	Director	-	-
Shanghai Yung Zip Pharm. Trading Co., Ltd	China	Manufacturer, importer, exporter and retail of pharmaceutical finished goods, raw materials and other chemicals	Director	-	-

Note:

1. Deemed interested through his family members' direct shareholding.

Pursuant to an agreement between YSP(TW) and Y.S.P.SAH (please refer to Section 16.9 for details), YSP(TW) agreed not to compete with the Y.S.P.SAH Group in ASEAN countries, Islamic countries and other countries in which the Y.S.P.SAH Group trades and this trade restriction also extends to YSP(TW)'s related and associated companies, which include Carlsbad Technology Inc., Yung Shin Pharm. Ind. (KS) Co., Ltd and Shanghai Yung Zip Pharm. Trading Co., Ltd.

Further, in order to minimise any potential conflict of interests, YSP(TW) has provided a written undertaking to the SC and Y.S.P.SAH on 23 October 2003 (which covers its subsidiary and associated companies, parties related to YSP(TW), the major shareholders of Y.S.P.SAH and the Directors of Y.S.P.SAH who are representatives of YSP(TW)) to undertake that it shall not, *inter alia*, compete directly or indirectly with the Y.S.P.SAH Group in the country(ies) served by the Y.S.P.SAH Group and it shall not establish or involve itself in any business or enterprise which will directly or indirectly compete with the business of the Y.S.P.SAH Group in country(ies) presently served by the Y.S.P.SAH Group as well as future country(ies) which may be served by the Y.S.P.SAH Group, particularly in the ASEAN markets and Islamic countries (please refer to Section 4.1(u) for details).

9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

(iii) Dr. Lee Fang-Yu

Name of Company	Country of Incorporation	Principal Activities	Nature of Interest	% of shareholding	
				Direct	Indirect
YSP(TW)	Taiwan, R.O.C.	Investment holding company with subsidiaries in R&D, manufacture and sale of pharmaceutical and cosmetic products	Director and Shareholder	2.7	27.1 ¹
Yung Shin Pharm. Ind. (KS) Co., Ltd	China	Manufacturer, importer, exporter and retail of pharmaceutical finished goods, raw materials and other chemicals	Director	-	-
Shanghai Yung Zip Pharm. Trading Co., Ltd	China	Manufacturer, importer, exporter and retail of pharmaceutical finished goods, raw materials and other chemicals	Director	-	-

Note:

1. Deemed interested through his family members' direct shareholding.

Pursuant to an agreement between YSP(TW) and Y.S.P.SAH (please refer to Section 16.9 for details), YSP(TW) agreed not to compete with the Y.S.P.SAH Group in ASEAN countries, Islamic countries and other countries in which the Y.S.P.SAH Group trades and this trade restriction also extends to YSP(TW)'s related and associated companies, which include Yung Shin Pharm. Ind. (KS) Co., Ltd and Shanghai Yung Zip Pharm. Trading Co., Ltd.

Further, in order to minimise any potential conflict of interests, YSP(TW) has provided a written undertaking to the SC and Y.S.P.SAH on 23 October 2003 (which covers its subsidiary and associated companies, parties related to YSP(TW), the major shareholders of Y.S.P.SAH and the Directors of Y.S.P.SAH who are representatives of YSP(TW)) to undertake that it shall not, *inter alia*, compete directly or indirectly with the Y.S.P.SAH Group in the country(ies) served by the Y.S.P.SAH Group and it shall not establish or involve itself in any business or enterprise which will directly or indirectly compete with the business of the Y.S.P.SAH Group in country(ies) presently served by the Y.S.P.SAH Group as well as future country(ies) which may be served by the Y.S.P.SAH Group, particularly in the ASEAN markets and Islamic countries (please refer to Section 4.1(u) for details).

(iv) Dr. Lee Fang Hsin

Name of Company	Country of Incorporation	Principal Activities	Nature of Interest	% of shareholding	
				Direct	Indirect
YSP(TW)	Taiwan, R.O.C.	Investment holding company with subsidiary companies in R&D, manufacture and sale of pharmaceutical and cosmetic products	Shareholder	4.2	25.6 ¹

9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Note:

1. Deemed interested through his family members' direct shareholding.

Pursuant to an agreement between YSP(TW) and Y.S.P.SAH (please refer to Section 16.9 for details), YSP(TW) agreed not to compete with the Y.S.P.SAH Group in ASEAN countries, Islamic countries and other countries in which the Y.S.P.SAH Group trades.

Further, in order to minimise any potential conflict of interests, YSP(TW) has provided a written undertaking to the SC and Y.S.P.SAH on 23 October 2003 (which covers its subsidiary and associated companies, parties related to YSP(TW), the major shareholders of Y.S.P.SAH and the Directors of Y.S.P.SAH who are representatives of YSP(TW)) to undertake that it shall not, *inter alia*, compete directly or indirectly with the Y.S.P.SAH Group in the country(ies) served by the Y.S.P.SAH Group and it shall not establish or involve itself in any business or enterprise which will directly or indirectly compete with the business of the Y.S.P.SAH Group in country(ies) presently served by the Y.S.P.SAH Group as well as future country(ies) which may be served by the Y.S.P.SAH Group, particularly in the ASEAN markets and Islamic countries (please refer to Section 4.1(u) for details).

(v) Dr. Lee Fang-Chen @ Lee Fang-Chuan

Name of Company	Country of Incorporation	Principal Activities	Nature of Interest	% of shareholding	
				Direct	Indirect
YSP(TW)	Taiwan, R.O.C.	Investment holding company with subsidiaries in R&D, manufacture and sale of pharmaceutical and cosmetic products	Shareholder	3.4	26.4 ¹
Yung Shin Pharm. Ind. (KS) Co., Ltd	China	Manufacturer, importer, exporter and retail of pharmaceutical finished goods, raw materials and other chemicals	Director	-	-
Shanghai Yung Zip Pharm. Trading Co., Ltd	China	Manufacturer, importer, exporter and retail of pharmaceutical finished goods, raw materials and other chemicals	Director	-	-

Note:

1. Deemed interested through his family members' direct shareholding.

Pursuant to an agreement between YSP(TW) and Y.S.P.SAH (please refer to Section 16.9 for details), YSP(TW) agreed not to compete with the Y.S.P.SAH Group in ASEAN countries, Islamic countries and other countries in which the Y.S.P.SAH Group trades and this trade restriction also extends to YSP(TW)'s related and associated companies, which include Yung Shin Pharm. Ind. (KS) Co., Ltd and Shanghai Yung Zip Pharm. Trading Co., Ltd.

9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Further, in order to minimise any potential conflict of interests, YSP(TW) has provided a written undertaking to the SC and Y.S.P.SAH on 23 October 2003 (which covers its subsidiary and associated companies, parties related to YSP(TW), the major shareholders of Y.S.P.SAH and the Directors of Y.S.P.SAH who are representatives of YSP(TW)) to undertake that it shall not, *inter alia*, compete directly or indirectly with the Y.S.P.SAH Group in the country(ies) served by the Y.S.P.SAH Group and it shall not establish or involve itself in any business or enterprise which will directly or indirectly compete with the business of the Y.S.P.SAH Group in country(ies) presently served by the Y.S.P.SAH Group as well as future country(ies) which may be served by the Y.S.P.SAH Group, particularly in the ASEAN markets and Islamic countries (please refer to Section 4.1(u) for details).

(vi) Dr. Lee Fang-Jen

Name of Company	Country of Incorporation	Principal Activities	Nature of Interest	% of shareholding	
				Direct	Indirect
YSP(TW)	Taiwan, R.O.C.	Investment holding company with subsidiaries in R&D, manufacture and sale of pharmaceutical and cosmetic products	Shareholder	4.2	25.5 ¹

Note:

1. Deemed interested through his family members' direct shareholding.

Pursuant to an agreement between YSP(TW) and Y.S.P.SAH (please refer to Section 16.9 for details), YSP(TW) agreed not to compete with the Y.S.P.SAH Group in ASEAN countries, Islamic countries and other countries in which the Y.S.P.SAH Group trades.

Further, in order to minimise any potential conflict of interests, YSP(TW) has provided a written undertaking to the SC and Y.S.P.SAH on 23 October 2003 (which covers its subsidiary and associated companies, parties related to YSP(TW), the major shareholders of Y.S.P.SAH and the Directors of Y.S.P.SAH who are representatives of YSP(TW)) to undertake that it shall not, *inter alia*, compete directly or indirectly with the Y.S.P.SAH Group in the country(ies) served by the Y.S.P.SAH Group and it shall not establish or involve itself in any business or enterprise which will directly or indirectly compete with the business of the Y.S.P.SAH Group in country(ies) presently served by the Y.S.P.SAH Group as well as future country(ies) which may be served by the Y.S.P.SAH Group, particularly in the ASEAN markets and Islamic countries (please refer to Section 4.1(u) for details).

(vii) Lee Ling-Chin

Name of Company	Country of Incorporation	Principal Activities	Nature of Interest	% of shareholding	
				Direct	Indirect
YSP(TW)	Taiwan, R.O.C.	Investment holding company with subsidiaries in R&D, manufacture and sale of pharmaceutical and cosmetic products	Shareholder	4.1	25.7 ¹

9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Note:

1. Deemed interested through her family members' direct shareholding.

Pursuant to an agreement between YSP(TW) and Y.S.P.SAH (please refer to Section 16.9 for details), YSP(TW) agreed not to compete with the Y.S.P.SAH Group in ASEAN countries, Islamic countries and other countries in which the Y.S.P.SAH Group trades.

Further, in order to minimise any potential conflict of interests, YSP(TW) has provided a written undertaking to the SC and Y.S.P.SAH on 23 October 2003 (which covers its subsidiary and associated companies, parties related to YSP(TW), the major shareholders of Y.S.P.SAH and the Directors of Y.S.P.SAH who are representatives of YSP(TW)) to undertake that it shall not, *inter alia*, compete directly or indirectly with the Y.S.P.SAH Group in the country(ies) served by the Y.S.P.SAH Group and it shall not establish or involve itself in any business or enterprise which will directly or indirectly compete with the business of the Y.S.P.SAH Group in country(ies) presently served by the Y.S.P.SAH Group as well as future country(ies) which may be served by the Y.S.P.SAH Group, particularly in the ASEAN markets and Islamic countries (please refer to Section 4.1(u) for details).

(viii) Lee Ling-Fen

Name of Company	Country of Incorporation	Principal Activities	Nature of Interest	% of shareholding	
				Direct	Indirect
YSP(TW)	Taiwan, R.O.C.	Investment holding company with subsidiaries in R&D, manufacture and sale of pharmaceutical and cosmetic products	Shareholder	2.7	27.0 ¹

Note:

1. Deemed interested through her family members' direct shareholding.

Pursuant to an agreement between YSP(TW) and Y.S.P.SAH (please refer to Section 16.9 for details), YSP(TW) agreed not to compete with the Y.S.P.SAH Group in ASEAN countries, Islamic countries and other countries in which the Y.S.P.SAH Group trades.

Further, in order to minimise any potential conflict of interests, YSP(TW) has provided a written undertaking to the SC and Y.S.P.SAH on 23 October 2003 (which covers its subsidiary and associated companies, parties related to YSP(TW), the major shareholders of Y.S.P.SAH and the Directors of Y.S.P.SAH who are representatives of YSP(TW)) to undertake that it shall not, *inter alia*, compete directly or indirectly with the Y.S.P.SAH Group in the country(ies) served by the Y.S.P.SAH Group and it shall not establish or involve itself in any business or enterprise which will directly or indirectly compete with the business of the Y.S.P.SAH Group in country(ies) presently served by the Y.S.P.SAH Group as well as future country(ies) which may be served by the Y.S.P.SAH Group, particularly in the ASEAN markets and Islamic countries (please refer to Section 4.1(u) for details).

9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

(ix) Lee-Chang Yu Ying

Name of Company	Country of Incorporation	Principal Activities	Nature of Interest	% of shareholding	
				Direct	Indirect
YSP(TW)	Taiwan, R.O.C.	Investment holding company with subsidiaries in R&D, manufacture and sale of pharmaceutical and cosmetic products	Shareholder	2.1	27.7 ¹

Note:

1. Deemed interested through her family members' direct shareholding.

Pursuant to an agreement between YSP(TW) and Y.S.P.SAH (please refer to Section 16.9 for details), YSP(TW) agreed not to compete with the Y.S.P.SAH Group in ASEAN countries, Islamic countries and other countries in which the Y.S.P.SAH Group trades.

Further, in order to minimise any potential conflict of interests, YSP(TW) has provided a written undertaking to the SC and Y.S.P.SAH on 23 October 2003 (which covers its subsidiary and associated companies, parties related to YSP(TW), the major shareholders of Y.S.P.SAH and the Directors of Y.S.P.SAH who are representatives of YSP(TW)) to undertake that it shall not, *inter alia*, compete directly or indirectly with the Y.S.P.SAH Group in the country(ies) served by the Y.S.P.SAH Group and it shall not establish or involve itself in any business or enterprise which will directly or indirectly compete with the business of the Y.S.P.SAH Group in country(ies) presently served by the Y.S.P.SAH Group as well as future country(ies) which may be served by the Y.S.P.SAH Group, particularly in the ASEAN markets and Islamic countries (please refer to Section 4.1(u) for details).

- (b) Save as disclosed in Section 6.3 of this Prospectus, none of the Directors or substantial shareholders nor any persons connected with the Directors or substantial shareholders of the Company, have any interest, whether direct or indirect, in the promotion of or in any assets which have, within the two years preceding the date of this Prospectus, been acquired by or disposed of or leased to the Company or its subsidiaries, or are proposed to be acquired by or disposed of or leased to the Company or its subsidiaries, or any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company.
- (c) The Group in its ordinary course of business, enters into recurrent related party transactions with certain related parties of the Y.S.P.SAH Group, as described below:
- (i) payment of a royalty fee to YSP(TW) pursuant to the TTA. The TTA allows YSPI to manufacture and sell pharmaceutical products under YSP(TW)'s licence and allows YSPI to be the registered user of "YSP" trade mark in Malaysia, Singapore and Thailand for a royalty fee equivalent to 2% of the overall net sales (based on gross sales less sales discounts or returns, transport costs (including freight), insurance, duties, taxes and other charges) of the products manufactured. Pursuant to the terms of the TTA, YSP(TW) would furnish technical data and know-how (as defined in the TTA) to YSPI; and
 - (ii) transactions of a revenue or trading nature which are necessary for the day-to-day operations.

(collectively referred to as the "RRPT").

9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Details of the RRPT are as follows:

Name of Company	Principal Activities	Nature of Transaction	Interested Related Party	Nature of Interest	% shareholding in the Company	
					Direct	Indirect
Yung Zip Chemical, Ind. Co., Ltd.	Manufacturer and distributor of chemicals	Purchase of raw material	Lee Tien-Te	Director and shareholder	4.8	9.4#
			Dr. Lee Fang Hsin	Director and shareholder	0.6	13.5#
			Dr. Lee Fang-Yu	Director and shareholder	2.8	11.3#
			Dr. Lee Fang-Chen @ Lee Fang-Chuan	Shareholder	3.0	11.1#
			Lee Ling-Chin	Shareholder	3.0	11.1#
			Lee Ling-Fen	Shareholder	Negligible	14.1#
			Dr. Lee Fang-Jen	Shareholder	Negligible	14.1#
Re-Go Packaging Materials Sdn. Bhd.	Manufacturing and trading of packaging material	Purchase of packaging material	Dr. Lee Fang-Hsin	Shareholder	24.0	-
YSP(TW)	Investment holding company with subsidiaries in R&D, manufacture and sale of pharmaceutical and cosmetic products	Royalties payable in respect of TTA and purchase of pharmaceutical products	Lee Tien-Te	Director and shareholder	6.3	23.5#
			Dr. Lee Fang Hsin	Shareholder	4.2	25.6#
			Dr. Lee Fang-Yu	Director and shareholder	2.7	27.1#
			Dr. Lee Fang-Chen @ Lee Fang-Chuan	Shareholder	3.4	26.4#
			Lee Ling-Chin	Shareholder	4.1	25.7#
			Lee Ling-Fen	Shareholder	2.7	27.0#
			Dr. Lee Fang-Jen	Shareholder	4.2	25.6#
			Lee-Chang Yu-Ying	Shareholder	2.1	27.6#
Angel Associates, Inc.	Manufacturer and distributor of chemicals	Purchase of raw materials	Lee Tien-Te	Shareholder	0.1	73.5*
			Dr. Lee Fang Hsin	Shareholder	Negligible	73.5*
			Dr. Lee Fang-Yu	Shareholder	Negligible	73.5*
			Dr. Lee Fang-Chen @ Lee Fang-Chuan	Shareholder	Negligible	73.5*
			Lee Ling-Chin	Shareholder	0.1	73.5*

9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Name of Company	Principal Activities	Nature of Transaction	Interested Related Party	Nature of Interest	% shareholding in the Company	
					Direct	Indirect
			Lee Ling-Fen	Shareholder	Negligible	73.5*
			Dr. Lee Fang-Jen	Shareholder	Negligible	73.5*
			Lee-Chang Yu-Ying	Shareholder	Negligible	73.5*
Shanghai Yung Zip Pharm. Trading Co., Ltd	Manufacturer, importer, exporter and retail of pharmaceutical finished goods, raw materials and other chemicals	Purchase of raw materials and other chemicals	Lee Tien-Te	Director	-	-
			Dr. Lee Fang-Yu	Director	-	-
			Dr. Lee Fang-Chen @ Lee Fang-Chuan	Director	-	-

Notes:

Deemed interested by virtue of their family members' direct shareholding in the company

* Deemed interested by virtue of the interested related parties' and their family members' direct shareholding in YSP(TW) which holds 73.5% of the company

Review procedures for the RRPT

The Group has implemented the following methods and procedures by which the transaction prices are determined to ensure that the RRPT are undertaken on an arm's length basis, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and are not prejudicial to the minority shareholders:

- (i) a list of companies connected to the related parties will be circulated within the Group and all contracting parties will be notified that all RRPT are required to be undertaken on arm's length basis and on normal commercial terms;
- (ii) the transaction prices and terms are determined based on the prevailing market rates which are determined by market forces, demand and supply, quality of the product and other relevant factors, and where appropriate, at least 2 quotations will be obtained from unrelated third parties to ascertain the appropriate transaction prices;
- (iii) the Audit Committee will delegate the day-to-day endorsement of RRPT to Y.S.P.SAH's Chairman, who will ensure that the RRPT are entered into on arms length basis, based on commercial terms and are not more favourable to the related party than those generally available to the public and are not prejudicial to the minority shareholders;
- (iv) the Audit Committee will review and ratify at each Audit Committee meeting, the transactions that the management has identified as RRPT and ensure that the RRPT are entered into on arms length basis, based on commercial terms and are not more favourable to the related party than those generally available to the public and are not prejudicial to the minority shareholders;
- (v) the Audit Committee will review conflict of interest situations that may arise within the Y.S.P.SAH Group as a result of the RRPT to ensure that the appropriate procedures have been followed and it would not be prejudicial to the minority shareholders;

9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

- (vi) the Audit Committee has the overall responsibility to determine the review procedures and shall continue to review the adequacy and appropriateness of the procedures as and when required;
- (vii) where any Director has an interest (direct or indirect) in any RRPT, such Director shall abstain from deliberation and voting on the RRPT. Where any member of the Audit Committee is interested in any transaction, that member will abstain from deliberation and voting on any matter relating to any decisions to be taken by the Audit Committee with respect to such RRPT; and
- (viii) the Audit Committee will ensure that disclosure shall be made in the annual report of Y.S.P.SAH of the aggregate value of transactions conducted during the relevant financial year based on the types of RRPT and the names of the related parties involved in each type of RRPT and their relationship with the Y.S.P.SAH Group.

Benefits to Y.S.P.SAH Group from transacting with the related parties

The RRPT entered or to be entered into by the Group are all in the ordinary course of business. The RRPT entered into by the Group with the related parties are intended to meet business and technical needs at the best possible terms.

(i) Royalty fees paid to YSP(TW) pursuant to TTA

YSPI entered into a TTA with YSP(TW) on 1 September 1998. This arrangement is beneficial to the Group as it provides access to YSP(TW)'s technological know-how and assistance in the planning, design, construction, start-up and operation of a pharmaceutical manufacturing plant in Malaysia and the rights and licence to register and use the "YSP" trade mark for a royalty fee equivalent to 2% of the overall net sales (based on gross sales less sales discounts or returns, transport costs (including freight), insurance, duties, taxes and other charges) of the products manufactured. YSP(TW) shall also furnish to YSPI such technical data and know-how (as defined in the TTA).

Y.S.P.SAH and YSP(TW) have provided written undertakings to the SC on 23 October 2003 confirming that both parties shall continue with their business arrangements in connection with, amongst others, transfer of technology and know-how, technical assistance and rights to use the trademark as stipulated in the TTA for as long as Y.S.P.SAH requires the same.

(ii) Transactions of revenue or trading nature

The Y.S.P.SAH Group has a close business relationship with the related parties and the transactions are priced competitively and are carried out on an arm's length basis. However, the Group may on certain occasions, purchase from related parties at higher prices relative to third party quotations if the terms quoted by external suppliers are unfavourable, e.g. the minimum purchase quantity stipulated by external suppliers exceeds the Group's requirements, or the raw materials from external suppliers do not meet the Group's standards. The flexibility to purchase from either related parties or external suppliers enables the Group to balance its business objectives of quality and cost. The close relationships with the related parties will allow the Group to remain competitive as a stable supply and satisfactory delivery of products and services will enable the Group to maintain the quality of its product and service quality.

9. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Companies within the Y.S.P.SAH Group and the related parties have good understanding of each other's business needs. The related parties have over the years demonstrated their professionalism and expertise, and the Group has not encountered any adverse or bad experience in any dealings with the related parties.

- (d) Save as disclosed in Sections 16.8 and 16.9 (material contracts and material agreements), the Group has not entered into any transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which Y.S.P.SAH or any of its subsidiary companies was a party in the past FYE 31 December 2002 and 8 months financial period ended 31 August 2003; and
- (e) There are no outstanding loan and/or guarantee of any kind made by Y.S.P.SAH or any of its subsidiary companies to or for the benefit of the related parties.

9.2 DECLARATIONS BY THE ADVISERS

RHB Sakura hereby confirms that there is no conflict of interest in its capacity as the Adviser, Underwriter and Placement Agent for the Flotation Scheme.

Messrs Soo Thien Ming & Nashrah has given its confirmation that there is no conflict of interest in its capacity as the Solicitors for the Flotation Scheme.

Messrs Shamsir Jasani Grant Thornton has given its confirmation that there is no conflict of interest in its capacity as the Auditors and Reporting Accountants for the Flotation Scheme.

Frost & Sullivan has given its confirmation that there is no conflict of interest in its capacity as the Independent Market Research Consultant in relation to the Flotation Scheme.

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