DUOPHARMA

DUOPHARMA BIOTECH BERHAD (524271-W)
(Formerly known as CCM Duopharma Biotech Berhad)

INNOVATING LIFE SCIENCES

Annual Report 2018

our Core Values

DUOPHARMA BIOTECH BERHAD GROUP OF COMPANIES CONDUCTS ITS BUSINESS OPERATIONS IN ACCORDANCE WITH ITS CORE VALUES

Passion
We inspire and energise everyone to be the best

Excellence
We consistently deliver outstanding performance through innovative solutions

Teamwork
We succeed together because we work as one

Integrity
We conduct ourselves with pride in being honest and ethical

Responsible
We honour the trust given to us by being accountable for our actions

Respect
We value differences and sincere intentions as the basis for achieving shared aspirations

Vision
Providing Smarter Solutions For a Healthier Life

Mission
Leading Healthcare Group Providing Quality and Innovative Solutions

Tagline
Smarter Solutions. Healthier Life

pg.15 Chairman's Statement

It gives me great pleasure to present this Annual Report, marking a new era for Duopharma Biotech Berhad ("Duopharma Biotech" or "the Group"), since completion of our demerger from Chemical Company of Malaysia Berhad ("CCMB")

Commitment towards Sustainability

pg.30 Sustainability Statement

Our aim, eventually, is to fully embed our Sustainability Policy into our business strategy for truly integrated and enhanced performance

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Proxy Form

At A Glance

2018 At A Glance

REVENUE

+ 6.6% TO **RM498.7 million**

PROFIT BEFORE TAX ("PBT")

A HISTORIC HIGH RM59.67 million

ACHIEVED

RM7.7 million in savings from Continual Improvement programme

NO.1 pharmaceutical company in Malaysia in terms of volume

Acquired **8.39% equity** in PanGen Biotech Inc, a listed South Korean pharma company

Acquired **5.8% equity** in SCM Lifescience, a biotech company based in South Korea

Completed Malaysia's **First Phase 3** clinical trial for a biosimilar

Reduced water consumption by **30%**

95.2% of active products carry halal certification issued by JAKIM and LPPOM MUI

Set up halal4pharma.com portal to educate the public on halal pharmaceuticals

Regained **No.1 position** in the Adults Vitamin C market

One of the **Best Companies to Work for in Asia** three years in a row

Total no. of training hours increased by **59.5%** year-on-year, while average hours of training per employee ↑ **47.5%**

Commissioned Malaysia's **first Highly Active Pharmaceutical Ingredients ("HAPI")** manufacturing facility

Total recordable case frequency ("TRCF") dropped from **1.85 cases per million man-hours** in 2017 to 1.14, while total recordable incidents dropped **from 7 to 5**

SECTION 01

ABOUT US

3 About This Report

4 Who We Are

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8 Board Structure

8 Corporate Structure

9 Financial Highlights

11 Calendar of Events

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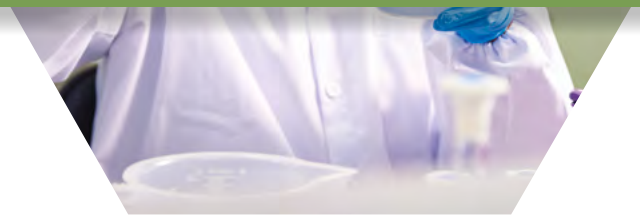

The report starts with an overview of Duopharma Biotech – who we are, what we do, our vision, mission and tagline as well as core values. We then provide our stakeholders with an account of the challenges facing our industry and the strategies being adopted to ensure we not only maintain our current leadership in generics but grow in more highly specialised areas such as biosimilars.

Because our stakeholders are concerned not only with our financial performance, but are also interested in the quality, safety and efficacy of our products, as well as the manner in which we contribute to better healthcare and well-being in general, we also report on initiatives undertaken in these domains. Our corporate and social responsibility programmes as well as efforts to protect the environment are covered in our standalone Sustainability Report. Key highlights of this are replicated in the Sustainability Statement of this report.

Following from our Sustainability Statement, we provide an overview of our governance structure and policies; and end with our Financial Statements.

This report covers the financial performance of all companies under Duopharma Biotech, including our operations in the Philippines, Singapore and Indonesia, and includes data on sustainability initiatives undertaken in Malaysia, where most of our activities are concentrated.

In producing this annual report, we have been guided by best practices – adhering to Bursa Malaysia's Main Market Listing Requirements for non-financial statements; the Malaysian Code on Corporate Governance for our governance section; the Malaysian Companies Act 2016 and Malaysian Financial Reporting Standards for our financial statements; and the Global Reporting Initiative ("GRI") Standards for our sustainability statements.

This annual report focuses on our activities, performance and results for the financial year from 1 January till 31 December 2018. It should be read together with our standalone Sustainability Report and information available on our corporate website for a comprehensive overview of the Duopharma Biotech Group. Our governance practices, found in the Governance portion of this publication, should be read in conjunction with the Corporate Governance standalone Report which is available online at http://duopharmabiotech.com/about-us/corporate-governance/

2018 At A Glance

REVENU

+ 6.6%
TO
RM498
millior

INNOVATION

Innovation is the lifeblood of the pharmaceutical industry. We embrace innovation in every aspect of our operations, from procurement to production and sales and marketing as we uphold the highest standards of quality, safety and efficacy.

NO.1
pharmaceutical company in Malaysia in terms of volume

issued by JAKIM and LPPOM MUI

Completed Malaysia's
First Phase 3
clinical trial for a biosimilar

Set up halal4pharma.com
portal to educate the public on halal pharmaceuticals

Regained
No.1 position
in the Adults Vitamin C market

One of the
Best Companies to Work for in Asia
three years in a row

Total no. of training hours increased by
59.5%
year-on-year,
while average hours of training per employee
↑47.5%

Commissioned Malaysia's
first Highly Active Pharmaceutical Ingredients ("HAPI")
manufacturing facility

Total recordable case frequency ("TRCF") dropped from
1.85 cases per million man-hours
in 2017 to 1.14,
while total recordable incidents dropped
from 7 to 5

About This Report

AS ONE OF THE LEADING PHARMACEUTICAL COMPANIES IN MALAYSIA WITH PRESENCE IN MORE THAN 20 COUNTRIES GLOBALLY, DUOPHARMA BIOTECH RECOGNISES THAT OUR BUSINESS AND PRODUCTS HAVE A SIGNIFICANT IMPACT ON THE LIVES OF COUNTLESS PEOPLE.

Our annual reports are produced in order to provide a clear and comprehensive account of our operations, performance and strategies to these people, whom we consider our stakeholders.

The report starts with an overview of Duopharma Biotech – who we are, what we do, our vision, mission and tagline as well as core values. We then provide our stakeholders with an account of the challenges facing our industry and the strategies being adopted to ensure we not only maintain our current leadership in generics but grow in more highly specialised areas such as biosimilars.

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Who We Are

DUOPHARMA BIOTECH BERHAD *(FORMERLY KNOWN AS CCM DUOPHARMA BIOTECH BERHAD)* **("DUOPHARMA BIOTECH") IS THE LEADING PHARMACEUTICAL COMPANY IN MALAYSIA IN TERMS OF VOLUME.**

We account for about 6.5% of the total Malaysian pharmaceuticals market of the generics market. We develop, manufacture and market generic drugs while our consumer healthcare brands have become household names not only in Malaysia, but throughout the ASEAN region.

Having established ourselves in generics, we are venturing into biosimilars in partnership with innovative biotech companies while upgrading our own plants to produce specialty products, particularly in the treatment of diabetes, cancer, kidney and heart diseases. We are a major partner of Biocon, India's biosimilar producer, to market and distribute its range of insulin and analogue products in Malaysia, Singapore and Brunei. We have completed the clinical trials and successfully developed the country's first biosimilar product – erythropoietin ("EPO") – together with PanGen Biotech of Korea.

While most of our products are currently sold in Malaysia, we are intensifying our efforts to create a greater presence in ASEAN as well as the Middle East and Africa. Our objective is to become a leading international healthcare group, providing smarter solutions for a healthier life.

We employ approximately 1,300 talented and dedicated people at our corporate office in central Kuala Lumpur; our manufacturing plants in Bangi, Klang and Glenmarie, all in Selangor; our research and development ("R&D") arm in Glenmarie; and regional offices in the Philippines, Singapore and Indonesia.

Duopharma Biotech was established in 1979 as a trading company before venturing into manufacturing oral solids in 1986. A year after being listed on the main board of Bursa Malaysia in 2002, we established the first sterile manufacturing factory in Malaysia, producing a wide range of small volume parenterals. In 2005, Duopharma Biotech was acquired by Chemical Company of Malaysia Berhad ("CCMB"), a listed company focused on consumer healthcare brands and oral dosage prescription products.

In 2015, CCMB underwent a corporate restructuring which saw all its pharmaceutical subsidiaries placed under Duopharma Biotech. Duopharma Biotech de-merged from CCMB in 2017 and Permodalan Nasional Berhad ("PNB") has become the largest shareholder of the Company.

Going forward, we aim to explore new frontiers in science and technology to continue to offer cutting-edge healthcare therapeutic products to the public.

Who We Are

Global Presence

Duopharma Biotech has created a strong presence in the region through our international offices in Singapore, the Philippines and Indonesia. We currently export to more than 20 countries in Asia, the Middle East and Africa.

Our Products

We manufacture more than 70 consumer healthcare supplements, analgesics and other health supplements; 367 generic drugs; and we supply biologics and other specialty products such as insulin for diabetes treatment and a range of oncology and renal products. We are the largest manufacturer of generic pharmaceuticals in the country and the only local pharmaceutical company to produce cancer drugs.

Consumer Healthcare

Category	Brand
Vitamins & Supplements	Champs Flavettes Proviton Naturalle
Analgesics	Uphamol
Eyecare	Eye Glo
Joint Pain	Donna
Skincare	Dermoplex
Antacid	Alucid

Ethical Classic

Therapeutic Class	Brand
Alimentary	Omesec Oral Aid Lotion BD Pen Needles
Systemic Anti-infectives	Zynomax Anikef Unocef
Nervous	Acugesic Prelica
Respiratory	Uphadyl Carinox Sobenz V-lief
Musculo Skeletal System	Zolterol Anarex
Sensory	Neo Deca Nicol Eye Drops
Genito-urinary & Sex Hormones	Ravimed Condep
Systemic Hormones	Prednisyn Penatone
Dermatology	Krisovin Aqua Cream
Various	Beazyme

Ethical Specialty

Therapeutic Class	Brand
Oncology	Kytron Letronat
Diabetes	Insugen Basalog
Renal	Unihepa Ranofer
Cardiovascular	Vascor Acetan Covasc Atorvas Perinace

Who We Are

Our Facilities

We embrace innovation and technology with a strong emphasis on upholding the highest standards of quality, safety, efficacy and hygiene in our production facilities, which are reflected in our products. Our Good Manufacturing Practice ("GMP") production facilities include a small-volume injectables ("SVI") plant, dental cartridges & effervescent facilities, a state-of-the-art Intermediate Bulk Container ("IBC") system for soft gel pharmaceutical products, and a High Active Pharmaceutical Ingredient ("HAPI") plant producing cancer drugs.

Our Research Centre

Close to 40 multi-disciplinary scientists conduct research on consumer healthcare and generic products at Duopharma Innovation Sdn. Bhd. *(formerly known as Innovax Sdn. Bhd.)*, our R&D arm. To date, Duopharma Innovation has consistently produced 10-15 products per year. Its current focus is on developing first-in-the-market generic ethical products to provide cost-effective alternatives to the public, and innovative consumer healthcare products that further enhance quality of life.

Duopharma Innovation forms part of a research ecosystem through in-house research, collaboration with local and overseas research centres, human capital development and participation in innovation challenges. The team strives to apply the latest pharma industry technologies to bring the best products to the market.

Industry Recognition

On top of being named the Pharmaceutical Company of the Year (Generics) and Halal Pharmaceutical Company of the Year by Frost and Sullivan in 2017 and 2018, in 1999 Duopharma Biotech became the first pharmaceutical entity to receive Halal Certification for health supplements under the brands Champs, Flavettes, Provition and Naturalle. We were also the first to receive the Halal Pharmaceuticals Certification based on the world's first Halal Pharmaceuticals Standard: MS2424:2012 Halal Pharmaceuticals - General Guidelines in 2013 for our consumer healthcare products. In addition, Duopharma Biotech was cited as being one of the Best Companies to Work For in Asia by HR Asia for the years 2017 and 2018.

A Pioneering Pharmaceutical Company

Duopharma Biotech has created a number of firsts in the pharmaceutical industry in Malaysia. We were the first:

- To invest in a sterile small volume parenteral manufacturing facility
- To invest in a soft gel manufacturing facility
- To manufacture dental cartridges
- To market and distribute biosimilar products
- Local company to set up an internal pharmacovigilance capability
- Generic company to conduct post-market surveillance studies in Malaysia
- Local company to conduct a joint Phase 3 clinical study for a biosimilar in Malaysia and Korea with a Korean company
- Local pharmaceutical company to obtain approval for registration of the first locally developed biosimilar product
- Local pharmaceutical company to receive Halal certification for Consumer Healthcare products
- Local pharmaceutical company to receive approval for registration of an ethical product based on MS2424:2012, the World's first Halal Pharmaceuticals Standard
- Local pharmaceutical company to establish an effervescent technology facility
- Local pharmaceutical company to set up and operate a Highly Active Pharmaceutical Ingredient ("HAPI") facility

Corporate Information

BOARD OF DIRECTORS

Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir
Non-Independent
Non-Executive Chairman

Leonard Ariff Bin Abdul Shatar
Group Managing Director

Dato' Mohamad Kamarudin Bin Hassan
Senior Independent
Non-Executive Director

Razalee Bin Amin
Independent
Non-Executive Director

Datuk Seri Rohani Parkash Binti Abdullah
Independent
Non-Executive Director

Zaiton Binti Jamaluddin
Independent
Non-Executive Director

Dato' Eisah Binti A.Rahman
Independent
Non-Executive Director

Datuk Nik Moustpha Bin Hj Nik Hassan
Independent
Non-Executive Director

Datuk Mohd Radzif Bin Mohd Yunus
Non-Independent
Non-Executive Director

COMPANY SECRETARY

Ibrahim Hussin Salleh
License No.: LS0009121
SSM Practising Certificate No.: 201908001032

REGISTERED OFFICE

Suite 18.06, Level 18
Kenanga International
No. 26, Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia
Tel No. : 03-2162 0218
Fax No. : 03-2161 0507

BUSINESS ADDRESS

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Jalan Seruling 59
Kawasan 3
Taman Klang Jaya
41200 Klang
Selangor Darul Ehsan
Malaysia
Tel No. : 03-3323 2759
Fax No. : 03-3323 3923
Website : www.duopharmabiotech.com
E-mail : cs@duopharmabiotech.com

AUDITORS

Messrs. KPMG PLT
Chartered Accountants
Level 10, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia

PRINCIPAL BANKERS

AmBank (M) Berhad
No.1, Ground Floor
Lorong Sanggul 1F
Bandar Puteri Klang
41200 Klang
Selangor Darul Ehsan
Malaysia

OCBC Bank (Malaysia) Berhad
No.19, Jalan Stesen
41000 Klang
Selangor Darul Ehsan
Malaysia

Sumitomo Mitsui Banking Corporation Malaysia Berhad
Suite 22-03, Level 22
Integra Tower
The Intermark
348 Jalan Tun Razak
50400 Kuala Lumpur
Malaysia

Malayan Banking Berhad
No 7 & 9, Jalan 9/9C
Section 9
43650 Bandar Baru Bangi
Selangor Darul Ehsan
Malaysia

Hong Leong Bank
68, Lorong Batu Nilam 3A
Bandar Bukit Tinggi
41200 Klang
Selangor Darul Ehsan
Malaysia

RHB Islamic Bank Berhad
Level 7, Tower 2, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Malaysia

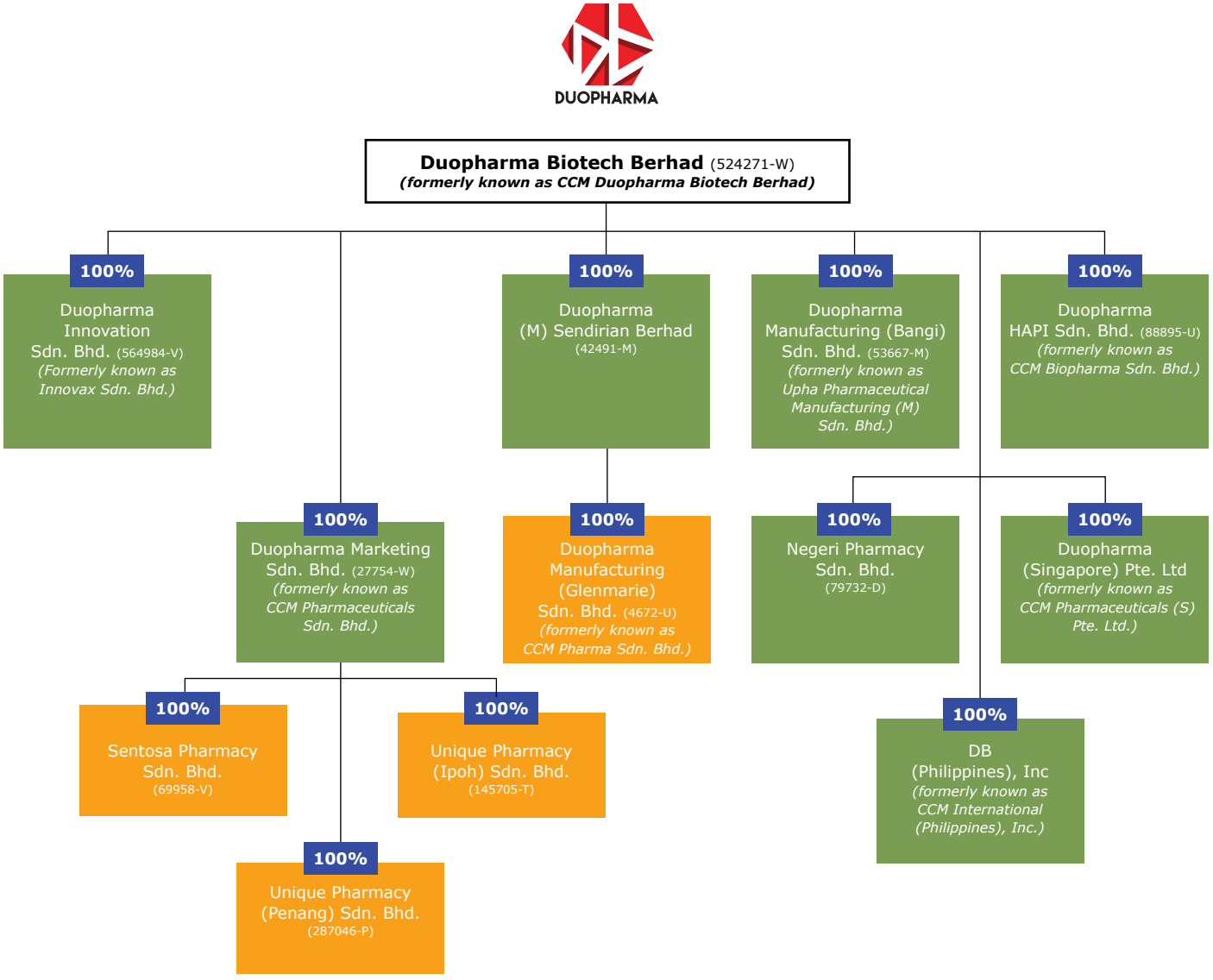
Overseas - Chinese Banking Corporation Limited Labuan Branch
Level 8 (C), Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Labuan
Sabah
Malaysia

SHARE REGISTRAR

Tricor Investor & Issuing House Service Sdn. Bhd.
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel No. : 03-2783 9299
Fax No. : 03-2783 9222

Board Structure

Corporate Structure



Financial Highlights

Interim Dividend

	Date
Entitlement Date	7 November 2018
Payment	23 November 2018

Quarterly Result

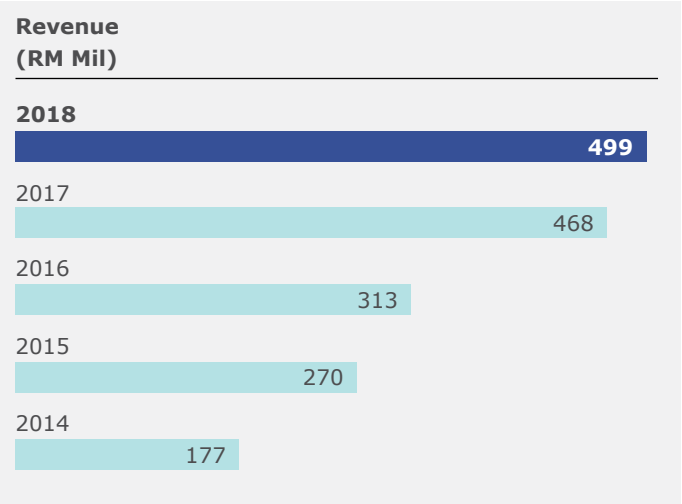
	Date
First Result	28 May 2018
Second Result	27 August 2018
Third Result	28 November 2018
Fourth Result	18 February 2019

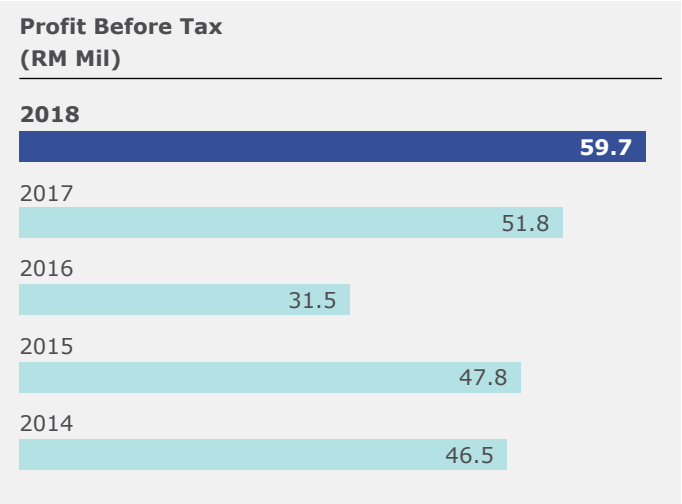
Consolidated Financial Sheet	**2018**	2017
Non-Current Asset	**469,048**	348,621
Current Asset	**367,330**	356,619
Total Asset	**836,378**	705,240
Current Liabilities	**222,445**	121,659

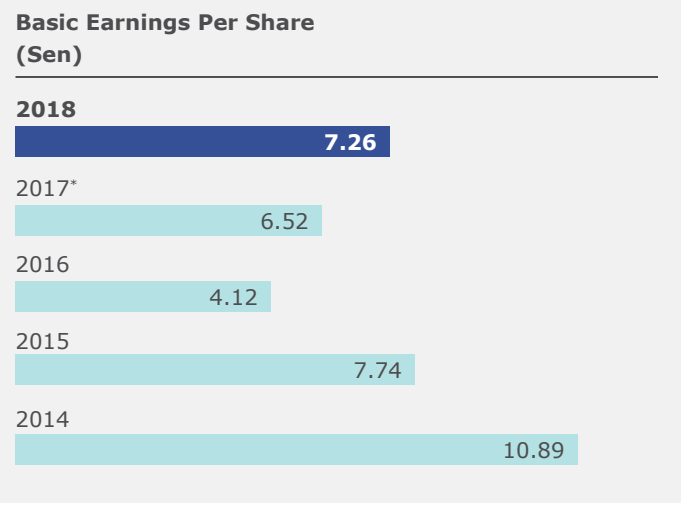
Financed by:	**2018**	2017
Share Capital	**347,188**	333,684
Non-distributable Reserves	**(27,222)**	585
Retained Profits	**161,075**	145,596
Shareholders' Fund	**481,041**	479,865
Deferred Tax Liabilities	**11,242**	12,568
Loans and Borrowings	**121,650**	91,148

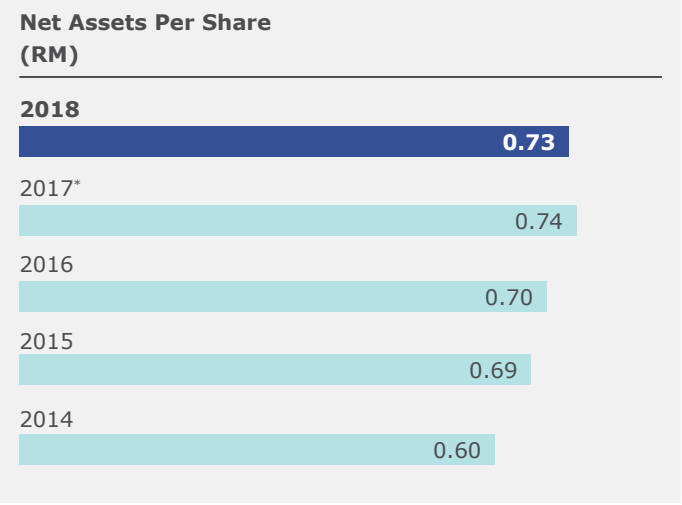
Consolidated Income Statement	**2018**	2017
Turnover	**498,722**	467,987
Profit Before Tax	**59,666**	51,772
Taxation	**(12,025)**	(9,309)
Profit After Taxation	**47,641**	42,463
Profit Attributable to Shareholders	**47,641**	42,463
Dividends	**(26,666)**	(18,132)
Transfer to Retained Profits	**20,975**	24,331

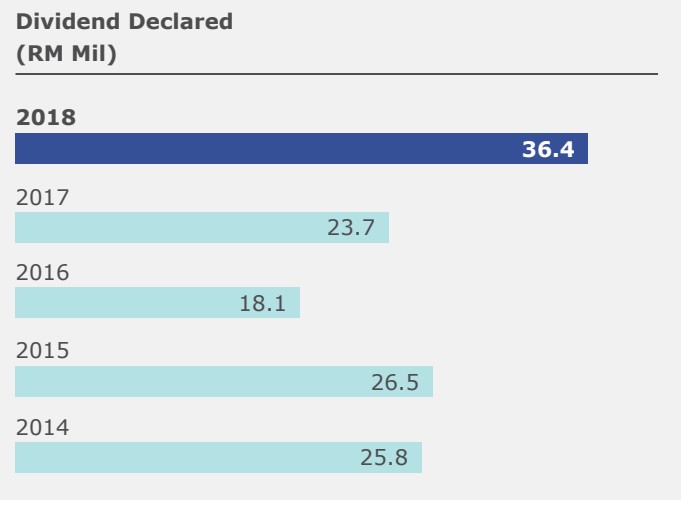
Financial Highlights











* Note: Prior years' Basic Earnings Per Share & Net Assets Per Share have been retrospectively adjusted to reflect the effect of the bonus issue.

Calendar of Events

FEBRUARY

Chinese New Year Decoration Contest

APRIL

Champs-NASOM Autism Awareness Campaign

APRIL

PNB-CCM Duopharma Interschool Showdown

MAY

Annual General Meeting & Extraordinary General Meeting

JUNE

Pharmaceutical Company of the Year (Generics) and Halal Pharmaceutical Company of the Year at the Frost & Sullivan's 2018 Malaysia Excellence Awards

JULY

Jamuan Hari Raya Aidilfitri with Duopharma Biotech Staff

Calendar of Events

AUGUST

Flavettes Glowing Star Contest

AUGUST

Launch of SHE Week 2018

AUGUST

Merdeka Decoration Contest

OCTOBER

Best Companies to Work For in Asia Awards by HR Asia

OCTOBER

CSR Educational Workshop with students from Universiti Malaya

OCTOBER

Professional Golf Malaysia Sponsorship

Calendar of Events

OCTOBER

PNB Group Innovation Challenge

OCTOBER

Signing of Memorandum of Understanding with Universiti Teknologi Malaysia

NOVEMBER

Sports Carnival Indoor Games Challenge

NOVEMBER

Sports Carnival Outdoor Games Challenge

DECEMBER

Back-to-School Programme

DECEMBER

CCM Duopharma Sports Club Annual Dinner 2018

Calendar of Events

DECEMBER

Visit by CEO@Faculty

DECEMBER

Halal & Integrity Week 2018

DECEMBER

Long Service Appreciation Night

DECEMBER

Ziarah Kasih Programme

SECTION 02

STRATEGIC REPORT

15 Chairman's Statement

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"It gives me great pleasure to present this Annual Report for Duopharma Biotech Berhad ("Duopharma Biotech" or "the Group")"

TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SH BAKIR

NEW TECHNOLOGY

Science and technology are driving the development of better, more effective treatments. We combine the knowledge and skills of our multi-disciplinary R&D scientists with the expertise of leading biotech players to offer Malaysians the best health solutions.

DECEMBER

Visit by CEO@Faculty

DECEMBER

Long Service Appreciation Night

Ziarah Kasih Programme

CHAIRMAN'S STATEMENT

"It gives me great pleasure to present this Annual Report for Duopharma Biotech Berhad ("Duopharma Biotech" or "the Group")"

TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SH BAKIR

Chairman's Statement

TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SH BAKIR
Chairman

DEAR SHAREHOLDERS

It gives me great pleasure to present this Annual Report for Duopharma Biotech Berhad ("Duopharma Biotech" or "the Company"), a new era since the completion of our demerger from Chemical Company of Malaysia Berhad ("CCMB") at end 2017.

There have been many changes in the Company, key among which is having Permodalan Nasional Berhad ("PNB") as our major shareholder. PNB holds 50.92% equity in Duopharma Biotech, inclusive of shareholdings of the trust funds managed by PNB.

This confers many benefits to the Duopharma Biotech group of companies ("Group"), not least of which is access to opportunities for leadership, capacity, innovation and CSR development enabled by PNB. Our move into Kenanga International, a PNB-owned building in the city centre, has also been beneficial. With more space than our previous rented offices, we are now able to host corporate and Board level meetings in our own 'home'.

Another significant change is that of our name. The Group and most of our subsidiaries now carry the word 'Duopharma'. This has been the result of a comprehensive rebranding exercise that also saw us adopt a new logo and revised Vision, Mission and Tagline - *Smarter Solutions. Healthier Life*. The latter are very much in line with Duopharma Biotech's business focus, namely to move up the pharma value chain through diversification into high-value niche and specialty products.

At the Board level, our demerger has necessitated putting in place the required support structures of a robust governance framework. We adopted a new Company Constitution to replace the Memorandum & Articles of Association. We reviewed our Board Committees and revised their terms of reference ("TOR"). As Duopharma Biotech seeks to become the market and thought leader in the halal pharma industry, a new Halal Committee has been set up. Meanwhile, to guide the Group's sustainability, the Risk Management Committee now has oversight of all sustainability matters and has been re-named our Risk Management and Sustainability Committee.

Chairman's Statement

Ensuring we meet the requirements of the Malaysian Code on Corporate Governance 2017, we have revised our Board Effectiveness Evaluation Assessment and adopted a new Remuneration Policy and Procedures for Directors and Senior Management. We also have a new Policy on External Auditors and an updated Whistle-Blowing Policy.

At the Management level, we have seen to the establishment of a new Legal & Secretarial Department, Group Internal Audit Department and Risk Management Department. In addition, we approved the establishment of a Medical Advisory Committee to advise the Board on medical related matters thus enhance our decision-making process. We have endorsed its TOR and identified candidates for appointment to the committee. We also reviewed Duopharma Biotech's succession planning and talent development programmes as these are critical in an organisation that is expanding as rapidly as we are.

While these governance and policy changes took up much of the Board's time, we fulfilled our training requirements and took the opportunity of holding one of our sessions at Duopharma Innovation in order to also tour our Research and Development arm, which will play an increasingly important role as we become a more innovative company.

Innovation at Duopharma Biotech is driven both in-house as well as through an expanding network of partnerships with leading biotech companies. In June 2018, we acquired CCMB's shares in PanGen Biotech Inc ("PanGen"), a listed South Korean pharma company specialising in biosimilars. Together with PanGen, we have developed a biosimilar for erythropoietin ("EPO"), Erysaa, which will be launched in April 2019.

Yet another quantum leap in enhancing our technical capabilities was achieved through the acquisition of a 5.8% interest in South Korea-based SCM Lifescience which specialises in stem cell therapy. Through the acquisition, Duopharma Biotech is now one of the few companies in Malaysia with direct access to this highly innovative modality in which treatment is engineered for individual patients. Stem cell technology belongs to next-generation biotherapeutics that is set to change the dynamics of healthcare; and we are very excited to be part of this journey.

Financially, the Group has continued to perform very well, growing our revenue to RM498.7 million. Our profit before tax ("PBT") was even more encouraging, increasing 15.3% year-on-year to hit RM59.7 million. This has enabled us to propose a final dividend of 4 sen per share. Together with an interim dividend paid in November, we are offering our shareholders a total of 5.5 sen per share for the financial year, amounting to RM36.4 million. Our shareholders are very valuable to us, and we intend to share at least 50% of our profit after tax with them annually. This year, in addition to our dividend payout, we demonstrated our appreciation of our shareholders via an attractive bonus share issue.

Revenue (RM million)

RM498.7 million

Profit before tax (PBT)

↑ 15.3%

year-on-year to

RM59.7 million

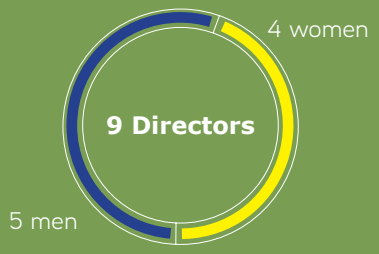
Chairman's Statement

Our demerger was undertaken for its value accretion, and I believe Duopharma Biotech's performance during the year validates this long-term strategy. Going forward, we have some very clear plans for continued growth both within Malaysia and in the region. To enhance our exports, we are developing a healthy pipeline of products with international partners based on emerging needs.

Other than to grow financially, we recognise the need to create social and environmental value for our stakeholders to entrench our sustainability. Creation of the Risk Management and Sustainability Committee demonstrates the Board's commitment towards this end. We fully support all efforts to integrate sustainability into our operations and are pleased that, this year, our Sustainability Management Council conducted a materiality analysis to identify matters that are important to our stakeholders and the company in order to guide our actions. It came as no surprise that Ethics & Integrity features among our High Priority material matters. Recognising this, and to reinforce a culture of integrity, the Group organised our first Integrity & Halal Week in December 2018, which I personally launched.

I would like to thank my colleagues on the Board for their astute counsel that has also been invaluable in guiding Duopharma Biotech, especially during the period of intense change that we have just been through. Every member on the Board has worked extremely hard, especially in developing new TORs for the new Board Committees. I would like to note my appreciation for the extra time that has gone into various Board matters during the year, and for the diligence showed by the Chairmen of each Committee in working closely with Management and their new teams to manage their revised duties. At the same time, we would like to express a special note of gratitude to Datuk Seri Rohani Parkash Binti Abdullah, who joined the Board as an Independent Non-Executive Director on 2 August 2016, and will be stepping down at the coming Annual General Meeting ("AGM"). We wish her the best in all future undertakings. With these Board changes, following our AGM we will have eight Directors, five of whom are men while three of whom are women.

Total number of Directors on the Board of Duopharma Biotech



"MOST OF ALL, I WOULD LIKE TO SAY A HEARTFELT THANK YOU TO OUR VERY CAPABLE MANAGEMENT TEAM, FOR THEIR SOUND LEADERSHIP; AND TO ALL OUR EMPLOYEES ACROSS THE GROUP.

Our ongoing success is also dependent on the continued support of all our stakeholders, whom I would like to acknowledge. I would like to thank the government and regulators for creating a conducive pharmaceutical ecosystem in the country. My gratitude also goes to our business partners and suppliers for enabling smooth production operations. We truly value the investments of our financiers and shareholders, which are vital to our ongoing expansion. As for our customers and healthcare practitioners, thank you for the trust placed in our products.

Most of all, I would like to say a heartfelt thank you to our very capable management team, led by our Group Managing Director Leonard Ariff Bin Abdul Shatar, for their sound leadership; and to all our employees across the Group, for their hard work and commitment towards the achievement of Duopharma Biotech's goals. These are exciting times for the Group; and I have no doubt that if we continue to work together, we will achieve our ambitions as we bring *Smarter Solutions for a Healthier Life* to people in Malaysia, ASEAN and the rest of the world.

TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SH BAKIR
Chairman

GROUP MANAGING DIRECTOR'S

Management Discussion and ANALYSIS

"The year 2018 was significant for Duopharma Biotech Berhad ("Duopharma Biotech") for a number of reasons, but perhaps most pertinently because it was our first year as an independent company."

LEONARD ARIFF BIN ABDUL SHATAR

Group Managing Director's Management Discussion and Analysis

LEONARD ARIFF BIN ABDUL SHATAR
Group Managing Director

"The year 2018 was significant for Duopharma Biotech Berhad ("Duopharma Biotech") for a number of reasons, but perhaps most pertinently, because it was our first year as an independent company.

Following our demerger from Chemical Company of Malaysia Berhad ("CCMB") at end 2017, no doubt the market's eyes were trained on our performance. And it is with pleasure to share our outcomes, which have been more than encouraging.

Despite operating in a very regulated and competitive industry, Duopharma Biotech achieved some notable wins. We maintained our market leadership in terms of volume of sales, while moving up one spot to second position in terms of value, a position we held till the close of 2018. *(IQVIA Report, December 2018)*

Profit Before Tax

increased by a notable 15.3% year-on-year, from RM51.77 million to RM59.67 million, a historic high

+15.3% YoY

FY18 – RM59.67 Mil
FY17 – RM51.77 Mil

Group Managing Director's Management Discussion and Analysis

We continued to pioneer firsts in the local pharmaceutical landscape. In 2014, we were the first in Malaysia to embark on a Phase 3 clinical trial – for an erythropoietin ("EPO") biosimilar with our South Korean partner, PanGen Biotech Inc. We completed the trial in 2018, installed Malaysia's first biological pre-filled syringe line to manufacture the biosimilar, and obtained registration approval for the product called *Erysaa* from the National Pharmaceutical Regulatory Agency ("NPRA") on 31 January 2019. We also completed and commissioned Malaysia's first Highly Active Pharmaceutical Ingredients ("HAPI") manufacturing facility, where we will soon begin commercial production of oncology and psychotropic drugs.

In addition, we launched a pre-filled format for an insulin glargine, *Basalog One*. We also expanded our Hepatitis C portfolio with products from our Indian partner, Natco Pharma Ltd ("Natco"), and won a contract from the government to supply *Daclatasvir*.

In the Consumer Healthcare ("CHC") business, *Flavettes* regained its leadership as the No. 1 supplement in the Adults Vitamin C market in Malaysia with the Effervescent range overtaking all other brands in terms of market share.

Internationally, we penetrated four new markets and overcame registration challenges to achieve all-time high sales.

Pushing ahead with our halal agenda, by end 2018 more than 95% of our products had been certified by JAKIM and LPPOM MUI. The Board of Duopharma Biotech also set up a Halal Committee on the Board for greater governance and oversight.

In line with our strategy to diversify into biotherapeutics and high-value niche products including regenerative therapy, the year also saw us acquire CCMB's 8.39% equity in PanGen Biotech Inc ("PanGen") and, subsequently, 5.8% equity in SCM Lifescience ("SCM"), a South Korean biotech specialising in stem cell therapeutics. We had already been working closely with PanGen on *Erysaa*, and enjoyed the rights to market its biosimilars in Malaysia, Brunei and Singapore with the first right of refusal for other ASEAN countries. With SCM, we are set to venture into regenerative medicine, specifically in allogeneic stem cells. Completed on 23 November 2018, the acquisition gives us access to technical expertise in cell-based therapeutics and similar marketing rights as we have with PanGen.

It is especially heartening to have achieved all of this during a year in which much of our time and resources were channelled towards internal restructuring post demerger. Financially, we grew our revenue to RM499 million. This was achieved with revenue growth across all channels.

Our performance was very much the result of having a very clear plan to move up the value chain towards biosimilars and other specialty biotherapeutics. The end goal is to establish Duopharma Biotech as a leader, not only in Malaysia but also ASEAN and, eventually, further afield.

MACROENVIRONMENT

Along with an increasing – and ageing – population, the global pharmaceutical market continued to grow and is expected to come in at about USD1.2 trillion in 2018. With an anticipated compounded annual growth rate ("CAGR") of between 3% and 6% over the next five years, the market is likely to exceed USD1.5 trillion by 2023.[1] Growth in pharmerging markets, including ASEAN, will be one of the highest, at 5%-8% CAGR, driven primarily by generics. As the patents for a substantial number of innovator drugs will be expiring in the next few years, an increasing volume of generics is expected to flood both developed and developing nations.

In the big molecule space, there has been a marked increase in the development of more complex biotherapeutic drugs which are more effective and also more difficult to reproduce. Yet, a number of manufacturers are proving their capability in biosimilars that are now offering patients the same quality treatments at much lower prices. By 2023, biosimilar competition in the biologics market will be nearly three times larger than it is today. This is becoming increasingly significant as more people around the world are in need of the efficacy of complex biotherapies to manage age-and-lifestyle-related diseases.

Within the ASEAN region, Vietnam, the Philippines and Malaysia are expected to see the highest growth in pharmaceutical spend.

[1] *From IQVIA Institute's The Global Use of Medicine in 2019 and Outlook to 2023, https://www.iqvia.com/institute/reports/the-global-use-of-medicine-in-2019-and-outlook-to-2023*

Group Managing Director's Management Discussion and Analysis

In Malaysia, the pharmaceutical market in 2018 was valued at about RM8 billion, with an annual growth of 9%. As the sector is highly competitive, manufacturers faced pressure on pricing. This was further compounded by a strengthening US Dollar, causing an increase in manufacturing cost and squeezed margins.

Another challenge, especially for pharmaceutical companies that export, are ripple effects of the US-China trade war which is dampening trade between other countries – Malaysia and our export partners notwithstanding.

Finally, just as pharmaceuticals are becoming more sophisticated, the regulatory environment is becoming increasingly more stringent – both locally and in the international space – requiring manufacturers to spend more on additional compliance while also lengthening our time to market.

INTERNAL RESTRUCTURING

During the year, we underwent an internal restructuring to transfer pharmaceutical companies that were previously under our subsidiaries directly into the holding company fold. This saw us acquire Duopharma HAPI Sdn. Bhd. *(formerly known as CCM Biopharma Sdn. Bhd.)* and Negeri Pharmacy Sdn. Bhd. from Duopharma Marketing Sdn. Bhd. *(formerly known as CCM Pharmaceuticals Sdn. Bhd.)*; and Duopharma Manufacturing (Bangi) Sdn. Bhd. *(formerly known as Upha Pharmaceuticals Manufacturing (M) Sdn. Bhd.)* from Duopharma (M) Sendirian Berhad. In addition, we acquired CCMB's 8.39% equity[2] in PanGen. Transfer of the local companies was completed on 24 May, while that of our Korean associate was completed on 29 June.

[2] *https://themalaysianreserve.com/2017/08/03/ccmb-reduce-debt-land-disposal-share-placement/*

OUR GROWTH STRATEGY

Duopharma Biotech is very excited about the pharma industry's general shift towards more and more sophisticated treatment modalities. Inspired by the efficacy of these products, and recognising the growth potential that they represent, our strategy over the last five years has been to develop high-value niche products in biotherapeutics, oncology and, more recently, regenerative medicine. Because the Malaysian market is relatively small and becoming saturated, we are also placing increased focus on international sales, initially leveraging our existing presence in ASEAN.

Duopharma Biotech's four-pronged strategy:

- Expand our range of Ethical and Consumer Healthcare ("CHC") product portfolios
- Diversify onto high-value biologicals and niche products
- Enhance our presence in the ASEAN region
- Upgrade our manufacturing facilities into world-class assets

We made considerable progress in each strategic focus area in 2018:

- We launched three new ethical and two new CHC products
- We introduced an insulin glargine biosimilar (*Basalog One*), followed by registration for Erysaa in January 2019
- Under our Manufacturing Optimisation Strategy ("MOS"):
  - We completed a biological pre-filled syringe facility in Klang, which will be ready for commercial production in Q3 2019.
  - We completed the country's first HAPI facility, in Glenmarie, which is expected to be commercialised by Q2 2019.

Growth in new therapeutic areas has been achieved through our strategic partnerships which give us access not only to exciting new products but also to new technologies that are revolutionising healthcare. To date, we have entered into partnerships with India's Biocon Ltd and Natco, PanGen and SCM, as well as Becton Dickinson of the US.

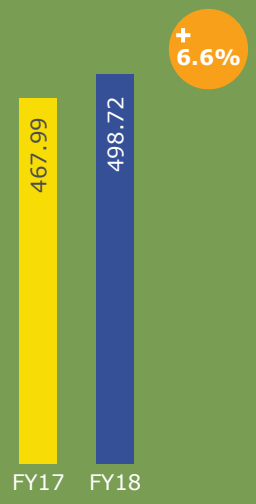
Our target by year 2022 is to have a strong presence in oncology, diabetes, renal, cardio and hepatitis.

Group Managing Director's Management Discussion and Analysis

FINANCIAL PERFORMANCE

The Group's revenue increased 6.6% from RM467.99 million in 2017 to RM498.72 million in 2018, mainly as a result of higher demand from both the private and public health sectors. Despite various economic challenges, including a strengthening US Dollar, our profit before tax ("PBT") also increased by a notable 15.3% year-on-year, from RM51.77 million to RM59.67 million, a historic high. This was driven by an increase in sales and improved margins.

GROUP REVENUE (RM MILLION)



One of our initiatives to manage operational cost is via a Continual Improvement ("CI") programme encompassing Lean Six Sigma and Lean Manufacturing methodologies. A total of RM7.7 million in savings was accumulated over the year, exceeding our target of RM6.0 million. For more information on CI, please refer to page 23 in our Sustainability Report.

Segmental Performance

Among our four core businesses, the highest growth was seen in the Ethical Classic Business, and in particular sales to the public health sector. Our CHC Business also registered strong growth in the private sector, aided by the *Flavettes Effervescent* range. Sales in our Ethical Specialty Business, however, was slower than expected due to delays in new product approvals. Registration challenges were also evident in our International Business; yet, we achieved an all-time sales record.

Performance According to Market

In the past few years, as we have shifted our focus towards higher value therapeutics for which there is ever-increasing demand by the general public, sales to the Public sector has been growing. From representing 34% of our total revenue in 2016, it now represents 50%.

Dividend

For the financial year ended 31 December 2018, the Board of Directors has recommended a final dividend of 4 sen per share, subject to shareholders' approval at the forthcoming Annual General Meeting ("AGM"). Together with an interim dividend of 1.5 sen amounting to approximately RM9.93 million paid on 23 November 2018, the total dividend for the financial year 2018 stands as 5.5 sen per share, amounting to approximately RM36.4 million.

As with the previous financial year, we will be proposing a dividend reinvestment plan ("DRP") for the final dividend for 2018. Following the announcement of a DRP for the final dividend for the year 2017, a total of RM13.5 million was converted into 10,978,985 new ordinary shares. While benefitting our shareholders – who stand to increase their shareholding at a discount and without the additional cost of brokerage fees or other transaction costs – the exercise further strengthens our capital position, providing us with funds for further expansion.

Bonus Share Issue

On 20 June 2018, we completed the issuance of four bonus shares for every three existing shares. This was inspired by a desire to reward our shareholders for their support as well as increase the share base of Duopharma Biotech to be more reflective of our current scale of operations and asset base. Along with the DRP, the exercise encourages trading of Duopharma Biotech shares, potentially increasing our shareholder base.

Group Managing Director's Management Discussion and Analysis

BUSINESS REVIEW

CONSUMER HEALTHCARE ("CHC") BUSINESS

The CHC business performed well in 2018, with particularly strong performance by *Flavettes*. Intense consumer engagement following the *Flavettes Effervescent* range launch in 2017 proved effective in driving brand awareness among consumers. This led to *Flavettes Effervescent* becoming the brand leader in the Adults' Vitamin C market in Malaysia (Nielsen Retail Audit, September 2018).

At the same time, *Champs* further entrenched its leadership as the No. 1 Children's Vitamin C (Nielsen's Consumer Report, September 2018) with the Effervescent variant proving especially popular. Performance of the effervescent ranges for both *Flavettes* and *Champs* validate our decision to invest in an effervescent plant, which was completed in 2017.

Other than supplements, *Eye Glo*, our eye drop brand, maintained its No. 1 position in the Malaysian market.

ETHICAL CLASSIC BUSINESS

We are very pleased with our Ethical Classic Business, which grew significantly during the year. This was supported by the launch of a number of products including *Prelica*, the first locally produced pregabalin which is used to treat neuropathic pain; and *V-Lief*, a herbal cough mixture.

Sales of *Prelica* and *V-Lief* have been particularly healthy, with strong demand from general practitioners ("GPs") and pharmacies. *Prelica* sales were further strengthened by securing a government tender.

The Ethical Classic Business also continued to derive revenue from government tenders signed in December 2017, under the Ministry of Health Malaysia ("MOH")'s Approved Product Purchase List ("APPL"). This will continue through 2019. In 2018 itself, we won a contract for the supply of *Daclatasvir*, a medication used in the treatment of Hepatitis C.

ETHICAL SPECIALTY BUSINESS

Our Ethical Specialty business registered slower than expected sales due to delays in obtaining new product registration approvals. This affected the launches of *Erysaa* (erythropoietin alfa) and *Zuhera (trastuzumab)*. Both products are now expected to be launched in early 2019. On a positive note, we launched *Ranofer*, the first locally produced iron sucrose injection indicated for treatment of iron deficiency anaemia. *Ranofer* is being supplied to hospitals and dialysis centres.

The business made notable progress in terms of its manufacturing and marketing capabilities. During the year, we completed and successfully commissioned a first-of-its-kind in Malaysia fill and finish line for *Erysaa*. We also completed the HAPI production line.

In terms of marketing, a key highlight was setting up of the Renal Care Franchise comprising a team of product specialists for the dialysis market. The team's effectiveness was reflected in a 41% year-on-year sales growth of existing products in the renal care business. With the Renal Care Franchise, we now have a specialist team in each of our four Ethical Specialty focal areas, namely renal care, cancer, diabetes and cardiovascular diseases.

The Diabetes Care Franchise launched *Basalog One* in mid-December. Duopharma Biotech is the exclusive marketing agent in Malaysia, Singapore and Brunei for the long-acting insulin glargine manufactured by Biocon Ltd. The team also continued to supply *Insugen (human insulin)* to all government hospitals and clinics under a three-year tripartite contract between MOH, Biocon and Duopharma Biotech which ends in December 2019.

Group Managing Director's Management Discussion and Analysis

INTERNATIONAL BUSINESS

Our International business achieved an all-time sales record despite registration challenges. Our operations in the Philippines experienced a turnaround profit in 2018, after three years of consecutive losses, while our base in Singapore continued to remain profitable. Export sales to all other ASEAN countries grew 23% year-on-year. This was contributed in part by a contract secured during the year for the supply of various prescription drugs to the Singapore Ministry of Health and Brunei Ministry of Health, which will continue into 2019.

To fast-track our ASEAN expansion, we seek to collaborate with other pharmaceutical companies in the region. We have been scouring the market in the last few years and will continue to keep a keen eye on strategic potential acquisitions. Further afield, we penetrated four new export markets - Ghana, South Africa, Oman and Qatar.

As the regulatory environment in the international market becomes more stringent, we have embarked on a project to upgrade the dossier quality of Duopharma Biotech's existing and new products.

HALAL

As a leading pharmaceutical company in a predominantly Muslim country, we recognise the importance of ensuring our products are halal. Continued efforts to certify our products resulted in more than 95% of the entire portfolio of CHC and ethical products manufactured in our halal-compliant facilities securing the halal certification by Jabatan Kemajuan Islam Malaysia ("JAKIM") and Lembaga Pengkajian Pangan, Obat-obatan, dan Kosmetika Majelis Ulama Indonesia ("LPPOM MUI"). The remaining products are in the process of being similarly certified.

To increase general awareness of halal pharmaceuticals, and of our products more specifically, we ran a six-month digital campaign starting in June 2018 to engage customers and direct them to an information portal powered by Duopharma Biotech, halal4pharma.com. The portal provides accurate and relevant information on halal pharmaceuticals, answering any question consumers may have regarding these niche products.

To further strengthen our halal governance, this year the Board set up a Halal Committee.

Externally, we continued with Batch 2 of the CCM Halal Pharmapreneur programme, run in collaboration with Malaysia Productivity Corporation ("MPC") and Centre of Entrepreneur Development and Research ("CEDAR"). The objective is to support community pharmacists by providing them with entrepreneurial skills as well as halal pharma knowledge. In 2018, 10 pharmacists signed up for the programme conducted by CEDAR from July to December 2018.

Our efforts were rewarded by being named Halal Pharmaceutical Company of the Year 2018 at the Frost & Sullivan Malaysia Excellence Awards.

WAREHOUSE MANAGEMENT

As we increase our production capacity, we have also expanded our warehouse space. In Bangi, we built a second warehouse, Bangi 3, in 2017. This became operational in January 2018, adding 7,938m^2 of storage capacity. Meanwhile, another new 15,042m^2 warehouse is being built in Klang and is expected to be fully operational in Q4 2019. Enhancing our warehouse efficiencies, we implemented a Warehouse Management System ("WMS") which went live in January 2018. With the new system and despite an increase of about 20% in number of invoices in 2018, we managed to achieve better on time in full ("OTIF") performance for 2018.

Group Managing Director's Management Discussion and Analysis

BUMIPUTERA EMPOWERMENT AGENDA

As a Government-Linked Company ("GLC"), we participate in the Bumiputera Empowerment Agenda ("BEA") through which we enhance Bumiputera graduates' skills and employability via the PROTÉGÉ programme, and develop entrepreneurs via the Bumiputera Vendor Development Programme ("BVDP"), carve-out initiatives, procurement spend, and the supply chain.

BEA MANDATE	ACHIEVEMENT IN 2018
PROTÉGÉ programme	Took in 64 graduates, of whom 20 were offered full-time employment
Bumiputera Vendor Development Programme ("BVDP")	Maintained six active vendors – 1) Nashmir Capsule Sdn. Bhd., 2) Utama Multimodal Logistics Sdn. Bhd., 3) Fairview Industries Sdn. Bhd., 4) Fulle Technik Sdn. Bhd., 5) Veritrans International Sdn. Bhd., and 6) Jupiter Logistics (M) Sdn. Bhd.
Carve-out initiatives	All civil works for interior decoration and KL office were awarded to a Bumiputera vendor
Procurement spend	More than RM10 million worth of contracts were awarded to Bumiputera vendors
Supply chain	We have identified three companies to be nurtured to become industry champions

HOW WE MANAGE OUR RISKS

RISK		MITIGATION ACTIONS
Financial	▶ Difficulty in obtaining funds for the development of high-value plants/facilities	Launch of the Dividend Reinvestment Plan
	▶ Weakening Ringgit against USD increases our production and other operational costs	Continual Improvement programme to increase efficiencies and reduce costs
Regulatory	▶ Increasingly stringent regulations & implementation delays for generic/biosimilar registration	Pro-actively implement new approaches in development of new products to overcome regulatory hurdles
	▶ Increasing compliance requirements to ensure relevance and commitment to quality	Set up Manufacturing Compliance Team to drive coordinated efforts to bridge compliance gaps. Manufacturing and technical teams meet quarterly to discuss the latest developments in global pharmaceuticals
	▶ Lack of clarity on the way forward for domestic investments and healthcare policies	Continuous dialogue and engagement with the relevant authorities
Skills	▶ Lack of local technical experts	Recruitment of talent with the required skills
Halal	▶ Lack of awareness of halal pharmaceuticals in general	Launch of information portal halal4pharma.com
	▶ Regulatory restrictions, for example on printing of halal logo on labels of ethical products in Malaysia	

Group Managing Director's Management Discussion and Analysis

AWARDS & RECOGNITION

Duopharma Biotech was recognised with the following awards in 2018:

- Frost & Sullivan Pharmaceutical Company of the Year – Generics Market, for the third time
- Frost & Sullivan Halal Pharmaceutical Company of the Year, for the second time
- HR Asia's Best Companies to Work For in Asia, for the third consecutive year
- Watsons Malaysia's 'Most Wanted Chewable Vitamin C' for *Flavettes*; 'Most Wanted Garlic Supplement' for *Naturalle*; and 'Best Exclusive Campaign' for *Champs* Vitamin C

CORPORATE REBRANDING

The name Duopharma Biotech was adopted for the Group post demerger, to reflect our independence from CCMB. Along with the new name, we also have a new logo as well as refreshed Vision and Mission statements and Tagline. These were developed over the year, and launched in January 2019.

VISION
Providing smarter solutions for a healthier life

MISSION
Leading healthcare group providing quality and innovative solutions

TAGLINE
Smarter Solutions. Healthier Life.

Our Vision, Mission and Tagline reflect our strategic direction into higher-value therapeutics that are more effective and efficient, providing enhanced patient outcomes. The bright red of our logo denotes confidence in achieving our ambition, while the lettering points to the right, indicating our focus on the future.

We are therefore quite confident of Duopharma Biotech's outlook for 2019, especially as we have enhanced our manufacturing capabilities, entered into various strategic partnerships that provide a steady flow of specialty therapies, and are in a better position to expand into as yet untapped segments of the Malaysian market while making advances into ASEAN and the wider international space.

Several contracts with the Malaysian and foreign governments (Singapore and Brunei) extend until end 2019, and our team will be focusing to win more tenders to ensure steady and reliable income. In its Budget 2019, the Malaysian Government has allocated RM29 billion towards healthcare, of which RM10.8 billion is for the restoration of clinics and hospitals as well as the purchase of medicine and medical equipment. Although it is still too early to say, this budget could mean additional spend on pharmaceuticals, and Duopharma Biotech intends to capture our fair share of the pie.

PROSPECTS

In a report published in January 2019, the World Bank predicts a decline in global growth to 2.9% from 3.0% in 2018 as a result of moderating international trade and investment, as well as tightening financing conditions. Malaysia's economy, too, is projected to experience a slowdown to register 4.7% growth, from 4.9% in 2018.

While lower disposable income may affect sales of CHC products, performance of ethical products tends not to correlate with economic factors as they are seen as necessary in the treatment of disease.

Group Managing Director's Management Discussion and Analysis

We will certainly present an exciting portfolio, with the addition of a number of biosimilars and other innovative products. We are especially excited about commercialising the HAPI plant, through which we will be able to offer locally made, hence more affordable, oncology treatments. The government has indicated a very strong desire to cut unnecessary expenditure, which will translate into greater demand for generics and biosimilars – modalities that cater to our current strengths.

Overall, our plan is to continue to build our expertise in niche and specialty products, particularly in emerging technologies such as regenerative, precision and personalised medicine; and strengthen our base in Malaysia while looking for opportunities to expand regionally. Remaining faithful to our strategy, we are optimistic to become a leading ASEAN pharmaceutical company.

"2018 HAS BEEN A REMARKABLE SUCCESS, AND IT ALL BOILS DOWN TO THE REMARKABLE TEAM THAT WE HAVE. TO EVERYONE, THANK YOU.

ACKNOWLEDGEMENTS

Duopharma Biotech has made an excellent start in our first year as an independent organisation. For that, there are many parties to thank. I would like to acknowledge the government, and particularly the Ministry of Health, for its continued support of the pharmaceutical industry and its players; our strategic partners for their faith in our ability to create synergies with them; healthcare practitioners and our customers for giving us their vote of confidence in the efficacy of our products; our suppliers for enabling smooth production operations; and our shareholders for their invaluable support and trust in our ability to deliver.

Most of all, I would like to acknowledge the entire Duopharma Biotech family – from our Board of Directors to all our staff in our facilities and offices. We've taken a huge step in going independent, but with your collective contributions, we are proving extremely able in managing the challenges that come with the terrain. 2018 has been a remarkable success, and it all boils down to the remarkable team that we have. To everyone, thank you.

LEONARD ARIFF BIN ABDUL SHATAR
Group Managing Director

Strategy

WHERE WE ARE TODAY

The top local generic drugs manufacturer in Malaysia, ranked number one pharma company in terms of volume

WHERE WE WANT TO BE

- Reach **RM1 billion** revenue and become a top 5 pharma company in ASEAN by 2023
- Further **grow our market** presence within the region
- Challenge our capabilities to go beyond generic pharma and into **high-value niche** areas within the healthcare sector
- Provide more **accessible and affordable** treatment options to our customers, improve healthcare management and compliance

HOW WE'RE GOING TO GET THERE

Grow our current core business with a focus on key specialty areas such as diabetes, oncology, cardiovascular, renal and consumer healthcare

- We are committed to expanding our generic product range for both Ethical and Consumer Healthcare products and to continue to produce quality products
- Our R&D strategy beyond 2018 is to build a stronger pipeline of innovative, first-in-market products through synergistic efforts from in-house and externally developed projects

Strengthen our International business

- Our priority is to expand our regional presence to take advantage of growing markets
- Specific market access plans have been put together and are being implemented

Strategic investments in new niche areas within pharma and healthcare sector

- Duopharma Biotech will continue to look into strategic investment in high-technology dependent areas to foster growth

Explore M&A opportunities in Malaysia and around ASEAN

- We seek business ventures which not only add value to the company by expanding our manufacturing capabilities but also enhance economic growth and development of the industry both locally and regionally

Expand our Biotherapeutics portfolio in areas such as biosimilars, regenerative medicine, vaccines

- We will continue to expand our portfolio of biosimilars through the Ethical Specialty business, making drugs that are in demand accessible and affordable to patients

Digitalisation at operational level to increase production efficiencies and productivity

- Digital adaptation in the Quality Management System is integrating all data in a centralised system which will allow Duopharma Biotech to gain efficiencies and improve our compliance processes

Halal Pharma remains a key strategic focus alongside the other markets

- We will continue to ensure all our products and manufacturing processes are Syariah-compliant
- Our dedicated team will strengthen Duopharma Biotech's position as the leader in the halal pharma market through outreach programmes and roadshows to enhance awareness of halal pharma initiatives in Malaysia

Sustainability Statement

Duopharma Biotech is aware that stakeholders today are concerned not only with a company's financial performance but also the manner in which the company carries out its business, and its contributions to social and environmental imperatives. These concerns mirror Duopharma Biotech's own values, especially those of Integrity, Responsibility and Respect, which ensure our profits are generated through actions that also create value for the many lives that we touch.

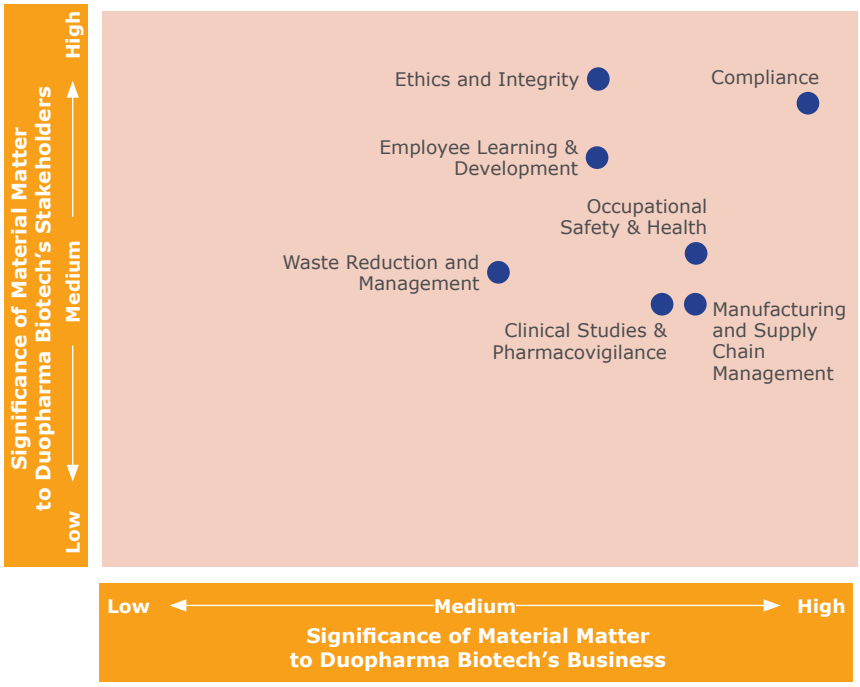
We recognise the inherent value of operating in a sustainable manner, and believe that maintaining social and environmental integrity is as critical to our long-term sustainability as keeping an eye on our financial performance. The importance we place on sustainability is reflected in the extension of scope of our Board Risk Management Committee to include sustainability matters. The committee is now effectively known as our Risk Management and Sustainability Committee.

Underlining our commitment to social and environmental integrity, we engage with our stakeholders to understand their needs and expectations of Duopharma Biotech. Such engagement takes place in the natural course of running our business. However, in 2018, we made a conscious effort to undertake a materiality assessment to formalise the identification of issues that are important to Duopharma Biotech as well as to our internal and external stakeholders.

Through the assessment, a total of 20 material matters surfaced, which were prioritised based on their potential impact on our business success and their relevance to our stakeholders. These matters now serve to guide our sustainability programmes. For each matter, we will continually assess our performance, set targets where possible and monitor achievements made towards the attainment of our goals.

The 20 material matters are presented in the matrix below:

DUOPHARMA BIOTECH'S MATERIALITY MATRIX



- Counterfeit Medicines and Adulteration
- Energy Consumption
- Fair Employment Practices
- Accessibility of Medicines
- Water Scarcity
- Competitive Pricing
- Carbon Footprint
- Community Outreach
- Business Innovation and Model
- Product Portfolio
- Research and Development
- Talent Recruitment & Retention
- Halal Commitment
- Waste Reduction and Management
- Clinical Studies & Pharmacovigilance
- Manufacturing and Supply Chain Management
- Occupational Safety & Health
- Employee Learning & Development
- Ethics and Integrity
- Compliance

For ease of reporting, we have categorised these 20 material matters into three broad areas that correspond to our economic, environmental and social ("EES") commitments. These three categories are: Sustainability-Led Business Commitment, Planet Performance, and Our Workforce and Community.

Sustainability Statement

SUSTAINABILITY-LED BUSINESS COMMITMENT

Initiatives under this category serve to enhance our business performance, and include focus areas such as ethics, compliance, business innovation, our product portfolio, manufacturing & supply chain management, procurement, our halal commitment, clinical studies & pharmacovigilance, and research & development ("R&D").

During the year, we strengthened the culture of integrity at Duopharma Biotech by revising our Whistle-Blowing Policy and launching five new "Speak-Up-Pharma" channels through which stakeholders can report unethical behavior. On 27 March, our leadership and senior management also signed the Corruption Free Pledge introduced by the Malaysian Anti-Corruption Commission underlining zero tolerance for bribery or corruption.

Separately, we are making good progress in our halal journey. No less than 95.2% of our active products now carry halal certifications issued by Jabatan Kemajuan Islam Malaysia ("JAKIM") and Lembaga Pengkajian Pangan, Obat-obatan, dan Kosmetika Majelis Ulama Indonesia ("LPPOM MUI"), while the remaining 4.8% are expected to be certified soon. Underlining our focus to become a halal pharmaceuticals market and thought leader, we instituted a Halal Committee on the Board to provide oversight and ensure proper governance as we collaborate with relevant agencies including JAKIM, SIRIM and the Halal Industry Development Corporation ("HDC") to serve a wide spectrum of stakeholders in the halal value chain. We recognise that the public still have many questions regarding halal pharmaceuticals, hence we set up the halal4pharma.com portal containing comprehensive and comprehensible information on this increasingly important segment.

"IN 2018, THE TOTAL NUMBER OF TRAINING HOURS AS WELL AS AVERAGE HOURS OF TRAINING PER EMPLOYEE INCREASED BY 59.5% AND 47.5% RESPECTIVELY COMPARED TO 2017.

OUR WORKFORCE AND COMMUNITY

Duopharma Biotech's social citizenry is defined by the way in which we seek to create a positive impact on our employees and the community at large.

Within the workplace, we nurture a supportive as well as stimulating environment in which our people are driven to high performance. We maintain a high level of employee satisfaction via a combination of engagement, training and development. Training is important, both for employees' professional advancement as well as to ensure our organisational needs are met. In 2018, the total number of training hours as well as average hours of training per employee increased by 59.5% and 47.5% respectively compared to 2017.

We also achieved significant improvement in our safety performance in most parameters such as lost time injury ("LTI"), need for first aid or medical treatment, and near misses. We use total recordable case frequency ("TRCF") as our main occupational health and safety ("OHS") Indicator. In this parameter, too, we recorded an improvement with our TRCF falling from 1.85 cases per million man-hours in 2017 to 1.14, while the total recordable incidents dropped from seven to five. Better performance in 2018 was due to a review of all high-risk operations; the installation of controls to prevent injuries; and increased awareness via training and audits.

Our investment in employees and the care demonstrated in their safety and well-being, together with attractive remuneration packages and other efforts that demonstrate how much we value our employees, have contributed to Duopharma Biotech being one of the most preferred employers not just in Malaysia but Asia. We have won HR Asia's Award for the Best Company to Work For in Asia for three consecutive years.

Sustainability Statement

In the community, we are most concerned about elevating overall levels of health and healthcare. We believe much can be done to educate the public about the importance of leading healthy lifestyles, and play our part through various initiatives. This year, we launched a new corporate social responsibility ("CSR") programme to raise medical students' awareness of non-communicable diseases such as diabetes, cancer, heart and kidney disease, adding to their knowledge of the risk factors and inspiring them to adopt healthier lifestyles and serve as role models for other Malaysians.

PLANET PERFORMANCE

As a manufacturer, we have a duty to ensure our operations are minimally wasteful and leave as small a footprint on the environment as possible. Towards this end, we undertake various initiatives to manage our water and energy consumption as well as to dispose of our waste properly.

In 2018, we reduced our water consumption by 30% year-on-year via the installation of more efficient equipment, improved cleaning techniques and generally heightened awareness of the need to conserve water among our employees. Meanwhile, the chemical oxygen demand ("COD") of our effluent decreased substantially, by 85.1% year-on-year, following upgrades to our Industrial Effluent Treatment System ("IETS") and reinforced compliance capabilities.

We abide by all regulations regarding the disposal of scheduled waste and promote the 3Rs of recycling, reducing and re-using for the disposal of recyclable materials such as paper, metal, glass and plastic. Despite our initiatives, the volume of paper used during the year increased, but this was due to growth in production. Energy consumption also increased during the year, in line with expanded production, leading to higher GHG emissions.

In 2019, we aim to reduce our atmospheric CO2 equivalent emissions by 5% via reinforced initiatives and greater awareness among employees of the importance of better managing our energy efficiency.

GOING FORWARD

As a newly independent company, our sustainability journey is still relatively new, hence there is still much scope for improvement. Recognising this, we aim to keep improving our sustainability performance through the implementation of more systems and processes both to create greater efficiencies as well as to monitor various parameters. Our aim, eventually, is to fully embed our Sustainability Policy into our business strategy for truly integrated and enhanced performance.

Further details of our sustainability initiatives can be found in our standalone Duopharma Biotech Sustainability Report 2018 which is available on the Company's website at http://duopharmabiotech.com/sustainability-report/

"OUR AIM, EVENTUALLY, IS TO FULLY EMBED OUR SUSTAINABILITY POLICY INTO OUR BUSINESS STRATEGY FOR TRULY INTEGRATED AND ENHANCED PERFORMANCE.

SECTION 03

GOVERNANCE

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BOARD OF DIRECTORS

AIC	Audit and Integrity Committee
HC	Halal Committee
NRC	Nomination and Remuneration Committee
RMSC	Risk Management and Sustainability Committee

Chairman Member

TREND PRODUCTS

We are excited about the emergence of new trends in niche and specialty products, particularly in regenerative, precision and personalised medicine; and seek to venture into these areas together with our strategic partners.

In the community, we are most concerned about elevating overall levels of health and healthcare. We believe much can be done to educate the public about the importance of leading healthy lifestyles, and play our part through various initiatives. This year, we launched a new corporate social responsibility ("CSR") programme to raise medical students' awareness of non-communicable diseases such as diabetes, cancer, heart and kidney disease, adding to their knowledge of the risk factors and inspiring them to adopt healthier lifestyles and serve as role models for other Malaysians.

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"

OUR AIM, EVENTUALLY, IS TO FULLY EMBED OUR SUSTAINABILITY POLICY INTO OUR BUSINESS STRATEGY FOR TRULY INTEGRATED AND ENHANCED PERFORMANCE.

1 Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir (Chairman of the Board of Directors)
2 Leonard Ariff Bin Abdul Shatar
3 Dato' Mohamad Kamarudin Bin Hassan
4 Razalee Bin Amin
5 Datuk Seri Rohani Parkash Binti Abdullah
6 Zaiton Binti Jamaluddin
7 Dato' Eisah Binti A. Rahman
8 Datuk Nik Moustpha Bin Hj Nik Hassan
9 Datuk Mohd Radzif Bin Mohd Yunus

BOARD OF DIRECTORS

AIC	Audit and Integrity Committee
HC	Halal Committee
NRC	Nomination and Remuneration Committee
RMSC	Risk Management and Sustainability Committee

Chairman Member

Board of Directors' Profile

TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SH BAKIR

Non-Independent, Non-Executive Chairman

66

Malaysian

Female

NRC

QUALIFICATIONS

Bachelor in Economics, University of Malaya

Master of Business Administration, Henley Business School, University of Reading, United Kingdom

Honorary Doctor of Letters, University of Reading, United Kingdom

DIRECTORSHIP OF OTHER PUBLIC COMPANIES/LISTED ISSUERS:

KPJ Healthcare Berhad

Nationwide Express Holdings Berhad

OSK Holdings Berhad

Awqaf Holdings Berhad

Lotte Chemical Titan Holdings Berhad

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR:

None

DATE APPOINTED TO BOARD:

5 April 2016

NUMBER OF BOARD MEETINGS ATTENDED IN 2018:

11 out of 13

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER:

None

CONFLICT OF INTEREST WITH THE COMPANY:

None

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES:

None as at 29 March 2019

Tan Sri Siti Sa'diah Binti Sh Bakir has contributed extensively to Malaysia's healthcare industry, serving in senior management positions at a leading healthcare service provider and contributing her expertise through various government councils and committees.

Tan Sri is a Non-Independent Non-Executive Chairman of Duopharma Biotech since 28 December 2017. She was appointed as a Senior Independent Director on 5 April 2016. Prior to her appointment as a Senior Independent Director in Duopharma Biotech, she served as an Independent Non-Executive Director in Chemical Company of Malaysia Berhad until its demerger in December 2017.

She launched her career at Johor Corporation in 1974, joining its Healthcare Division in 1978. She was appointed Chief Executive of Kumpulan Perubatan (Johor) Sdn. Bhd. in 1989, and served as Managing Director of KPJ Healthcare Berhad from 1 March 1993, overseeing its listing in November 1994 and she retired on 31 December 2012 but continued to serve KPJ in the capacity of a Corporate Advisor from 1 January 2013 until 31 December 2014. Tan Sri Siti Sa'diah was the Chairman of KPJ Healthcare University College ("KPJUC") between 1 August 2011 to 31 December 2016. She was the Pro-Chancellor of KPJUC from August 2011 to 31 December 2018. She has been appointed as the Chancellor of KPJUC with effect from 1 January 2019.

She was an Independent Non-Executive Director of Bursa Malaysia from 2004 to 2012 and was a Board Member of Malaysia External Trade Development Corporation ("MATRADE") from 1999 to 2012. She served as a Director of few other Public Listed Companies under Johor Corporation Group such as AI-'Aqar Healthcare REIT, Kulim (M) Berhad, KFC Holdings Malaysia Bhd and QSR Brands (M) Holdings Bhd from 2006 to 2016.

Committed to promoting excellence in healthcare, Tan Sri has served as President of the Malaysian Society for Quality in Health ("MSQH") since the inception of the national accreditation body for healthcare services in 1997 until her retirement in December 2018. She was appointed Chairman of Universiti Utara Malaysia from June 2016 to September 2018.

She is currently the Pro-Chancellor of Universiti Teknologi Malaysia since October 2016. She has also been a member of the Leadership Development Committee of the Razak School of Government ("RSOG") since 25 November 2013.

Tan Sri Siti Sa'diah was named CEO of The Year 2009 by the New Straits Times Press and American Express. This was followed by numerous other awards and accolades recognising her contributions to the healthcare industry in Malaysia. Her accomplishments have been recorded in a biography published in 2013, titled Siti Sa'diah: *Driven by Vision, Mission and Passion.*

Board of Directors' Profile

LEONARD ARIFF BIN ABDUL SHATAR

Group Managing Director

54

Malaysian

Male

QUALIFICATIONS

Bachelor of Laws ("LLB"), Monash University, Melbourne, Australia

Bachelor of Economics, Monash University, Melbourne, Australia

DIRECTORSHIP OF OTHER PUBLIC COMPANIES/LISTED ISSUERS:

PanGen Biotech (Korea)

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR:

None

DATE APPOINTED TO BOARD:

28 December 2017

NUMBER OF BOARD MEETINGS ATTENDED IN 2018:

12 out of 13

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER:

None

CONFLICT OF INTEREST WITH THE COMPANY:

None

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES:

None as at 29 March 2019

Leonard Ariff has more than 30 years' experience in the legal, chemical and pharmaceutical industries. Upon graduating in 1988, he was a pupil in a legal firm in Kuala Lumpur and also worked in the Petronas Group of Companies before joining the Chemical Company of Malaysia Berhad ("CCMB") Group in 1990, where his main responsibilities were in business development and business management at CCM Chemicals Sdn. Bhd. In 2000, he assumed the position of Managing Director of Usaha Pharma (M) Sdn. Bhd., CCM's Pharmaceuticals retail arm. He joined ICI Paints Malaysia Sdn. Bhd. in 2003 as its General Manager and was appointed Managing Director in 2005, before returning to the CCMB Group in 2008 as Chief Executive Officer of CCM Duopharma Biotech Berhad. He was made a Director of CCMB's Chemicals Division from October 2014 until December 2015. On 9 January, he was also appointed Group Managing Director of CCMB, and served in that position until 28 December 2017, when he was appointed to the Board and redesignated as Group Managing Director of Duopharma Biotech Berhad.

Leonard Ariff also chairs the School of Business Industry Advisory Board at Monash University Malaysia, and has been apponited to participate in the CEO @ Faculty programme by the Ministry of Education, assigned to University Kebangsaan Malaysia ("UKM").

He was President of Malaysian Organisation of Pharmaceutical Industries ("MOPI") from 2009 to 2014.

Board of Directors' Profile

DATO' MOHAMAD KAMARUDIN BIN HASSAN

Senior Independent, Non-Executive Director

63

Malaysian

Male

NRC AIC

QUALIFICATIONS

Master of Business Administration (Majoring in Finance), Oklahoma City University, United States of America

Bachelor of Economics (Majoring in Business Administration), University of Malaya

Diploma in Public Management, Institut Tadbiran Awam Malaysia ("INTAN")

DIRECTORSHIP OF OTHER PUBLIC COMPANIES/LISTED ISSUERS:

ManagePay Systems Berhad

Malaysian Pacific Industries Berhad

Muhibbah Engineering Berhad

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR:

None

DATE APPOINTED TO BOARD:

2 January 2014

NUMBER OF BOARD MEETINGS ATTENDED IN 2018:

11 out of 13

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER:

None

CONFLICT OF INTEREST WITH THE COMPANY:

None

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES:

None as at 29 March 2019

Dato' Mohamad Kamarudin brings to the Board extensive experience as an economic/financial advisor in the public sector, beginning in 1979 at the Administrative and Diplomatic Service. Following his first posting to the Macro-Economic Division of the Economic Planning Unit in the Prime Minister's Department, he was transferred in 1987 to the Ministry of International Trade and Industry ("MITI"") where he served in various divisions. From 1992 to 1994, he was posted to the Malaysian Embassy in Washington DC as the Economic Counsellor. Upon returning to Malaysia in August 1994, he was re-posted to MITI where he had served in the bilateral and multilateral trade negotiation divisions. He then served as Deputy Chief Executive Officer of MATRADE from January 2006 until his retirement on 31 August 2013.

Dato' Mohamad Kamarudin was appointed as a Senior Independent Director of Duopharma Biotech with effect from 28 December 2017, following the re-designation of Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir as a Non-Independent Non-Executive Chairman. Prior to that, he served the Board as an Independent Non-Executive Director.

Board of Directors' Profile

RAZALEE BIN AMIN

Independent, Non-Executive Director

65

Malaysian

Male

AIC

QUALIFICATIONS

Chartered Accountant (Malaysia), Malaysian Institute of Accountants

Certified Public Accountants, Malaysian Institute of Certified Public Accountants

Certified Financial Planner, Financial Planning Association of Malaysia

Postgraduate Diploma in Accounting, University of Malaya

Bachelor of Economics (Hons) in Accounting, University of Malaya

DIRECTORSHIP OF OTHER PUBLIC COMPANIES/LISTED ISSUERS:

Velesto Energy Berhad *(Formerly known as UMW Oil & Gas Corporation Berhad)*

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR:

None

DATE APPOINTED TO BOARD:

1 June 2016

NUMBER OF BOARD MEETINGS ATTENDED IN 2018:

13 out of 13

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER:

None

CONFLICT OF INTEREST WITH THE COMPANY:

None

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES:

None as at 29 March 2019

Razalee has more than 42 years of experience in various accounting, finance, investment and management positions. Upon graduating in 1979 from University Malaya, he started his career at Messrs. Hanafiah Raslan & Mohamad, a chartered accountancy firm. This was followed by a four-year stint, starting in 1983, as Group Financial Controller of Sateras Resources (Malaysia) Berhad.

He then joined MBf Finance Berhad in 1987 and was appointed as Senior Vice President of the Investment and Acquisitions Division. Razalee subsequently served Damansara Realty Berhad as its Senior General Manager from 1994 until 1996, when he set up his own chartered accountants firm, Razalee & Co, where he is currently the Managing Partner.

Board of Directors' Profile

DATUK SERI ROHANI PARKASH BINTI ABDULLAH

Independent, Non-Executive Director

63

Malaysian

Female

QUALIFICATIONS

Master of Business Administration ("MBA"), Oklahoma State University, United States of America

Diploma in Public Administration, Institut Tadbiran Awam Malaysia ("INTAN")

Bachelor of Arts ("Hons"), Universiti Kebangsaan Malaysia

Teaching Diploma, Universiti Kebangsaan Malaysia

DIRECTORSHIP OF OTHER PUBLIC COMPANIES/LISTED ISSUERS:

7-Eleven Malaysia Holdings Berhad

Symphony Life Berhad

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR:

None

DATE APPOINTED TO BOARD:

2 August 2016

NUMBER OF BOARD MEETINGS ATTENDED IN 2018:

11 out of 13

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER:

None

CONFLICT OF INTEREST WITH THE COMPANY:

None

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES:

None as at 29 March 2019

Datuk Seri Rohani joined the public service in January 1981 and has served the government in policy formulation, project implementation and budget monitoring for the land and regional development, communication and multimedia, human resources and higher education sectors. She was extensively involved in international policy and development of these sectors before leaving government service in 2012 as Deputy Secretary General of the Ministry of Higher Education. She concluded her career in the public sector as a Senior Fellow at Universiti Teknologi Malaysia.

From June 2012 until August 2018, Datuk Seri Rohani also served as the President of PUSPANITA Kebangsaan, an association of women civil servants and wives of civil servants focused on charity and volunteerism and uplifting of knowledge of members in health, education, entrepreuneurship, religion and business sectors. From 2015, she has taken up advisory positions in the corporate sector and serves as a director of three public listed companies.

Board of Directors' Profile

ZAITON BINTI JAMALUDDIN

Independent, Non-Executive Director

59

Malaysian

Female

AIC RMSC

QUALIFICATIONS

Bachelor of Pharmacy, Western Australia Institute of Technology

Diploma in Management, Malaysian Institute of Management

Master of Business Administration, Keele University, United Kingdom

DIRECTORSHIP OF OTHER PUBLIC COMPANIES/LISTED ISSUERS:

None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR:

None

DATE APPOINTED TO BOARD:

1 September 2016

NUMBER OF BOARD MEETINGS ATTENDED IN 2018:

13 out of 13

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER:

None

CONFLICT OF INTEREST WITH THE COMPANY:

None

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES:

None as at 29 March 2019

Zaiton has over 20 years of experience in the healthcare and pharmaceutical industry, beginning her illustrious career in 1982 as a pupil pharmacist with the Ministry of Health. Two years later, she joined the sales and marketing team of United Italian Trading Corporation. She then moved to Novo Industri A/S in 1985, where she served as the Assistant Medical Information Manager for the South East Asia Regional Office. In 1989, when Novo Industri A/S and Nordisk Gentofte A/S merged to become Novo Nordisk A/S, the world's leading producer of insulin, Zaiton was appointed as its Business Development Manager for Malaysia, a post she held until 1993. From 1993 to 1997, she led Novo Nordisk's Malaysian operations as its Country Manager. This was followed by a 10-year stint as General Manager of Novo Nordisk Pharma (M) Sdn. Bhd.. During this time, Zaiton helped to establish and grow Novo Nordisk's business, mainly in insulin and oral diabetes care, haematology and women's therapy. She held roles in the areas of general management, sales and marketing, business development and training. In addition, she was involved in lobbying and making presentations to the government.

An expert in her field, Zaiton has been a regular speaker on scientific as well as motivational topics. She was a member of the MARA Council from 2000 to 2002, a director of Malaysian Biotechnology Corporation Sdn. Bhd. from 2006 to 2008, and a former President of the Pharmaceutical Association of Malaysia from 2005 to 2007.

Board of Directors' Profile

DATO' EISAH BINTI A. RAHMAN

Independent, Non-Executive Director

63

Malaysian

Female

RMSC NRC HC

QUALIFICATIONS

Bachelor's in Pharmacy, Curtin University of Technology, Western Australia

Postgraduate Diploma in Medical Microbiology, Institute for Medical Research, Kuala Lumpur

Master of Science in Pharmaceutical Analysis, University of Manchester, United Kingdom

DIRECTORSHIP OF OTHER PUBLIC COMPANIES/LISTED ISSUERS:

None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR:

None

DATE APPOINTED TO BOARD:

16 November 2016

NUMBER OF BOARD MEETINGS ATTENDED IN 2018:

13 out of 13

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER:

None

CONFLICT OF INTEREST WITH THE COMPANY:

None

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES:

None as at 29 March 2019

Dato' Eisah has been a key figure in the development of the pharmacy and pharmaceutical sectors in Malaysia, having served the Ministry of Health for more than 35 years. Her career in the Ministry began in 1979 as a pharmacist, unfolding as she went on to hold key positions that included heading the Pharmaceutical Microbiology Lab and GMP and Licensing Section, being Deputy Director of the Centre for Product Registration and, eventually, Director of the National Pharmaceutical Control Bureau ("NPCB"), now known as the National Pharmaceutical Regulatory Agency ("NPRA"). In 2007, she was made Director of Pharmacy Enforcement and was promoted to Senior Director of Pharmaceutical Services in 2008, taking charge of the entire pharmacy programme in Malaysia. Since 2008, she has also served as Registrar of the Pharmacy Board of Malaysia.

Dato' Eisah has been involved in various high-level national committees such as the Ministry of Health's Steering Committee for National Medicines Policy. She has also contributed to international policy-making in her capacity as an advisor in the areas of regulations and pharmaceutical quality assurance, and through sharing her expertise on regulatory matters at healthcare related conferences.

She was involved in the ASEAN harmonisation initiatives for pharmaceuticals, medical devices, cosmetics, traditional medicines and health supplements. As Chair of the Pharmaceutical Product Working Group of the ASEAN Consultative Committee for Standards and Quality ("ACCSQ"), she was instrumental in the implementation of the ASEAN Common Technical Dossier and the ASEAN Technical Guidelines. Under her leadership, NPCB was accepted as a member of the Pharmaceutical Inspection Co-operation Scheme ("PIC/S") in 2002, and designated a Non-OECD Member Adhering to the OECD Mutual Acceptance Data ("OECD-MAD") System effective March 2013. Also, under her helm, the Pharmaceutical Services Division received the Global Anti-Counterfeiting Award 2013 and the Special Innovation Award 2013 for initiatives to combat counterfeit medicines.

Board of Directors' Profile

DATUK NIK MOUSTPHA BIN HJ NIK HASSAN

Independent, Non-Executive Director

65

Malaysian

Male

HC

QUALIFICATIONS

Master in Economics, Ohio University, Ohio, United States of America

Degree in Business Administration, Ohio University, Ohio, United States of America

DIRECTORSHIP OF OTHER PUBLIC COMPANIES/LISTED ISSUERS:

Takaful Ikhlas Family Berhad *(Formerly Known As Takaful Ikhlas Berhad)*

Takaful Ikhlas General Berhad

Member of Board of Trustees, Yayasan TRISILCO

Member of Group Shariah Committee, MNRB Holdings Berhad

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR:

None

DATE APPOINTED TO BOARD:

28 December 2017

NUMBER OF BOARD MEETINGS ATTENDED IN 2018:

11 out of 13

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER:

None

CONFLICT OF INTEREST WITH THE COMPANY:

None

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES:

None as at 29 March 2019

Datuk Nik Moustpha is an academic and administrator with interests in economic ideology, systems and management. He has authored six books, edited 18 books and published over 260 scholarly articles in various journals, books, magazines and newspapers on these topics. His book titles include An Islamic Paradigm in Economics: *Vision and Mission, Islamic Management for Excellence – Revitalising People for the Future, Value-based Total Performance Excellence Model* and *Pandangan Alam Islam Dalam Peradaban Ekonomi dan Asas Memacu Ekonomi Ummah – Satu Pandangan*.

Datuk Nik Moustpha began his career in 1979 as a Lecturer in the Faculty of Economics and Agribusiness, Agricultural University of Malaysia. In June 1983, he was seconded to the Faculty of Economics and Management of International Islamic University, Malaysia. He was made Dean of the faculty from August 1987 to July 1989. In May 1988, he was also appointed as an Associate Professor of the faculty.

Following a year's stint as a Visiting Fellow at the Oxford Centre for Islamic Studies, University of Oxford, United Kingdom. Datuk Nik Moustpha was appointed as Dean of the Postgraduate Faculty of International Islamic University, Malaysia in August 1992. He subsequently joined the Institute of Islamic Understanding Malaysia ("IKIM") in 1993 and held various positions before being appointed as Director General in August 2009 and retired in August 2015. For his service to the country, in June 2009, he was awarded Darjah Panglima Jasa Negara (PJN) by the Yang di-Pertuan Agong.

Datuk Nik Moustpha is currently an Adjunct Professor at UKM's Faculty of Economics and Management and an Adviser of the Faculty of Business and Accounting at University of Malaya.

Prior to being appointed to the Board of Duopharma Biotech, he had served as an Independent Non-Executive Director of Chemical Company of Malaysia Berhad from 9 September 2016.

Board of Directors' Profile

DATUK MOHD RADZIF BIN MOHD YUNUS

Non-Independent, Non-Executive Director

60

Malaysian

Male

RMSC HC

QUALIFICATIONS

Diploma in Land Survey, Universiti Teknologi Malaysia

Bachelor in Applied Science Property Resource Management with Finance, University of South Australia

Registered Valuer and Real Estate Professional, Board of Valuers Malaysia

DIRECTORSHIP OF OTHER PUBLIC COMPANIES/LISTED ISSUERS:

Bina Darulaman Berhad

HeiTech Padu Berhad

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR:

None

DATE APPOINTED TO BOARD:

8 March 2018

NUMBER OF BOARD MEETINGS ATTENDED IN 2018:

11 out of 11

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER:

None

CONFLICT OF INTEREST WITH THE COMPANY:

None

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES:

As at 8 April 2019, Datuk Radzif held 12,649 shares of Duopharma Biotech.

Datuk Mohd Radzif Bin Mohd Yunus was a Group Managing Director of SME Development Bank Malaysia from 1 July 2010 to 30 June 2017.

Datuk Mohd Radzif comes from a diverse management background. He started his career in academia and as a property consultant in an International firm. This was followed by a management role in a Commercial Bank. From here, he was Chief Executive Officer of a local conglomerate involved in diversified businesses ranging from construction, property development, highway concession, property management and project management. This was followed by a CEO position in Tabung Haji subsidiary companies. Subsequently, he was appointed as the Chief Executive Officer and Group Managing Director of Institut Jantung Negara Sdn. Bhd. (National Heart Institute) and IJN Holdings Sdn. Bhd. respectively.

In summary, he has a diversified job exposure in taking charge of an international healthcare, property consultancy, real estate development and banking, in leadership positions in each of the varied and diversified industries.

Datuk Mohd Radzif was also a Chairman of Association of Development Finance Institutions of Malaysia ("ADFIM") and a Vice Chairman of Association of National Development Finance Institutions in Member Countries of The Islamic Development Bank ("ADFIMI"). He was a Board member of the Association of Development Financial Institution Asia Pacific and The Montreal Group, a grouping of six (6) Global SME Development Banks. He was also the member of Board of Advisor for Franchise Association, Committee of Advisory for Entrepreneurship in Ministry of Higher Education and Advisory Committee for Innovation Agency of Malaysia.

Datuk Mohd Radzif currently serves as a Board member of two (2) other Public Listed Companies i.e. HeiTech Padu Berhad and Bina Darul Aman Berhad. He is a Board member of a Government Statutory Body, Perbadanan Kampung Baru. He is also on the Frost & Sullivan Advisory Board on Fintech and Blockchain Technology, and a Strategic Advisor to KPJ Berhad.

Datuk Mohd Radzif was awarded the Malaysian Business Leadership Award for Healthcare in 2009. He was also accorded the CEO of the Year in 2015 by the Association of Development Financial Institution Asia Pacific. He was conferred an Honorary membership by ADFIMI in 2018 for his contribution to Islamic Development Finance.

SENIOR MANAGEMENT TEAM

WAN AMIR-JEFFERY BIN WAN ABDUL MAJID
Chief Operating Officer

URUDRA A/L N. SARVANANTHAM
Chief Commercial Officer

CHEK WU KONG
Chief Financial Officer

NG SU YEE
Chief Technical Officer

KRISNAKUMARA-REDDI
Chief Manufacturing Officer

IBRAHIM HUSSIN SALLEH
Chief Legal Officer and
Group Company Secretary

ANITA BINTI ESA
Head, Group Risk Management

RAMA SOCKALINGAM NAGAPPAN
Head, Group Internal Audit & Integrity

Senior Management Team's Profile

WAN AMIR-JEFFERY BIN WAN ABDUL MAJID

Chief Operating Officer

46

Malaysian

Male

QUALIFICATIONS

Bachelor of Business Administration – International Trade, University of Central Arkansas, US

Senior Management Development Program, Harvard Business School, US

DIRECTORSHIP IN PUBLIC COMPANIES AND OTHER LISTED ISSUERS:

None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR:

None

DATE APPOINTED TO KEY SENIOR POSITION:

5 September 2016

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/ OR MAJOR SHAREHOLDER:

None

CONFLICT OF INTEREST WITH THE COMPANY:

None

Jeffery has wide-ranging experience in the biotechnology and pharmaceutical industries. He launched his career in 1997 in marine and environmental consulting firm, Sea Resources Management ("SRM") Sdn. Bhd., leaving in 2007 to join Malaysian Biotechnology Corporation (BiotechCorp) Sdn. Bhd.. As a Lead Business Analyst in the Biomedical Business Development and Investment ("BDI") Division, he acquired extensive knowledge and expertise in identifying, structuring, securing and implementing biomedical investment projects, especially in the biopharma and pharmaceutical industries. He was promoted to Vice-President within the same division in 2008.

In 2013, he assumed the dual roles of Chief Executive Officer of Johor Biotechnology & Biodiversity Corporation and J-Biotech Holdings Sdn. Bhd.. At the state-owned bodies, he was responsible for developing and implementing key bioeconomy and biotech initiatives in Johor. Jeffery joined Duopharma Biotech as Chief Strategy Officer on 5 September 2016, responsible for business development, Halal initiatives and government business sales. He was appointed as Chief Operating Officer on 12 September 2018. He has also served as Chief Executive Officer of Duopharma (M) Sendirian Berhad, a wholly-owned subsidiary of Duopharma Biotech, since 5 September 2016.

Senior Management Team's Profile

URUDRA A/L N. SARVANANTHAM

Chief Commercial Officer

58

Malaysian

Male

QUALIFICATIONS

Bachelor Of Science ("Hons") in Mechanical Engineering, Middlesex University, UK

Senior Management Development Program, Harvard Business School, US

DIRECTORSHIP IN PUBLIC COMPANIES AND OTHER LISTED ISSUERS:

None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR:

None

DATE APPOINTED TO KEY SENIOR POSITION:

1 January 2012

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER:

None

CONFLICT OF INTEREST WITH THE COMPANY:

None

Urudra has nearly 29 years of commercial experience, of which 14 years have been in the pharmaceuticals industry. He joined the ICI/Chemical Company of Malaysia Berhad ("CCMB") on 2 June 1983 as a Plant Engineer in the Fertilizer Business. After six years in the engineering field, in July 1989 he was transferred to CCMB's Chemicals Division as a Product Manager, commencing his commercial career in ICI/CCM/Duopharma Biotech.

Under CCMB's career development programme, Urudra was transferred to the Group Human Resources Department where, in October 1990, he was appointed Human Resources Planning Manager of CCMB Group. In April 1992, he was transferred back to CCMB's Chemicals Division as Business Manager. Honing his skills over a period of 11 years, he was subsequently promoted to Director of the Chemicals Business.

On 1 February 2003, Urudra was transferred to CCMB's Pharmaceuticals Division as Director and General Manager of Marketing. In July 2004, he was transferred to CCMB's Corporate Office to lead the Group's Business Development as Director, Group Strategic Planning & Business Development. He also took on special corporate roles as Director, International Business Division and Director, Group Transformation Office. On 1 January 2012, Urudra was transferred to CCMB's Pharmaceuticals Division as Chief Commercial Officer. He currently heads all Duopharma Biotech's local and international commercial activities.

Urudra is also the President of the Malaysian Organisation of Pharmaceutical Industries ("MOPI") and is on the Advisory Panel of Monash University's Chemical Engineering faculty.

Senior Management Team's Profile

CHEK WU KONG

Chief Financial Officer

53

Malaysian

Male

QUALIFICATIONS

Bachelor of Accounting ("Hons"), University of Malaya

Chartered Accountant, Malaysian Institute of Accountants

Member of the Malaysian Institute of Certified Public Accountants ("MICPA")

Senior Management Development Program, Harvard Business School, US

ICAEW Qualified Person Responsible for Training ("QPRT")

DIRECTORSHIP IN PUBLIC COMPANIES AND OTHER LISTED ISSUERS:

None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR:

None

DATE APPOINTED TO KEY SENIOR POSITION:

7 August 2000

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER:

None

CONFLICT OF INTEREST WITH THE COMPANY:

None

Chek commenced his career in an international firm of public accountants in 1990, gaining experience in taxation, auditing and accounting. He then joined Komarkcorp Berhad in 1994 as an accountant responsible for corporate restructuring, group accounting and finance. He was promoted to Group Finance Manager in 1995 and thereafter to Group Financial Controller in 1996.

In January 2000, Chek set up his own business. He then joined Duopharma Biotech in August 2000 as Financial Controller and was promoted to his current position in 2012. As Chief Financial Officer, he oversees the Group's finance and IT portfolios.

Senior Management Team's Profile

NG SU YEE

Chief Technical Officer

51

Malaysian

Female

QUALIFICATIONS

Bachelor of Pharmacy ("Hons"), University of London, United Kingdom

Senior Management Development Program, Harvard Business School, United States of America

DIRECTORSHIP IN PUBLIC COMPANIES AND OTHER LISTED ISSUERS:

None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR:

None

DATE APPOINTED TO KEY SENIOR POSITION:

1 January 2012

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/ OR MAJOR SHAREHOLDER:

None

CONFLICT OF INTEREST WITH THE COMPANY:

None

Su Yee did her pre-registration pharmacist training in 1990-1991 at CE Harrod Chemist, an independent retail pharmacy in London. Upon her return to Malaysia in 1992, she joined Ekim Trading, a Bumiputera tendering agent in Kuala Lumpur, as a Pharmacist. Her industrial career kicked off in 1993 when she moved to Glaxo Malaysia [now GlaxoSmithKline ("GSK") Malaysia], serving first as a Production Pharmacist and then Section Manager overseeing pharmaceutical manufacturing.

Upon joining the Chemical Company of Malaysia Berhad ("CCMB") Group in June 1997, Su Yee has led various disciplines of pharmaceutical plant operations. She was appointed as Chief Manufacturing & Technical Officer on 1 January 2012 and four years later, was redesignated as Chief Technical Officer overseeing regulatory affairs, quality assurance, quality control, technical support, product improvement, procurement, medical & clinical affairs, pharmacovigilance, research & development, and the Group's manufacturing strategy.

Su Yee is a member of the Royal Pharmaceutical Society of Great Britain and the Malaysian Pharmaceutical Society. She is also a member of the Executive Council of the Malaysian Organisation of Pharmaceutical Industries ("MOPI") and the Malaysian affiliate of the International Society for Pharmaceutical Engineering ("ISPE"); and serves as a committee member of the Pharmacy Course Advisory & Stakeholder Group of Monash University Malaysia.

Senior Management Team's Profile

KRISNAKUMARA-REDDI

Chief Manufacturing Officer

49

Malaysian

Male

QUALIFICATIONS

Bachelor of Pharmacy ("Hons"), Universiti Sains Malaysia ("USM")

Senior Management Development Program, Harvard Business School, United States

Certified Lean Six Sigma – Black Belt

DIRECTORSHIP IN PUBLIC COMPANIES AND OTHER LISTED ISSUERS:

None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR:

None

DATE APPOINTED TO KEY SENIOR POSITION:

1 January 2016

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/ OR MAJOR SHAREHOLDER:

None

CONFLICT OF INTEREST WITH THE COMPANY:

None

Krisna has had wide exposure in pharmaceuticals sales and manufacturing. After graduating from USM in 1994, he completed his compulsory year-long housemanship at the National Pharmaceutical Regulatory Agency ("NPRA"). He then joined Bristol Myers Squibb as a Hospital Sales Representative covering private and government hospitals in the central and northern regions.

In 1996, he joined Sterling Health Manufacturing as a Production Pharmacist overseeing galenical and ophthalmic manufacturing. From here, Krisna moved on to UPHA Pharmaceutical Manufacturing (M) Sdn. Bhd. and later, to Duopharma Biotech in 1998. Over the years, he has led various disciplines of plant operations including production, warehousing and transportation, planning, engineering, project management and quality assurance.

He was appointed Chief Manufacturing Officer of Duopharma Biotech on 1 January 2016, overseeing various Plant Manufacturing functions, including production, planning, engineering, material warehouse, supply chain and sustainability (operations excellence, safety, health and environment).

Krisna obtained the Lean Six Sigma Black Belt in 2016.

Senior Management Team's Profile

IBRAHIM HUSSIN SALLEH

Chief Legal Officer and Group Company Secretary

51

Permanent Resident of Malaysia

Male

QUALIFICATIONS

Bachelor of Laws ("LL.B") (Hons.), International Islamic University Malaysia

Master of Laws ("LL.M"), University of Malaya

Advocate & Solicitor of the High Court of Malaya

Company Secretary License, Companies Commission of Malaysia

Qualified Risk Director ("QRD") Program, Institute of Enterprise Risk Practitioners

Senior Management Development Programme, Harvard Business School

DIRECTORSHIP IN PUBLIC COMPANIES AND OTHER LISTED ISSUERS:

None

DATE APPOINTED TO KEY SENIOR POSITION:

28 December 2017

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER:

None

CONFLICT OF INTEREST WITH THE COMPANY:

None

Following his admission to the Roll of Advocates and Solicitors of the High Court of Malaya in 1993, Ibrahim practised as an Advocate and Solicitor, gaining experience in banking, conveyancing, corporate and litigation matters. He joined a public listed property development company in 2002 as Head of the Legal & Secretarial Department. In April 2006 he made a switch to Chemical Company of Malaysia Berhad ("CCMB"). In addition to his role as Legal Manager, he was appointed as the Joint Company Secretary in September 2006. Two years later, in 2008, Ibrahim was promoted to General Manager, Legal.

Following the demerger of Duopharma Biotech and CCMB, he was appointed as the Chief Legal Officer and Group Company Secretary of Duopharma Biotech effective 28 December 2017.

Ibrahim is an Affiliate Member of the Malaysian Institute of Chartered Secretaries And Administrators ("MAICSA"), a Member of the Association Of Muslim Lawyers of Malaysia, a Member of the Institute of Enterprise Risk Practitioners, and an Associate Member of the Harvard Business School Alumni Club of Malaysia.

Senior Management Team's Profile

ANITA BINTI ESA

Head, Group Risk Management

52

Malaysian

Female

QUALIFICATIONS

Master of Business Administration, MARA University of Technology

Bachelor of Science ("Hons."), Universiti Sains Malaysia

Enterprise Risk Manager Professional Certification, Institute of Enterprise Risk Practitioners ("IERP")

DIRECTORSHIP IN PUBLIC COMPANIES AND OTHER LISTED ISSUERS:

None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR:

None

DATE APPOINTED TO KEY SENIOR POSITION:

1 January 2017

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER:

None

CONFLICT OF INTEREST WITH THE COMPANY:

None

Anita has close to 30 years' experience in sales, marketing, strategy development and project management within the pharmaceutical industry. She launched her career in January 1991 as a sales representative at Eisai Malaysia, a Tokyo-based pharmaceutical. Later the same year, she joined Zeneca where she continued to build her career in sales and marketing for nearly a decade.

Subsequent engagements included stints in Novartis, Novo Nordisk and Bayer, where Anita developed a wealth of expertise in product management and international business. After leaving her role as National Sales Manager at Bayer in 2006, she joined Chemical Company of Malaysia Berhad ("CCMB"), whereupon she continued to amass greater expertise through a series of positions of increasing responsibility, from being Marketing Manager to Senior Business Analyst (Strategy), Senior Project Manager and Head, Group Risk Management for the CCMB Group in 2017.

She was appointed as Head, Group Risk Management of Duopharma Biotech effective 28 December 2017.

Senior Management Team's Profile

RAMA SOCKALINGAM NAGAPPAN

Head, Group Internal Audit & Integrity

35

Malaysian

Male

QUALIFICATIONS

Certified Practising Accountant ("CPA"), Australia

Certified Internal Auditor ("CIA")

Chartered Member, Institute of Internal Auditors Malaysia

Certified Integrity Officer ("CeIO"), Malaysian Anti-Corruption Academy

Bachelor of Business (Accounting & Management), La Trobe University, Australia

DIRECTORSHIP IN PUBLIC COMPANIES AND OTHER LISTED ISSUERS:

None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR:

None

DATE APPOINTED TO KEY SENIOR POSITION:

28 December 2017

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/ OR MAJOR SHAREHOLDER:

None

CONFLICT OF INTEREST WITH THE COMPANY:

None

Rama started his career as an auditor at Crowe Horwath in Melaka, gaining exposure in auditing, risk management and consulting. He then moved in-house, joining UEM Group Berhad in 2008 where he led multiple audit assignments on companies within the Group, representing a myriad of industries.

Prior to his appointment in Duopharma Biotech, Rama was a Senior Manager, Integrity at Chemical Company of Malaysia Berhad ("CCMB"), spearheading the development, coordination and implementation of the CCMB Group's Corporate Integrity Plan/System. He also led investigation audits and the Fertilizers Division's audit portfolio.

Rama is an appointed member of the Malaysian Institute of Integrity (INTEGRITI) and a Certified ISO 37001 (Anti-Bribery Management System) Lead Implementer from PECB, Canada.

Corporate Governance Overview Statement

YBhg Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir,
Non-Independent Non-Executive Chairman

This Corporate Governance Overview Statement outlines Duopharma Biotech Berhad's *(formerly known as CCM Duopharma Biotech Berhad)* ("Duopharma Biotech" or the "Company") and its subsidiaries' (collectively referred to as "Duopharma Biotech Group") approach towards corporate governance, its key focus areas and future priorities. Duopharma Biotech recognises the importance of having balanced, meaningful and comparable corporate governance disclosures which will allow stakeholders to appreciate the direction that Duopharma Biotech is heading towards and how the outcomes of good corporate governance will be delivered.

This Corporate Governance Overview Statement is augmented with a Corporate Governance Report, which provides detailed disclosures on the application of each Practice as codified in the Malaysian Code on Corporate Governance ("MCCG"). The Corporate Governance Report is available on Duopharma Biotech's website at duopharmabiotech.com/about-us/corporate-governance/ as well as via the announcement made on the website of Bursa Malaysia Berhad. The Corporate Governance Overview Statement and Corporate Governance Report are made pursuant to paragraph 15.25 of the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad ("MMLR") and are narrated with reference to the guidance provided in Practice Note 9 of the MMLR and the Corporate Governance Guide (3rd Edition) issued by Bursa Malaysia Berhad.

The Corporate Governance Overview Statement should also be read in conjunction with other statements in this Annual Report (e.g. Statement on Risk Management and Internal Controls, and Sustainability Statement) for an instructive understanding of the Group's corporate governance framework and practices.

How we've improved our governance

1.
The Board reviewed and approved the revised Terms of Reference for:
- Audit and Integrity Committee
- Nomination and Remuneration Committee
- Risk Management and Sustainability Committee

2.
The Board approved the new Terms of Reference for Halal Committee

3.
The Board approved:
1. Halal Policy
2. Policy on External Auditors

4.
The Board approved the revised Board Effectiveness Evaluation Assessment

5.
The Board approved the revised Whistle-blowing Policy and procedures, as well as the Remuneration Policy and Procedures for Directors and Senior Management

A COMMITMENT TO STRONG GOVERNANCE

The Board of Directors of Duopharma Biotech (the "Board") is committed to observing the highest standards of corporate governance practices that is distinguished by the hallmarks of accountability, transparency and integrity. The Board is responsible for the strategic direction and control of the Company and brings independent, informed and effective judgement and leadership to bear on material decisions reserved for the Board. The Board ensures that the group is governed effectively in accordance with good corporate governance practices, including risk and legal compliance management, code of conduct and other policies, and internal control systems. In fulfilling its role as stewards of the Company, the Board is dedicated to discharging its duties with due diligence, care and skill and in the best interest of the Company.

Following the completion of the demerger of Duopharma Biotech from Chemical Company of Malaysia Berhad ("CCM") in December 2017, the Board played a greater proactive role in the development and oversight of the strategic direction of the Company. During the financial year 2018, the Board deliberated on the short, medium and long term strategy for the Company together

Corporate Governance Overview Statement

with its proposed business plan for the year 2019. The Board, together with Management, reviewed the Group's strategy and the Board had satisfied itself that all appropriate considerations had been taken into account. The 2019 Annual Business and annual budget was approved by the Board during its final Board meeting in 2018. The Board had also set the Key Performance Indicators ("KPIs") to monitor and measure the performance and progress in moving towards achieving the Company's strategic objectives. The Board was also kept informed of the significant operational highlights, issues and performance of the Company through quarterly reports prepared by Management. These reports allowed the Board to have a better understanding of the Company's operations and performance and hence, enabled them to make decisions that drive the Company towards its strategic objectives.

Recognising the Company's Halal initiative as one of the key strategies of the Company, the Board had in 2018 approved the Nomination And Remuneration Committee's recommendation to form a new Board Committee, namely the Halal Committee, to provide oversight on the said initiative. Further, in recognising the importance of managing the strategic risk of sustainability of the Group and the effective management of sustainability practices within the Group, the Board had in 2018 also resolved to include sustainability into the Terms of Reference of the Risk Management Committee, and aptly renamed the committee as the Risk Management And Sustainability Committee.

As part of the Company's re-branding strategy to position itself to have its own distinct corporate identity and to enable stakeholders to better differentiate between the Company and its former holding company (i.e. CCM), the Board had in 2018, amongst others, deliberated and approved a new corporate logo, vision, mission and tagline. Further, the shareholders had at the Meeting of Members of the Company held in February 2019 approved the change of the Company's name from 'CCM Duopharma Biotech Berhad' to 'Duopharma Biotech Berhad'

As Duopharma Biotech pursues its growth agenda and charts its path post the demerger from CCM, the Board has sharpened its focus and commitment to maintain a credible and dynamic governance framework that supports and drives the long-term sustainability of Duopharma Biotech. The Board recognises that the architecture and implementation of the governance framework is paramount for the effective development of strategy and business plan, the monitoring of Duopharma Biotech's performance and the prudent management of risks.
In establishing the values and ethical standards of the Company, all Directors adhere to the Directors' Code of Best Practice which governs the conduct of Directors. Duopharma Biotech's overarching governance approach is firmly premised on Duopharma Biotech's six core values of **Passion**, **Excellence**, **Teamwork**, **Integrity**, **Responsible** and **Respect**.

Duopharma Biotech's overall corporate governance is to:

- Create a purpose and value driven corporate governance framework by promoting indicidual accountability;
- Humanise governance through the mastery of intersection between rules, processes, ethics and morality; and
- Drive the application of good governance practices in tandem with the value creation process of Duopharma Biotech.

Recognising that best practices in corporate governance are constantly evolving, the Board regularly reviews Duopharma Biotech's corporate governance policies and procedures to ensure they reflect the latest curation of discourse, market dynamics and best practices whilst simultaneously addressing the needs of Duopharma Biotech. The Board also continuously encourages and promotes meaningful and thoughtful application of corporate governance practices in line with established benchmarks.

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

In seeking to actualise its corporate governance aspirations, Duopharma Biotec has benchmarked its practices against the relevant promulgamations and best practices.

Duopharma Biotech has consistently applied all the Practices espoused by the MCCG, save for:

- Practice 6.2 (the establishment of a dedicated remuneration committee);
- Practice 7.2 (the disclosure of Senior Management remuneration);
- Practice 11.2 (the adoption of Integrated Reporting); and
- Practice 12.3 (the use of technology to facilitate remote shareholders' participation in general meetings).

In relation to the aforementioned departed Practices, Duopharma Biotech has provided in the Corporate Governance Report forthcoming and cogent explanations for their non-application. The Board appreciates the line of sight or Intended Outcomes outlined in the MCCG and has therefore put in place alternative practices, taking into account the Intended Outcomes envisioned by the said Practices. Further details on the application of each individual Practice of MCCG are available in the Corporate Governance Report.

Corporate Governance Overview Statement

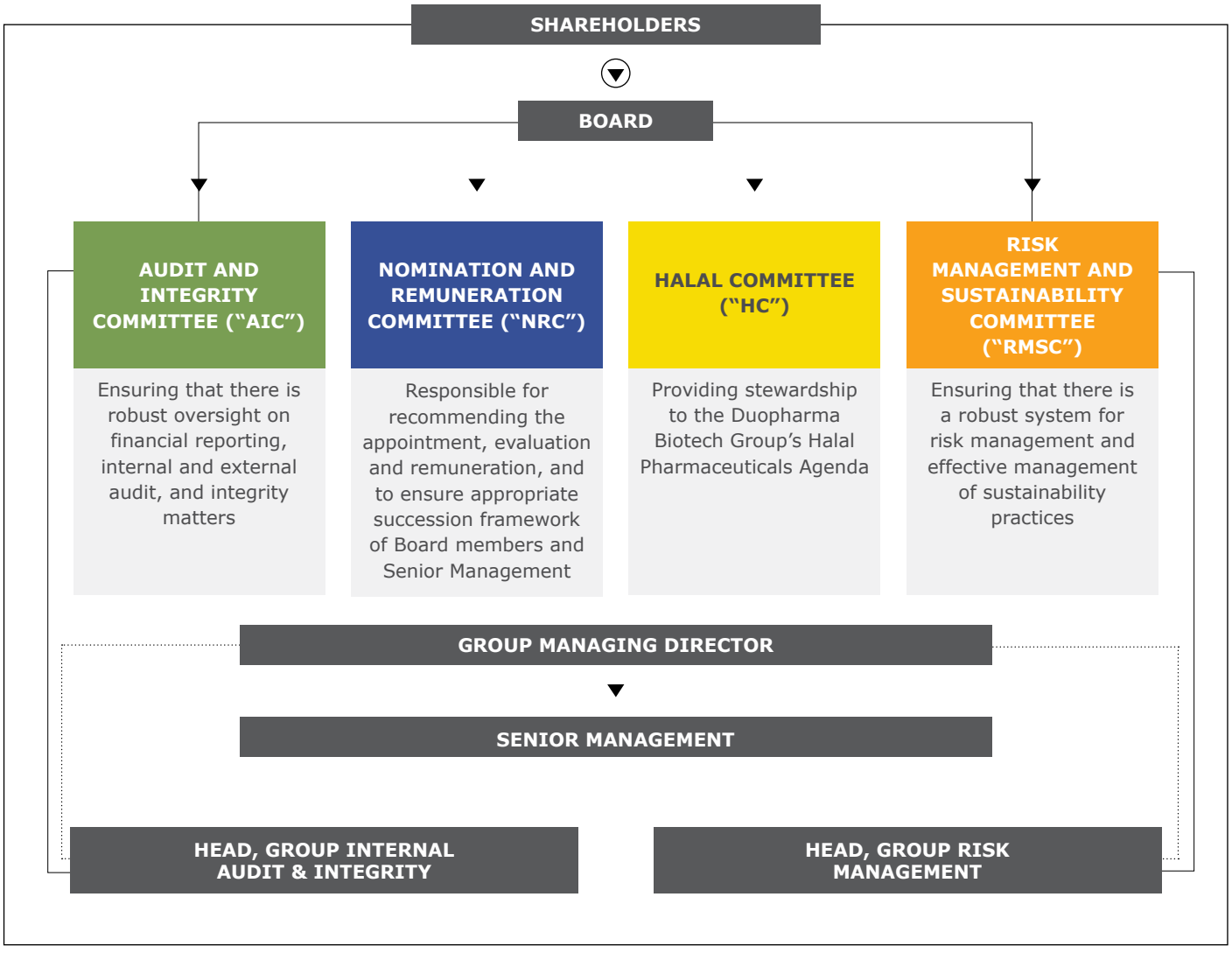
A summary of Duopharma Biotech's corporate governance practices with reference to the MCCG is outlined below.

ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is active in setting the strategic direction and providing leadership for the overall direction for Duopharma Biotech. It also recognises the need for Duopharma Biotech to operate within a framework of prudent and effective risk management and internal control mechanisms so as to ensure the proper management of its affairs.

In this regard, Board Committees have been established to assist the Board in its oversight function on specific matters. Whilst oversight of selected responsibility areas is delegated to the Board Committees, the Board nevertheless retains collective oversight and jurisdiction over the Board Committees. The Board Committees report their activities and findings to the Board and are guided by their respective Terms of Reference.

OUR GOVERNANCE STRUCTURE

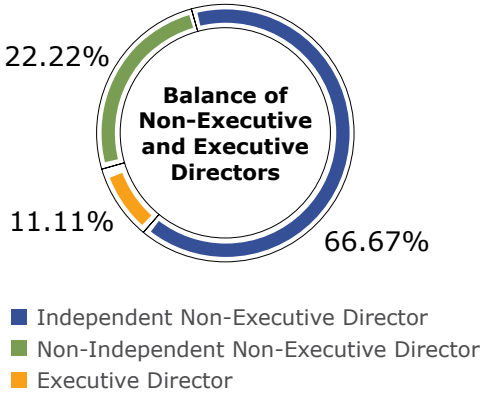


Corporate Governance Overview Statement

BOARD ROLES AND RESPONSIBILITIES

The Board

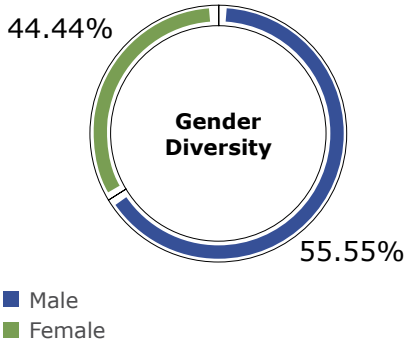
Read more about the Board of Directors and the skills and experience they bring to the Group on pages 34 to 42. The Board consists of: the Chairman, the Group Managing Director, independent non-executive directors (including the senior independent director) and non-independent, non-executive directors. The Board is supported by the Company Secretary. The roles of the Chairman and the Group Managing Director are separate. They are set out in the Board Charter which provides clear, distinct responsibilities for each role. The Board Charter is available online at www.duopharmabiotech.com



The Chairman

The Chairman's role is to:

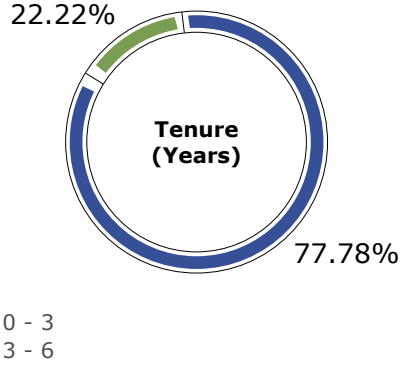
- Lead the Board and create a culture of openness characterised by debate and appropriate challenge;
- Promote the highest standards of corporate governance;
- Ensure that the Board determines the nature and extent of the significant risks the Group is willing to take to implement its strategy;
- Make sure that the Board receives accurate, timely and clear information, and is consulted on all relevant matters;
- Monitor the contribution and performance of Board members;
- Make sure that the Group communicates clearly with shareholders, and discusses their views and concerns with the Board; and
- Acts as a key contact for important stakeholders, as well as working with the Group Managing Director and Senior Independent Director to represent Duopharma Biotech in key strategic and government relationships.



The Group Managing Director

The Group Managing Director's role is to:

- Lead the Group's performance and management;
- Propose strategies, business plans and policies to the Board;
- Implement Board decisions, policies and strategies;
- Develop and promote compliance with the Group's policies on conducting business around the world;
- Maintain an effective framework of internal controls and risk management;
- Lead the Senior Leadership Team in the day-to-day running of every part of the business; and
- Lead, motivate and monitor the performance of the Group's Senior Management Team, as well as overseeing succession planning for roles on the Senior Management Team.



Corporate Governance Overview Statement

BOARD ROLES AND RESPONSILBILITIES (CONT'D)

The Independent Non-Executive Directors

The Independent Non-Executive Director's role is, amongst others, to bring experience and independent judgement to the Board; and constructively challenge strategy proposals.

The Senior Independent Director

The Senior Independent Director is a non-executive director whose role is to act as a sounding board for the Chairman and as an intermediary between the Chairman and other Directors.

Retirement of Directors

Under Article 100 of the Company's Constitution, one-third (1/3) of the Directors for the time being, or if their number is not a multiple of three (3), the number nearest to one-third (1/3), shall retire from office at the conclusion of each Annual General Meeting of the Company provided always that each Director shall retire from office once at least every three (3) years. Each Director so retiring from office shall be eligible for re-election.

The Company Secretary

The Company Secretary's role is to:

- Manage the flow of timely, accurate and well-considered information to the Board and manage the flow of decisions of the Board to Management;
- Recommend corporate governance policies and practices to the Chairman and the Group Managing Director;
- Put in place and promote corporate governance policies across the Duopharma Biotech Group; and
- Advise the Board and its committees on corporate governance and compliance across the Duopharma Biotech Group; and put in place the right procedures for managing their meetings and duties.

BOARD AND COMMITTEE MEETINGS

The number of meetings held during the year and attendance of Directors are set out in the table below. The Board agrees an annual schedule of matters it wishes to consider at each of its meetings and those of its committees. The schedule ensures that all relevant matters are considered and receive appropriate attention. Board meetings are structured around the following areas:

- Operational and functional updates
- Financial updates
- Strategy and progress against Strategic Priorities
- Risk and sustainability management framework, key risk areas and risk appetite
- Other reporting and items for approval

Senior Management and other colleagues are regularly invited to attend meetings for specific items.

Corporate Governance Overview Statement

Board and Committee Membership and Attendance

Director	Board meeting	General meeting	AIC meeting	RMSC*** meeting	NRC meeting	HC meeting
Non-Independent Non-Executive Director						
Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir	12/13	3/3			7/7	
Datuk Mohd Radzif Bin Mohd Yunus*/** *(was appointed to the Board on 8 March 2018)*	11/11	3/3		3/3		3/3
Senior Independent Non-Executive Director						
Dato' Mohamad Kamarudin Bin Hassan	11/13	3/3	9/9		7/7	
Independent Non-Executive Director						
Razalee Bin Amin	13/13	3/3	9/9			
Datuk Seri Rohani Parkash Binti Abdullah	11/13	3/3				
Zaiton Binti Jamaluddin	13/13	3/3	9/9	5/5		
Dato' Eisah Binti A. Rahman**	13/13	3/3		5/5	7/7	3/3
Datuk Nik Moustpha Bin Hj Nik Hassan*/**	11/13	3/3		2/2		3/3
Executive Director						
Leonard Ariff Bin Abdul Shatar	12/13	3/3				

Chairman Member

Note:

* *Datuk Nik Moustpha Bin Hj Nik Hassan resigned as Chairman and member of the RMSC with effect from 1 July 2018 and Datuk Mohd Radzif Bin Mohd Yunus was appointed to the RMSC as its Chairman with effect from 1 July 2018*

** *The HC was established with effect from 1 July 2018. In relation thereto, Datuk Nik Moustpha Bin Hj Nik Hassan was appointed as the Chairman of the HC, while Datuk Eisah Binti A. Rahman and Datuk Mohd Radzif Bin Mohd Yunus were appointed as members of the HC with effect from the said date*

*** *Risk Management Committee was renamed to RMSC with effect from 27 August 2018*

The particulars are in respect of the period under review i.e. for financial year ended 31 December 2018.

Corporate Governance Overview Statement

BOARD AND COMMITTEE MEETINGS

What The Board Has Done

The Board is responsible for deciding the Group's strategy and overseeing its performance, while the executive Management is responsible for day-to-day operations. The Board is directly involved with respect to approvals for acquisitions, providing oversight and control, growing shareholder value and promoting corporate governance.

Our focus during 2018 and some of our plans for 2019 and beyond are set out below:

2018

- To be the top 5 pharmaceutical company in ASEAN by 2022;
- To reshape business portfolio towards biosimilars and specialty pharmaceuticals; and
- To expand and upgrade manufacturing facilities to meet growing business demand.

2019

- Expand Consumer Heathcare via focus on key brands;
- To be the top 5 pharmaceutical company in ASEAN by 2023;
- To strengthen and expand oncology, renal and diabetes business;
- To explore domestic and regional acquisition opportunities in pharmaceutical/healthcare sector;
- To conduct periodic review of the Company's strategic plan;
- Develop Duopharma Biotech's future leaders and human capital; and
- Formalise access to subject matter experts in selected areas of focus such as medical advisory and the Company's Halal initiative.

Experience and Independence

Biographical details for the Directors are set out on pages 34 to 42. The Board is of the view that the Board as currently constituted is well-structured and that the Non-Executive Directors have strength in both character and judgement. The Board works well together, bringing strong, independent, balanced judgement, knowledge and experience to its deliberations. Each Non-Executive Director has appropriate skills and experience so that their views carry significant weight in the decision making.

Board Evaluation

The Board has in place an annual Board Effectiveness Evaluation Assessment ("BEEA") to evaluate the effectiveness of the Board, Board Committees as well as individual Directors including Independent Directors. During the financial period under review, the Nomination and Remuneration Committee undertook to revise the BEEA questionnaires and instruments to inject fresh perspectives and rigour to the process.

During the financial year ended 31 December 2018, the BEEA was conducted in-house premised on the assessment criteria that have taken into account the relevant regulatory promulgations, guidelines and best practices as issued by Bursa Malaysia Berhad and other relevant authorities. The process was carried out via the revised BEEA questionnaires administered to Directors, using a self and peer-rating model.

The Nomination and Remuneration Committee ("NRC") undertook the responsibility of providing oversight on the conduct of the BEEA as well as reviewing the outcome of the BEEA along with the Chairman to formulate an actionable improvement programme that addresses areas for improvement identified from the BEEA.

In March 2019, the Board resolved to adopt the BEEA 2018 results as recommended by the NRC. The results generally reflected the Board's consensus that each of the Directors' level of performance was either good or excellent, and that they had also met the performance criteria in the prescribed areas of assessment. Overall, the BEEA 2018 results showed that the Board as well as the Board Committees were well structured, had effective operations and fulfilled their roles and responsibilities well.

Succession Planning

The Board has agreed a succession planning framework which it regularly reviews to ensure that:

- Board tenure is appropriate and encourages fresh thinking and new ideas
- The Board is sufficiently diverse but most importantly has the appropriate mix of generalist and specialist skills
- Non-executive Directors have the appropriate level of independence, from the executive and each other
- The Board is diverse in terms of skill sets and experience relevant to the Group's strategic direction and businesses

Corporate Governance Overview Statement

The Board recognises that in addition to Board succession, Senior Management succession is critical to the Company's long-term success. The Board continously focuses on ensuring that the Company's enterprise succession plan is alligned to our strategic direction, as that shapes business continuity and ensures the sustainability of the Group.

In line with our framework, during the year under review, the Board deliberated and approved the appointment of an additional Director, namely Datuk Mohd Radzif Bin Mohd Yunus. The Board is confident that his rich knowledge and experience will reinforce the Board's capability and dynamism as well as strengthen oversight in the deliberations and decision making of the Board.

Further, the Board reviewed and assessed the renewal of the Group Managing Director's employment contract to ensure continuity of effective executive leadership.

A review of the Chief Strategy Officer's performance and his subsequence promotion to Chief Operating Officer was in line with our practice of the Company's Senior Management succession planning.

To expand and supplement the Board's capability and dynamism as well as strengthen oversight in deliberations and decision-making of the Board in the highly competitive and science-based industry that the Group is involved in, the Board looks to develop access to appropriate guidance and input from influencer experts. The proposed establishment of the medical advisory committee and panel of experts capable of advising on matters related to the Group's halal initiative, is one such example.

Board Tenure

The current board tenure is shown in the diagram below:

0 - 2 years	2 - 5 years	5 - 9 years
3 Directors	5 Directors	1 Director

Diversity

The Board, through the NRC, periodically reviews its composition to be aligned with the strategic plan of Duopharma Biotech. The combined skills and expertise of the Directors provide a breadth and depth of diverse perspectives that can refine the decision-making of the Board in the course of performing its roles and responsibilities. During the year under review, the Board had, amongst others, approved the NRC's recommendation to appoint Datuk Mohd Radzif Bin Mohd Yunus as a Non-Independent Non-Executive Director. Datuk Mohd Radzif's appointment brought along more than 33 years of diversified experience in a variety of sectors including commercial and development banking, property development and construction, healthcare and academia. The Board had also during the year under review approved the renewal of the Group Managing Director's employment contract that was due to expire in January 2019.

On the subject of gender diversity and taking the cue from the policy pronouncement by the Government of Malaysia, the Board has furthered the gender diversity agenda by codifying a stipulation in the Board of Charter which calls for the Board to comprise at least 30% women Directors at any one time. Presently, there are 4 women Directors out of the 9 members of the Board. Duopharma Biotech is also one of the few listed issuers that have a female Non-Executive Director as the Chairman of the Board.

It is the Board's intention to continuously review the diverse make-up and representation of its members as opportunity arises. However, given the size of the Board, specific formulaic targets are not appropriate.

Induction and Training

The Company has a policy and programme for induction and continuing professional development of Directors. On appointment, each Director takes part in a comprehensive induction programme.

During their period in office, the Directors are continually updated on the Group's businesses and the competitive and regulatory environments in which they operate. This is done through:

- Updates and papers which cover changes affecting the Group and the market in which it operates in, inclusive of meetings with Senior Management across the Group and key advisors
- Regular updates on changes to the legal and governance requirements of the Group and in relation to their own position as Directors
- Presentations given at Board and Committee meetings on business matters and technical update sessions from external advisors where appropriate

Key Stages of the Induction Programme are:

STAGE 1

Provision of Documents:
Duties of a Director, Board procedures, Board and strategy papers and corporate governance.

▼

STAGE 2

Meetings with Group Managing Director and Chief Financial Officer:
Business overview, strategy, current trading and key commercial issues

▼

STAGE 3

Meetings with officers and staff at all areas of the business as appropriate.

Corporate Governance Overview Statement

Professional Training

The Directors have displayed commitment to development of their skills and knowledge throughout the year under review. The Company Secretary ensures that training on appropriate topics are organised, whether conducted in-house or by external speakers. In addition, the Directors are kept informed of available training programmes from time to time.

In addition, Directors have discretionally exercised their own initiative to request for internal and external trainings, seminars or conferences that enhance their skill sets and knowledge in areas relevant to Duopharma Biotech's business.

As part of the initiative for Directors to gain first-hand views of Duopharma Biotech's operations and understanding of its business, visits to Duopharma Biotech Group's plant and facilities have been arranged during the year under review.

During the year in review, the Directors of Duopharma Biotech had participated in the following professional development programmes:

Director	Date	Course Attended
Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir	18 January 2018	Directors and Senior Management Training on Regulatory Requirements from Authorities on Quality Assurance, organised by Duopharma Biotech
	23 January 2018	Invest Malaysia 2018 – The Capital Market Conversation Connecting Strengths Advancing Performance, organised by Bursa Malaysia Berhad
	25 January 2018	MICG – Corporate Governance Guide 3rd Edition-"Moving from aspiration to actualisation" – Unstacking the guide for application, organised by the Malaysian Institute of Accountants
	22 - 23 February 2018	Higher Education Forum 2018 Islamic Economics @ IR4.0: Waqf Revival - As speaker on "Collaborative Economy: Waqf as the New Driver", organised by the Ministry of Higher Education
	26 March 2018	Remuneration Committee: Attracting and Retaining the Best Talents, organised by Bursatra Sdn. Bhd.
	3 April 2018	Sharing Session – Analysis of Sustainability practices and Disclosures in Annual Reports and / or Sustainability Reports for the year ended 31 December 2016, organised by Bursa Malaysia Berhad
	17 April 2018	*Retreat Khas Pengurusan Universiti Utara Malaysia* – As a speaker on *"Kepimpinan Dalam Pengurusan Organisasi"*, organised by Universiti Utara Malaysia
	2 - 4 May 2018	International Forum on Quality & Safety in Healthcare "Reclaiming the Quality in Healthcare", organised by the Institute for Healthcare Improvement and British Medical Journal
	8 May 2018	Corporate Re-Branding Workshop, organised by Duopharma Biotech
	4 July 2018	The 2nd UUM International Islamic Business Management Conference, organised by Universiti Utara Malaysia
	9 July 2018	Directors and Senior Management Training on Continuation on Regulatory Requirements from Authorities: Understanding Regulatory Affairs & Evolution of Regulatory Requirements in Malaysia, organised by Duopharma Biotech
	17 July 2018	International Education Leadership Conference on Walking the Talk – Future Leadership and Advocacy, organised by University of Malaya
	17 July 2018	Henly Business School Lecture 2018 – As speaker on "Leadership & Integrity: The Price of Not Owning It", organised by Alumni Henly Business School
	18 July 2018	*Retreat Pengurusan Khas* Universiti Teknologi Malaysia ("UTM") – As speaker on "Visionary, Strategic and Transformational Leadership", organised by Universiti Teknologi Malaysia, Johor

Corporate Governance Overview Statement

Director	Date	Course Attended
Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir (cont'd)	24 July 2018	MCCG and Bursa Listing Requirements – Application Disclosure and Reporting Expectations, organised by Securities Industry Development Corporation
	25 July 2018	Directors and Senior Management Training on Enterprise Risk Management ("ERM"): Driving Organisational Sustainability, Agility & Resilience, organised by Duopharma Biotech
	26 July 2018	Official Launch of the Pathway to a Governance Practitioner Programme, organised by the Iclif Leadership and Governance Centre
	31 July - 2 August 2018	APHM International Healthcare Conference and Exhibition "Emerging Models of Healthcare Delivery", organised by Association of Private Hospitals of Malaysia
	4 September 2018	Corporate Malaysia Summit 2018 – A Meeting Platform of Malaysia Corporate Leaders and Government Leaders, organised by the International Strategy Institute
	20 September 2018	Kementerian Kesihatan Malaysia – Talent Grooming Programme for Technical Healthcare Professionals Inspirational Leadership – As speaker on "Leading change as a Woman Corporate Leader", organised by the Ministry of Health
	24 - 26 September 2018	ISQUA 35th International Conference "Heads, Hearts and Hands – Weaving the fabric of Quality & Safety" – As speaker "The future of quality/the next frontier" Restoring Joy in Work and preventing burnout: an IHI Framework for joy", organised by the International Society for Quality in Health Care
	17 October 2018	Advance Leadership and Management Programme ("ALMP"), Series 59 No. 03/2018 – As speaker on "Leading in the Malaysian Healthcare Industry, organised by ALMP and National Institute of Public Administration
	18 October 2018	New Malaysia Summit: Building a New Malaysia, Fulfilling Hope. As penalist: Creating Business & Investment Opportunities in the new Malaysia – Enhancing Public Private Cooperation, organised by the International Strategy Institute
	19 - 21 October 2018	KPJ Healthcare Conference 2018 "Innovation Healthcare in Delivery", organised by KPJ Healthcare
	26 November 2018	PNB-YTI Memorial Lecture "Redefining Financial Integrity", organised by Permodalan Nasional Berhad
	27 November 2018	*Sambutan Hari Integrity* Malaysian Communication and Multimedia Commission ("MCMC") 2018 – As forum penalist on Forum on Strengthening Integrity Agenda in Postal and Courier Industry, organised by the Malaysian Communications And Multimedia Commission
	6 December 2018	RSOG Young Leaders Forum 2018 "The Voices of Malaysia Baharu" – As penalist – The search for authentic leadership, organised by Razak School of Government ("RSOG")
Dato' Mohamad Kamarudin Bin Hassan	18 January 2018	Directors and Senior Management Training on Regulatory Requirements from Authorities on Quality Assurance organised by Duopharma Biotech
	25 January 2018	Sustainability Statement, organised by Muhibbah Engineering (M) Bhd
	15 March 2018	Briefing on 2017 Malaysian Code of Corporate Governance, organised by Bursa Malaysia Berhad
	8 May 2018	Corporate Re-Branding Workshop, organised by Duopharma Biotech
	25 July 2018	Enterprise Risk Management ("ERM"): Driving Organisational Sustainability, Agility and Resilience, organised by Muhibbah Engineering (M) Bhd
	26 September 2018	Directors and Senior Management Training on Corporate Liability Bill & Integrity: What's your Move?, organised by Duopharma Biotech
	26 November 2018	Financial Integrity,organised by Permodalan Nasional Berhad

Corporate Governance Overview Statement

Director	Date	Course Attended
Leonard Ariff Bin Abdul Shatar	18 January 2018	Directors and Senior Management Training on Regulatory Requirements from Authorities on Quality Assurance, organised by Duopharma Biotech
	1 March 2018	Trends & Prediction for the Asia Pacific and Malaysia Healthcare Industry 2018, organised by KPJ Healthcare Berhad
	5 March 2018	PNB CEO Roundtable, organised by Permodalan Nasional Berhad
	5 April 2018	Asia Employability Forum 2018, hosted by EcoWorld International
	18 May 2018	Corporate Re-Branding Workshop, organised by Duopharma Biotech
	4 - 7 June 2018	BIO International Convention 2018, organised by Biotechnology Innovation Organization ("BIO")
	9 July 2018	Directors Training on Regulatory Requirements from Authorities – Understanding Regulatory Affairs and Evolution of Regulatory Requirements in Malaysia, organised by Duopharma Biotech
	25 July 2018	Training on "Enterprise Risk Management ("ERM")": Driving Organisational Sustainability, Agility and Resilience", organised by Duopharma Biotech
	16 August 2018	The Malaysia 4th Bussiness Ethics Roundtable, organised by Business Ethnics Institute of Malaysia
	7 September 2018	2nd Selangor International Business Summit, organised by Malaysia International Trade and Exhibition Centre
	19 & 20 September 2018	Cell Therapy World Asia, organised by IMAPAC Pte Ltd
	26 September 2018	Halal Pharmaceutical Forum, organised by University Malaya Medical Centre & Halal Industry Development Corporation
	29 September 2018	Halal Pharmaceutical Forum by UMMC & HDC, organised by University Malaya Medical Centre & Halal Industry Development Corporation
	9 - 11 October	CPhi Worldwide, hosted by IFEMA, Feria De Madrid
	8 & 9 November 2018	Asia Pacific STEM Roundtable National STEM Movement Malaysia
	12 - 15 November 2018	MEDICA 2018 World Forum for Medicine, Düsseldorf, Germany
Razalee Bin Amin	20 April 2018	Directors and Senior Management Training on Regulatory Requirements from Authorities on Quality Control
	18 May 2018	Corporate Rebranding Workshop, organised by Duopharma Biotech
	9 July 2018	Directors and Senior Management Training on Continuation on Regulatory Requirements from Authorities : Understanding Regulatory Affairs & Evolution of Regulatory Requirements in Malaysia
	25 July 2018	Directors and Senior Management Training on Enterprise Risk Management ("ERM"): Driving Organisational Sustainability, Agility & Resilience
	25 - 27 September 2018	The 4th Malaysian Oil & Gas Services Exhibition & Conference ("MOGSEC")
	9 - 10 October 2018	MIA International Accountants Conference 2018
Datuk Seri Rohani Parkash Binti Abdullah	18 January 2018	Directors and Senior Management Training on Regulatory Requirements from Authorities on Quality Assurance, organised by Duopharma Biotech
	26 March 2018	Remuneration Committee: Attracting and Retaining the Best Talents, organised by Bursatra Sdn. Bhd.
	20 April 2018	Directors and Senior Management Training on Regulatory Requirements from Authorities on Quality Control, organised by Duopharma Biotech
	25 April 2018	Market Misconduct: How to Detect and Prevent Them, organised by Securities Industries Development Corporation

Corporate Governance Overview Statement

Director	Date	Course Attended
Datuk Seri Rohani Parkash Binti Abdullah (cont'd)	18 May 2018	Corporate Re-branding Workshop, organised by Duopharma Biotech
	5 July 2018	Sustainability Engagement Series for Directors/CEOs, organised by Bursa Malaysia Berhad and PwC
	9 July 2018	Directors and Senior Management Training on Continuation on Regulatory Requirements from Authorities : Understanding Regulatory Affairs & Evolution of Regulatory Requirements in Malaysia, organised by Duopharma Biotech
	12 July 2018	Business Trends: China and its Impact to ASEAN and Malaysia, organised by Securities Industries Development Corporation
	25 July 2018	Directors and Senior Management Training on Enterprise Risk Management ("ERM"): Driving Organisational Sustainability, Agility & Resilience, organised by Duopharma Biotech
	26 September 2018	Directors and Senior Management Training on Corporate Liability Bill & Integrity: What's Your Move?, organised by Duopharma Biotech
	10 October 2018	Seminar "Gearing Up For Corporate Liability", organised by Malaysia Anti Corruption Academy ("MACA")
	14 November 2018	Corporate Directors course, organised by Suruhanjaya Syarikat Malaysia
Zaiton Binti Jamaluddin	18 January 2018	Directors and Senior Management Training on Regulatory Requirements from Authorities on Quality Assurance, organised by Duopharma Biotech
	20 April 2018	Directors and Senior Management Training on Regulatory Requirements from Authorities on Quality Control, organised by Duopharma Biotech
	18 May 2018	Corporate Rebranding Workshop, organised by Duopharma Biotech
	9 July 2018	Directors and Senior Management Training on Continuation on Regulatory Requirements from Authorities: Understanding Regulatory Affairs & Evolution of Regulatory Requirements in Malaysia, organised by Duopharma Biotech
	12 July 2018	Business Trends: China and its Impact to ASEAN and Malaysia, organised by Securities Industries Development Corporation
	25 July 2018	Directors and Senior Management Training on Enterprise Risk Management ("ERM"): Driving Organisational Sustainability, Agility & Resilience, organised by Duopharma Biotech
	26 September 2018	Directors and Senior Management Training on Corporate Liability Bill & Integrity: What's Your Move?, organised by Duopharma Biotech
Dato' Eisah Binti A. Rahman	18 January 2018	Directors and Senior Management Training on Regulatory Requirements from Authorities on Quality Assurance, organised by Duopharma Biotech
	22 - 24 March 2018	Visit to Medigen Vaccine Corporation Manufacturing Facility, Taiwan
	26 March 2018	Remuneration Committee: Attracting and Retaining the Best Talents, organised by Bursatra Sdn. Bhd.
	18 May 2018	Corporate Re-Branding Workshop, organised by Duopharma Biotech
	1 - 4 July 2018	Site Visit to SCM Lifescience and Meeting with PanGen Biotech, South Korea
	9 July 2018	Directors Training on Regulatory Requirements from Authorities – Understanding Regulatory Affairs and Evolution of Regulatory Requirements in Malaysia, organised by Duopharma Biotech
	12 July 2018	Business Trends: China and Its Impact to ASEAN and Malaysia, organised by Securities Industries Development Corporation
	25 July 2018	Directors and Senior Management Training on Enterprise Risk Management ("ERM"): Driving Organisational Sustainability, Agility & Resilience, organised by Duopharma Biotech
	6 - 10 August 2018	25th ASEAN Consultative Committee for Standards and Quality ("ACCSQ") Pharmaceutical Product Working Group ("PPWG") Meeting, organised by Association of South East Asian Nation

Corporate Governance Overview Statement

Director	Date	Course Attended
Dato' Eisah Binti A. Rahman (cont'd)	20 September 2018	Directors and Senior Management Training on "The New Way of Doing Business in Malaysia" and "Breaking the Myopic View of Risk Management", organised by Duopharma Biotech
	29 September 2018	Halal Pharmaceutical Forum – Towards Professional Excellence, organised by Duopharma Biotech in collaboration with University Malaya Medical Centre and Halal Development Corporation
	2 - 4 October 2018	National Regulatory Conference 2018: Regulatory Excellence – The New Normal, organised by the National Pharmaceutical Regulatory Agency
	6 - 7 October 2018	Joint Conference: 1st International Conference on Halal Pharmaceuticals and Cosmetics ("as Speaker") and 7th Conference of Asia Pacific Pharmacy Education Network ("AP-PEN"), Saitama, Japan, organised by Josai University ("JU"), and Josai International University ("JIU"), Japan and Management and Science University ("MSU"), Malaysia
	13 November 2018	Integrated International Conference 2018 – Inclusivity and Sustainability in the Era of the 4th Industrial Revolution, organised by Centre for Research and Instrumentation Management CRIM and Universiti Kebangsaan Malaysia
	3 December 2018	The Chancellor Tuanku Muhriz Lecture by The Rt. Hon. Lord Thomas of Cwmgiedd – "Whither the Rule of Law, organised by Faculty of Law of Universiti Kebangsaan Malaysia
Datuk Nik Moustpha Bin Hj Nik Hassan	18 January 2018	Directors and Senior Management Training on Regulatory Requirements from Authorities on Quality Assurance, organised by Duopharma Biotech
	31 January 2018	"Fundamental of IFRS 17" The Journey With Lloyd and Risk Charges, organised by MNRB Holdings Bhd
	26 March 2018	Remuneration Committee: Attracting and Retaining the Best Talents, organised by Bursatra Sdn. Bhd.
	18 May 2018	Corporate Rebranding Workshop, organised by Duopharma Biotech
	25 July 2018	Directors and Senior Management Training on Enterprise Risk Management ("ERM"): Driving Organisational Sustainability, Agility & Resilience, organised by Duopharma Biotech
	26 September 2018	Directors and Senior Management Training on Corporate Liability Bill & Integrity: What's Your Move?, organised by Duopharma Biotech
Datuk Mohd Radzif Bin Mohd Yunus	3 April 2018	ADFIMI CEO Seminar on "Fintech, Regtech and Development Finance", Tunisia, organised by the Association of National Development Finance Institutions ("DFIs") in Member Countries of the Islamic Development Bank ("IDB")
	20 April 2018	Directors and Senior Management Training on Regulatory Requirements from Authorities on Quality Control, organised by Duopharma Biotech
	9 July 2018	Directors Training on Regulatory Requirements from Authorities – Understanding Regulatory Affairs and Evolution of Regulatory Requirements in Malaysia, organised by Duopharma Biotech
	25 July 2018	Directors and Senior Management Training on Enterprise Risk Management ("ERM"): Driving Organisational Sustainability, Agility & Resilience, organised by Duopharma Biotech
	11 - 12 September 2018	ADFIMI International Development Forum on "SME Finance and Development in the Age of Digitization", organised by the Association of National Development Finance Institutions ("DFIs") in Member Countries of the Islamic Development Bank ("IDB")
	26 September 2018	Directors and Senior Management Training on Corporate Liability Bill & Integrity: What's Your Move?, organised by Duopharma Biotech

Corporate Governance Overview Statement

Our Corporate Governance Priorities Moving Forward

The Board remains committed to achieving the highest standards of corporate governance and integrity. Our governance structure operates from the Board across the Group and we believe it is critical in underpinning our ability to deliver our strategy to create long-term value and benefit for our shareholders and stakeholders. The following sets out our intentions in enhancing our governance practices and processes.

Bettering our Communication

In our quarterly, half-yearly and annual financial and business reporting to shareholders and other interested parties, we aim to present a balanced and understandable assessment of our strategy, financial position and prospects. We make information about the Group available to shareholders through a range of media, including our corporate website, www.duopharmabiotech.com, which contains a wide range of data of interest to institutional and private investors. We consider our website to be an important means of communication with our shareholders.

The Company's new Constitution that was approved by the shareholders at the Company's previous AGM on 31 May 2018 has empowered the Company to leverage on information technology for shareholder communications, including for example placing shareholder communications (such as the Notice of AGM and this Annual Report) on the Company's corporate website in lieu of sending paper copies to shareholders (unless otherwise specifically requested by individual shareholders).

The Board recognises the need to adopt electronic-voting in the event of a change in the geographical dispersion of its shareholders as well as to better facilitate voting in absentia. The Board will continue to monitor its shareholding structure and facilitate the transition to electronic voting in the future.

Whilst the adoption of electronic voting will result in an outlay of initial costs, Duopharma Biotech envisages that long term benefits and savings would be significant as electronic-voting would substantially reduce administrative procedures and paper work.

Succession Planning and Director's Training

The Nomination and Remuneration Committee's role is to recommend to the Board any new Board appointments and to consider, more broadly, succession plans at Board and Senior Management level. It reviews the composition of the Board using a matrix that records the skills and experience of current Board members, comparing this with the skills and experience it believes are appropriate to the Company's overall business and strategic needs, both now and in the future. Any decisions relating to the appointment of Directors are made by the entire Board based on the merits of the candidates and the relevance of their background and experience, measured against objective criteria, with care taken to ensure that appointees have enough time to devote to our business. At Senior Management level, the Board looks to continuously identify emerging talent and potential successors, both within and outside the Group, for senior as well as middle Management positions.

As part of each Director's individual discussion with the Chairman, his or her contribution to the work of the Board and personal development needs are considered. Directors' training needs are met by a combination of internal presentations and updates and external speaker presentations as part of Board and Board Committee meetings; specific training sessions on particular topics, where required; and the opportunity for Directors to attend external courses at the Company's cost, should they wish to do so.

Risk Management and Internal Controls

In the near to medium term, the Company intends to further strengthen its risk-based internal audit approaches, including further developing an enterprise risk management system that leverages on information technology. This is necessary due to the challenges and complexity of risks experienced by the Duopharma Biotech Group through its businesses in the pharmaceuticals related industries; as well as the evolving nature of environmental and safety regulations. The Board believes on the necessity of having a cutting edge approach to risk management to enable the Group to assess if responses to risks are adequate and continue to operate effectively.

Integrity initiatives will be adopted which, amongst others, develop adequate internal policies, guidelines and processes that are designed to prevent persons associated with the Group from undertaking corruption related conduct so as to mitigate against liability on a commercial organisation for corruption committed by persons associated with the commercial organisation that has been imposed by the recent amendments in 2018 to the Malaysian Anti-Corruption Commission Act 2009.

Corporate Governance Overview Statement

Corporate Reporting

One of the key compliance requirements of a group's financial statements is for the Annual Report to be fair, balanced and understandable. The coordination and review of Group-wide contributions into the Annual Report follows a well-established and documented process, which is performed in parallel with the formal process undertaken by the external auditors. We endeavour to enhance our governance practices progressively and in line with this, we look to complying with Principle 7.2 of the MCCG (on the disclosure of Senior Management remuneration in the Company's annual Corporate Governance Report) after a period of advocacy and at the latest in the Corporate Governance Report in respect of the financial year ending 31 December 2020.

Although the Company is not a Large Company (as defined by the MCCG) and therefore not subjected to Practice 11.2 (i.e. adopting Integrated Reporting), the Company intends to benchmark itself against such best practices. The Board will in the future undertake readiness assessments and gauge the necessary measures to transition to Integrated Reporting. In this respect, Duopharma Biotech has yet again produced a standalone Sustainability Report for year 2018 pursuant to the guidelines outlined in Practice Note 9 of MMLR as well as the Sustainability Guide and Toolkits by Bursa Malaysia Berhad. This fits well with its intention to move towards adopting Integrated Reporting in the future.

Conflicts of Interest

The duty placed on directors of companies to avoid situations whereby the interest of the company and his personal interest conflict is encapsulated in the law. In addition, the Company's Constitution prescribes that a Director who is in any way, whether directly or indirectly interested in a contract or proposed contract with the Company shall declare the nature of his interest and he / she shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly, a personal interest. Such declaration of interest, including declaration of directorships in other public companies, would be tabled to the next meeting of the Board scheduled after receipt of such declaration by the Company.

The duty to avoid conflicts of interest extends to the Company's officers and employees as well. Under the Code of Conduct adopted by the Company, the Company's officers and employees should avoid situations where their personal interest conflicts with Duopharma Biotech Group's interest. Without prior written permission from the Group Managing Director, employees are prohibited from:

(a) Working as an employee, proprietor or director of another company or partnership.
(b) Having any interest in another organisation having business dealings with the Duopharma Biotech Group.
(c) Selling or leasing property, services or equipment to the Duopharma Biotech Group.
(d) Engaging in any other business or activities, e.g., direct selling for financial gain or advantage.
(e) Speaking in public forum on business related matters.

Further, the Company's officers and employees must not improperly use their position, or property or information obtained as a result of their position for personal gain or to the detriment of the Duopharma Biotech Group.

As regards dealings in the shares or securities of Duopharma Biotech, certain restrictions have been placed by laws and regulations, including without limitation the Capital Markets And Services Act, 2007 and the listing requirements of any stock exchange on which the shares or securities of any member of the Duopharma Biotech Group are listed or traded. The Company's officers and employees having access to unreleased price sensitive information must avoid conduct known as "Insider Trading" and avoid any adverse inference being drawn from unfair dealings by them. Violation of insider trading laws could result in criminal charges being brought against the defaulting officers and employees of the Company.

Ethical Behaviour

We strive to build a values-based culture by training our people on the standards we expect, encouraging the reporting of any concerns through our new Whistle Blowing Policy and acting swiftly and transparently when issues occur. We provide mandatory annual training on our values, Code of Conduct and Business Ethics Policy to help employees and complementary workers manage ethical dilemmas and put our values into practice at work.

Report of the Nomination and Remuneration Committee

The Board of Directors of Duopharma Biotech is pleased to present the report on the Nomination and Remuneration Committee ("NRC" or "Committee") and its activities during the financial year ended 31 December 2018.

Composition Of Nomination and Remuneration Committee and Meetings

As at the end of the financial year 2018, the composition of the NRC stood at 3 members, majority of whom are independent. A total of 7 meetings were held during the year. The status of directorship and attendance record of each member during the year are as follows:

MEMBERS OF NRC	NO. OF MEETINGS ATTENDED
Dato' Mohamad Kamarudin Bin Hassan *Chairman, Senior Independent Non-Executive Director*	7/7
Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir *Member, Non-Independent Non-Executive Director*	7/7
Dato' Eisah Binti A.Rahman *Member, Independent Non-Executive Director*	7/7

SUMMARY OF WORK DONE DURING THE YEAR

During the year, the Committee performed the following:

(1) With respect to nomination-related matters

i. Evaluated, assessed and recommended to the Board, the appointment of Non-Executive Directors of Duopharma Biotech based on the Company's selection criteria.

ii. Reviewed and assessed the composition of Board Committees and recommended to the Board of Directors to fill the seats thereon.

iii. Reviewed and recommended the re-election/ reappointment of non-executive directors to the Board.

iv. Evaluated and recommended candidates for key positions/ Senior Management in Duopharma Biotech Group to the Board of Directors.

v. Ensured that all Directors received appropriate continuous training programmes in order to keep abreast with developments in related industries and changes in the relevant statutory requirements.

vi. Reviewed the Restructuring of the Group Management Committee.

vii. Reviewed and recommended the revised Board Effectiveness Evaluation Assessment of Board of Directors, Board Committees, Individual Directors and Independent Directors.

Corporate Governance Overview Statement

Report of the Nomination and Remuneration Committee

SUMMARY OF WORK DONE DURING THE YEAR

(2) With respect to remuneration-related matters

i. Reviewed and recommended to the Board the annual increment and bonus package for employees of Duopharma Biotech.

ii. Reviewed the Directors Remuneration for the shareholders' approval at the Annual General Meeting of the Company in 2018.

iii. Reviewed and recommended the benefits-in-kind applicable to employees of Duopharma Biotech and its subsidiaries.

iv. Reviewed and recommended Remuneration Policy and Procedure for Directors and Senior Management.

v. Reviewed and recommended the Contract of Services for Encik Leonard Ariff Abdul Shatar as the Group Managing Director of Duopharma Biotech Berhad.

vi. Reviewed and recommended implementation of minimum wage for all employees in Duopharma Biotech Group in view of the National Budget 2018.

(3) General

i. Revised the Terms of Reference for the Nomination and Remuneration Committee.

Details on the Terms of Reference of the Nomination and Remuneration Committee can be found on the Company's website at www.duopharmabiotech.com

FORMALISED AND TRANSPARENT REMUNERATION POLICIES FOR DIRECTORS AND SENIOR MANAGEMENT

Our Board believes that remuneration should be adequate to attract, retain and incentivise individuals of the necessary caliber, expertise and experience to join our Board. During the year under review, the Board reviewed and approved the new remuneration policy and procedures for Directors and Senior Management.

Remuneration of Non-Executive Directors ("NED")

The key principles which underpin our Board's policies for NED remuneration are as follows:

- Adequate to attract, motivate and retain world-class non-executive talent
- Consistent with recognised best practice standards for Chairman and NED remuneration
- Reflect the experience, time commitment, level of responsibilities and complexity shouldered, special assignments and risks

In determining director's remuneration, our Board considered various factors, including changes in the business, market environment, complexity, increase in time commitment as well as directors' remuneration of other companies which operate in similar businesses and are comparable in size and market share.

Our NEDs are entitled to be reimbursed for expenses which are reasonably incurred by them in the discharge of their duties. This includes but is not limited to travel and accommodation, mobile and broadband expenses. Claims submitted by the NEDs will be reviewed and approved by the Board Chairman while the Board Chairman's claims are subject to review and approval by the Group Managing Director ("GMD").

Remuneration of Senior Management

Our GMD is remunerated in accordance with the terms of his Employment Agreement, which is approved by the Board. Either party may terminate the employment by giving 3 months' prior written notice. His remuneration package is aligned to individual and corporate performance based on agreed KPIs established by the Board.

Report of the Audit and Integrity Committee

The Board of Directors of Duopharma Biotech is pleased to present the report on the Audit and Integrity Committee ("AIC" or "Committee") and its activities during the financial year ended 31 December 2018.

Composition of Audit and Integrity Committee and Meetings

As at the end of the financial year 2018, the composition of the AIC stood at 3 members, all of whom are independent. A total of 9 meetings were held during the financial year. The status of directorship and attendance record of each of the members during the year are as follows:

MEMBERS OF AIC	NO. OF MEETINGS ATTENDED
Razalee Bin Amin *Chairman, Independent Non-Executive Director*	9/9
Dato' Mohamad Kamarudin Bin Hassan *Member, Senior Independent Non-Executive Director*	9/9
Zaiton Binti Jamaluddin *Member, Independent Non-Executive Director*	9/9

SUMMARY OF WORK DONE DURING THE YEAR

Below is a listing of the work done by the AIC up to 31 December 2018 in discharging and meeting their functions, duties and responsibilities with regards to financial reporting and internal controls:

i. Reviewed the Statement of Corporate Governance, Report of the AIC and Statement on Risk Management and Internal Control ("SORMIC") prior to approval by the Board for inclusion in the 2017 Annual Report. The SORMIC was supported by the Annual Assurance Statement on Risk Management and Internal Controls, which was signed off by the Group Managing Director and the Chief Financial Officer.

ii. Reviewed and recommended the 2017 Annual Report of Duopharma Biotech prior to the submission to the Board for consideration and approval.

iii. Reviewed and approved Duopharma Biotech's internal audit plan and budget for the financial year ending 31 December 2018.

iv. Reviewed the status report of internal audit activities for the year to ensure that all the planned activities for Duopharma Biotech were carried out effectively.

v. Reviewed the summary of the internal audit reports prepared by Group Internal Audit and Integrity Department and deliberated on significant audit issues, audit recommendations, management action plans and the agreed timeline. Where necessary, provided input on improvement of processes and operations.

vi. Monitored the status of corrective actions taken by the Management to ensure all audit issues and concerns are adequately addressed within the stipulated timeline.

vii. Oversees the performance and effectiveness of the Internal Audit function based on the approved key performance indicators, assesses the competency and experience of the Internal Audit staff as well as the adequacy of resources in order for the Internal Audit function to carry out its work effectively. The AIC also ensures that the Group Internal Audit and Integrity Department has the authority to carry out their work objectively and independently, free from any relationship or conflicts of interest.

viii. Held private meetings and discussions with the Head, Group Internal Audit and Integrity Department on significant audit and internal control matters.

Corporate Governance Overview Statement

Report of the Audit and Integrity Committee

SUMMARY OF WORK DONE DURING THE YEAR

ix. On its role with regard to Integrity, the AIC is entrusted to review the whistleblowing reports as tabled by the Head, Group Internal Audit and Integrity Department and provide its recommendation for the resolution of the cases. The AIC, through the Group Internal Audit & Integrity Department, ensures that the whistleblowing process is reliable and trustworthy, and also approved the revised Whistleblowing Policy.

x. Reviewed and recommended Duopharma Biotech's Integrity Initiatives for 2018, and periodically monitored its progress against the plan.

xi. Reviewed and recommended the Terms of Reference for AIC.

xii. Reviewed the external auditors' audit plan and engagement strategy for the financial year ended 31 December 2018, covering the audit focus area.

xiii. Reviewed the external auditors' report for the financial year ended 31 December 2017, including matters relating to adjustments arising from the external audit review and adequacy of disclosures, prior to making recommendation to the Board for approval. No significant adjustments were required to the financial statements, which was presented in a true and fair manner.

xiv. Deliberated on the observations highlighted by the external auditors, and the respective management action plans and status updates.

xv. Held private meetings and discussions with the external auditors to allow for discussions on matters of concern.

xvi. Evaluated the performance and independence of the external auditors and made recommendations to the Board on their reappointment and audit fees.

xvii. Reviewed the quarterly reports in respect of the results to ensure compliance to the Malaysian Financial Reporting Standards and regulatory requirements and recommended to the Board for subsequent release to Bursa Malaysia.

xviii. Reviewed the notes to the draft announcements of the audited and unaudited financial statements to Bursa Malaysia, to ensure compliance to the regulatory Requirements.

xix. Reviewed the related party transactions entered into by Duopharma Biotech and the disclosure of such transactions in the annual report.

xx. Reviewed and recommended to the Board dividends to be declared to the shareholders of Duopharma Biotech.

xxi. Reviewed and recommended to the Board that the Dividend Reinvestment Plan was in the best interest of the Company and that it be tabled to the shareholders for approval.

xxii. Reviewed and recommended to the Board that the related party transaction involving the proposed acquisition by the Company from Chemical Company of Malaysia Berhad of 806,450 common shares in PanGen Biotech Inc. ("PanGen") representing approximately 8.39% equity interest in PanGen was in the best interest of the Company and that it be tabled to the shareholders for approval.

xxiii. Reviewed and recommended to the Board that the proposed bonus issue by the Company was in the best interest of the Company and that it be tabled to the shareholders for approval.

Details on the Terms of Reference of the Audit and Integrity Committee can be found on the Company's website at www.duopharmabiotech.com

Report of the Audit and Integrity Committee

Statement on Internal Audit Function

The AIC is supported by Group Internal Audit and Integrity Department in the discharge of its duties and responsibilities. Internal Audit function, being the third line of defence, is responsible to provide independent assessment of compliance with existing laws/regulation, policies and procedures and reviews the adequacy and effectiveness of the risk management systems, internal controls and governance processes. The Head of the Group Internal Audit and Integrity Department ("GIA") reports directly to the AIC to promote independence and to enable it to maintain objectivity in rendering unbiased judgements.

(i) Reporting Line

The internal audit function's purpose, authority and responsibilities are stated in the Internal Audit Charter, which is approved by the AIC. The internal audit function is responsible for undertaking regular and systematic risk-based assessments of the internal control of Duopharma so as to provide reasonable assurance that such systems are adequate and continue to operate effectively in managing the key risks of Duopharma.

(ii) Audit Planning and Work Done

The GIA formulated the Annual Internal Audit Plan based on the risk assessment of the business operations and the audit cycle, which was then approved by the AIC. GIA adopts the COSO Internal Control Framework in conducting the audit assignments, which covered 5 elements of internal controls, namely Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring.

In 2018, the GIA had issued 17 audit reports which covered operational and ad-hoc, amongst others, Project Management, Quality Control, Sterile Production, Human Resource, Sales & Marketing and Recurrent Related Party Transactions. The Internal Audit Reports, which included issues and action plans, were presented to and discussed with Management. GIA subsequently monitored the implementation of the agreed action plans to ensure full compliance. The reports together with follow-up action plans and implementation status were presented to the AIC for their deliberation and subsequent approval.

The performance of the GIA function was presented to the AIC on a quarterly basis.

(iii) Internal Audit Cost

The total expenditure incurred for GIA function for the financial year, which amongst others includes departmental expenditures such as office running expenses, training expenses, travelling expenses, staff remuneration, etc. is estimated at RM796,319.00.

Corporate Governance Overview Statement

Report of the Risk Management and Sustainability Committee

The Board of Directors of Duopharma Biotech is pleased to present the report on the Risk Management and Sustainability Committee ("RMSC") and its activities during the financial year ended 31 December 2018. Recognising the importance of managing the strategic risk of sustainability of the Duopharma Biotech Group and the effective management of sustainability practices within the Group, the Board had in 2018 resolved to include sustainability into the Terms of Reference of the Risk Management Committee ("RMC"), and renamed the committee as the Risk Management and Sustainability Committee with effect from 27 August 2018.

Composition Of Risk Management and Sustainability Committee and Meetings

During the financial year ended 31 December 2018, Datuk Mohd Radzif Bin Mohd Yunus was appointed as the Chairman of RMSC in place of Datuk Nik Moustpha Bin Hj Nik Hassan w.e.f. 1 July 2018, while Puan Zaiton Binti Jamaluddin and Dato' Eisah Binti A. Rahman continued to be the Committee members of RMSC. Currently, the composition of the RMSC stood at 3, majority of whom are independent.

A total of 5 meetings were held during the financial year. The status of directorship and attendance record of each of the members during the year are as follows:

MEMBERS OF RMSC	NO. OF MEETINGS ATTENDED
Datuk Mohd Radzif Bin Mohd Yunus* *Chairman, Non-Independent Non-Executive Director* *(Appointed w.e.f. 1 July 2018)*	3/3
Datuk Nik Moustpha Bin Hj Nik Hassan* *Member, Independent Non-Executive Director* *(Resigned w.e.f. 1 July 2018)*	2/2
Zaiton Binti Jamaluddin *Member, Independent Non-Executive Director*	5/5
Dato' Eisah Binti A Rahman *Member, Independent Non-Executive Director*	5/5

Note:
* *Datuk Mohd Radzif has been appointed as the Chairman of RMSC with effect from 1 July 2018, following the resignation of Datuk Nik Moustpha as the Chairman and member of RMSC with effect from 1 July 2018.*

Report of the Risk Management and Sustainability Committee

SUMMARY OF WORK DONE DURING THE YEAR

Below is a listing of the work done by the RMSC in discharging and meeting their functions, duties and responsibilities with regards to risk management:

i. Reviewed and recommend the Terms of Reference of the RMSC.

ii. Reviewed the Statement of Corporate Governance, Report of the RMC and Statement on Risk Management and Internal Control ("SORMIC") prior to approval by the Board for inclusion in the 2017 Annual Report. The SORMIC was supported by the Annual Assurance Statement on Risk Management and Internal Controls, which was signed off by the Group Managing Director and the Chief Financial Officer.

iii. Reviewed the status report of risk management activities for the year to ensure that all the planned activities for Duopharma Biotech Group were properly carried out.

iv. Reviewed the summary of the risk assessment report prepared by the Group Risk Management Department.

v. Monitored the status of mitigation actions taken by the Management to ensure all risk management issues and concerns are adequately resolved on timely basis.

vi. Reviewed Duopharma Biotech Group's Risk Profile and the management process for identifying, evaluating and managing the significant risks faced by Duopharma.

vii. Reviewed and recommend the Terms of Reference of the RMSC.

viii. Monitored Duopharma Biotech Group's compliance with safety, health and environment requirements during the year under review.

Details on the Terms of Reference of the RMSC can be found on the Company's website at www.duopharmabiotech.com.

SUMMARY OF ACTIVITIES FOR THE YEAR UNDER REVIEW

The RMSC principal activities in the year under review are summarized below:

i. Deliberated the Group's top risks and operational risks and the system of internal control necessary to manage and mitigate such risks from the quarterly reports provided by Group Risk Management Department ("GRMD"). The reports highlight the movements of risk ratings as well as the progress of treatment plans that were identified to mitigate the risks.

ii. Reviewed the Merger and Acquisition framework as well as the Capital Expenditure ("CAPEX") framework and recommended RMSC's role in the process to ensure adequate and effective risk management.

iii. Reviewed reports on safety, health and environment incidents and deliberated the adequacy and effectiveness of preventive and corrective action taken.

iv. Review sustainability materiality matrix and recommended improvement in certain areas.

The GRMD is responsible for the ongoing review, development and co-ordination of Risk Management Framework and ensure the implementation of the risk management process in the Group. Activities organized by GRMD includes:

Elevating Understanding on Risk Management

Formalized Risk Assessment Workshops were carried out throughout the year to develop understanding of the importance of risk management and at the same time ensuring appropriate coverage of risk identification, analysis, evaluation and treatment within the Group. In total four Risk and Control Self-Assessment ("RCSA") sessions were conducted.

To further enhance risk knowledge in the GRMD, one personnel completed an external enterprise risk management program that is well recognized internationally.

Corporate Governance Overview Statement

Report of the Risk Management and Sustainability Committee

Culture Building

Risk culture is driven with a strong tone from the top. Encik Leonard Ariff Bin Abdul Shatar, as the Group Managing Director envisioned risk management to be the DNA of the company where it becomes the codifying tool in retaining knowledge and processes within the company.

The objective centric approach of risk management is practiced. This is implemented right from Top Management to the operational staff. Yearly it begins when senior management gather to discuss and finalize Operating Plans for the subsequent year. The Operating Plan consists of objectives that the management plans to achieve in that year and forecast for the next 3 years. These objectives are recorded into the risk register to ensure risks against these objectives are addressed. Mitigation strategies from the risk registers will be transferred as KPI at every level. Management then selects the top risks and place them on a 2 x 2 chart which shows the level of exposure and possibility of the risk event occurring.

Risk management culture is continuously inculcated throughout the organization through continuous training, monitoring and planned risk review sessions by GRMD. One of the key results from the review sessions is the initiative from GRMD to standardize the format of all risk reports in the company. This enables proper risk overview and management of the operational risks in the Group. The standardization process will be completed in March 2019.

As part of risk culture building, each member of the Company's Group Management Committee that comprises the Group Managing Director and the functional Chiefs sign a risk assurance statement that all risks are identified, addressed and reviewed every quarter. In addition to that, the Group Managing Director and Chief Financial Officer also sign a yearly risk assurance statement that is tabled to the RMSC.

This tone from the top needs to be complemented by the action from the middle management to ingrain the expected values and principles of conduct that shape the behavior and attitude of employees across the Group. With this in mind, GRMD organized for a session between the middle management and an expert in ERM to strengthen the understanding of risk management among the middle management.

Emerging Risk Monitoring

Assessment and monitoring of emerging risk is part of our commitment towards proactively strengthening controls in the changing business climate. One of the references used is the Global Risk Report 2018. The report is based on the annual Global Risks Perception Survey, completed by almost 750 members of the World Economic Forum's global multi stakeholder community. The assessment highlights the emerging risks that may have impact on the Group's businesses and operations to enable Management to proactively develop internal control necessary to manage these risks.

The 14th general election led to a change in government and left businesses wary of reforms and policy changes. Risk assessments against the reforms pledged by the New Government and Malaysia Budget 2019 were tabled. Recommendation on mitigation on potential impact on businesses and initiatives to capture opportunities were deliberated.

Report of the Halal Committee

The Board of Directors of Duopharma Biotech is pleased to present the report on the Halal Committee ("HC" or "Committee") and its activities during the financial year ended 31 December 2018.

Composition of Halal Committee and Meetings

Following the establishment of HC in 2018, Datuk Nik Moustpha Bin Hj Nik Hassan was appointed as Chairman of the Committee while Datuk Mohd Radzif Bin Mohd Yunus and Dato' Eisah Binti A. Rahman were appointed members of the Committee, with effect from 1 July 2018. The current composition of the Committee now stands at 3 members that comprises a majority of Independent Directors. A total of 3 meetings were held during the year under review.

MEMBERS OF HC	NO. OF MEETINGS ATTENDED
Datuk Nik Moustpha Bin Hj Nik Hassan *Chairman, Independent Non-Executive Director*	3/3
Datuk Mohd Radzif Bin Mohd Yunus *Member, Non-Independent Non-Executive Director*	3/3
Dato' Eisah Binti A.Rahman *Member, Independent Non-Executive Director*	3/3

SUMMARY OF WORK DONE DURING THE YEAR

During the year, the Committee:

i. Reviewed and recommended the Terms of Reference of the Halal Committee prior to submission to the Board of Directors for approval.

ii. Reviewed and realigned the structure of Duopharma Biotech's halal operation committees to ensure that the committees function effectively for all Duopharma's facilities and manufactured products maintain adherence to the requirements of Halal Certification.

iii. Review and provided directives on the background and expected credibility of Duopharma's Shariah Advisor and Halal Executives.

iv. Reviewed and deliberated the reports on Duopharma Biotech Halal Initiatives 2018 as at August 2018 and Recommendations for 2019 Halal Planned Initiatives and Indicative Budget.

v. Monitored the status of Duopharma's manufactured products that are halal-certified under the JAKIM and LPPOM MUI.

vi. Deliberated on the halal promotional programs completed in 2018, and made recommendations to improve on the approach and activities of the programs to enhance international presence.

vii. Deliberated and recommended on the concept of communication on halal pharmaceuticals for all Duopharma Biotech Group's halal awareness and promotional materials.

viii. Reviewed and deliberated on the proposed Halal KPI for Duopharma Biotech Group for the year 2019 and recommended on the alignment of the proposed Halal KPI for 2019 with Duopharma Biotech Group's business activities and desired outcome.

ix. Reviewed and recommended key influencers to adequately support Duopharma Biotech Group's Halal Initiatives.

x. Reviewed and deliberated the proposed Revised Duopharma Biotech's Halal Policy to be realigned with other policies.

Details on the Terms of Reference of the Halal Committee can be found on the Company's website at www.duopharmabiotech.com

Corporate Governance Overview Statement

COMMUNICATION WITH STAKEHOLDERS

As stewards of the Duopharma Biotech Group, the Board strives to foster a collegial and transparent relationship with the stakeholders of Duopharma Biotech. Accordingly, the Board seeks to ensure that there is continuous communication and dissemination of information to stakeholders through a plethora of engagement which includes Duopharma Biotech's website, announcements to Bursa Malaysia Berhad as well as social media sites. Duopharma Biotech's website contains recent announcements to Bursa Malaysia Berhad, media releases, past and current annual reports of the Company, recent notices of meetings of members, and key matters discussed and/or minutes of meetings of members. During the year under review, Duopharma Biotech has also supplemented these activities by regularly holding investors and analyst briefing sessions.

Following the adoption of a new name, logo, vision, mission and tagline, the Board continues to advocate efforts to communications the effectives of the rebranding experience. These communicate hope to enhance the brand equity of the Company to the market, reaching shareholder's, analyst' and potential investors.

With regard to stakeholder communications, the Board has adopted Chemical Company of Malaysia Berhad's Shareholders and Investors Communication Policy and Corporate Disclosure Policy that governs communications between Duopharma Biotech and its stakeholders.

Conduct of General Meeting

The Annual General Meeting ("AGM") and other meetings of members serve as an invaluable platform for shareholders to engage the Board and Senior Management in a productive dialogue and provide constructive feedback that contributes to the overall betterment of Duopharma Biotech Group. During the previous AGM and meetings of members held in 2018 and 2019, all Directors were present to provide clear and meaningful response to shareholders' questions. The external audit partner was also present to answer questions, if any, from shareholders relating to the external audit process and outcome. Likewise, other consultants engaged in relation to the relevant matters tabled at the said meetings ("as the case may be") were also present to answer questions, if any, from shareholders relating to the matters tabled.

The Board has always given utmost consideration to the location of the Company's general meetings to ensure it is easy to reach or easily accessible to shareholders. The Company's AGM for 2019 will be held at Setia City Convention Centre which is located in Shah Alam and within reasonable proximity of Duopharma Biotech's operation sites in Klang and Glenmarie. In order to encourage shareholders' participation, shareholders have been given more than 28 days' notice for the upcoming AGM to accord them with adequate time to prepare and ultimately make informed decisions during the AGM. The notice for the AGM outlines the resolutions to be tabled during the said meeting and is accompanied with explanatory notes where applicable.

INVESTOR RELATIONS

The Group places strong emphasis in ensuring regular and transparent communication with its stakeholders, the financial and/or investment community and other relevant stakeholders (hereby referred to collectively as the "Stakeholders") as per the recommendations of the Malaysian Code on Corporate Governance and other regulatory bodies.

We strive to provide equitable information vis-à-vis the Company to facilitate the Stakeholders in making optimal informed investment choices by taking into account the following considerations:

1.	2.	3.	4.	5.
The same information will be concurrently disseminated to the Stakeholders.	Clear and succinct information is presented to minimize any misinterpretations and misunderstanding.	Stakeholders are able to access the same content via various media.	Information are made available to the Stakeholders without delay after a public announcement has been made except where this is made impossible due to legal constraints or legitimate business reasons.	Information are impartially presented regardless of whether or not it is advantageous to the Company.

The Company is also committed to maintaining a direct and transparent engagement with its Stakeholders in order to ensure that the market is kept informed of the Group's developments, strategies and prospects.

Additionally, the Company continues to be an active participant in the Mid and Small Cap (MidS) research scheme by Bursa Malaysia Berhad.

INVESTOR RELATIONS ENGAGEMENTS & ACTIVITIES

Engagement with analysts, fund managers and shareholders are essential by ways of regular meetings and dialogues. At least 2 investors briefing are held each year, usually to coincide with the release of the Group's half-year and year-end financial results to explain the Group's results and strategic business plan with the aim of fostering better understanding of the Group's performance.

Throughout FY 2018, we have frequent meetings and site visits with analysts and fund managers as well as 2 financial results briefing in March 2018 and September 2018. These engagements are led by our Group Managing Director and/or Chief Financial Officer which include site visits to our plant.

Statement on Risk Management and Internal Control

Responsibility

The Board is responsible for the review of the adequacy and effectiveness of the Duopharma Biotech Group's system of risk management and internal controls, which includes financial, operational and compliance controls. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, it can only provide reasonable and not absolute assurance against material misstatement or loss.

The risk management and control processes are implemented by the Management, led during the year under review by the Group Managing Director and Senior Management of the Group, who collectively are responsible for good business practices and governance.

Risk Management and Sustainability Function

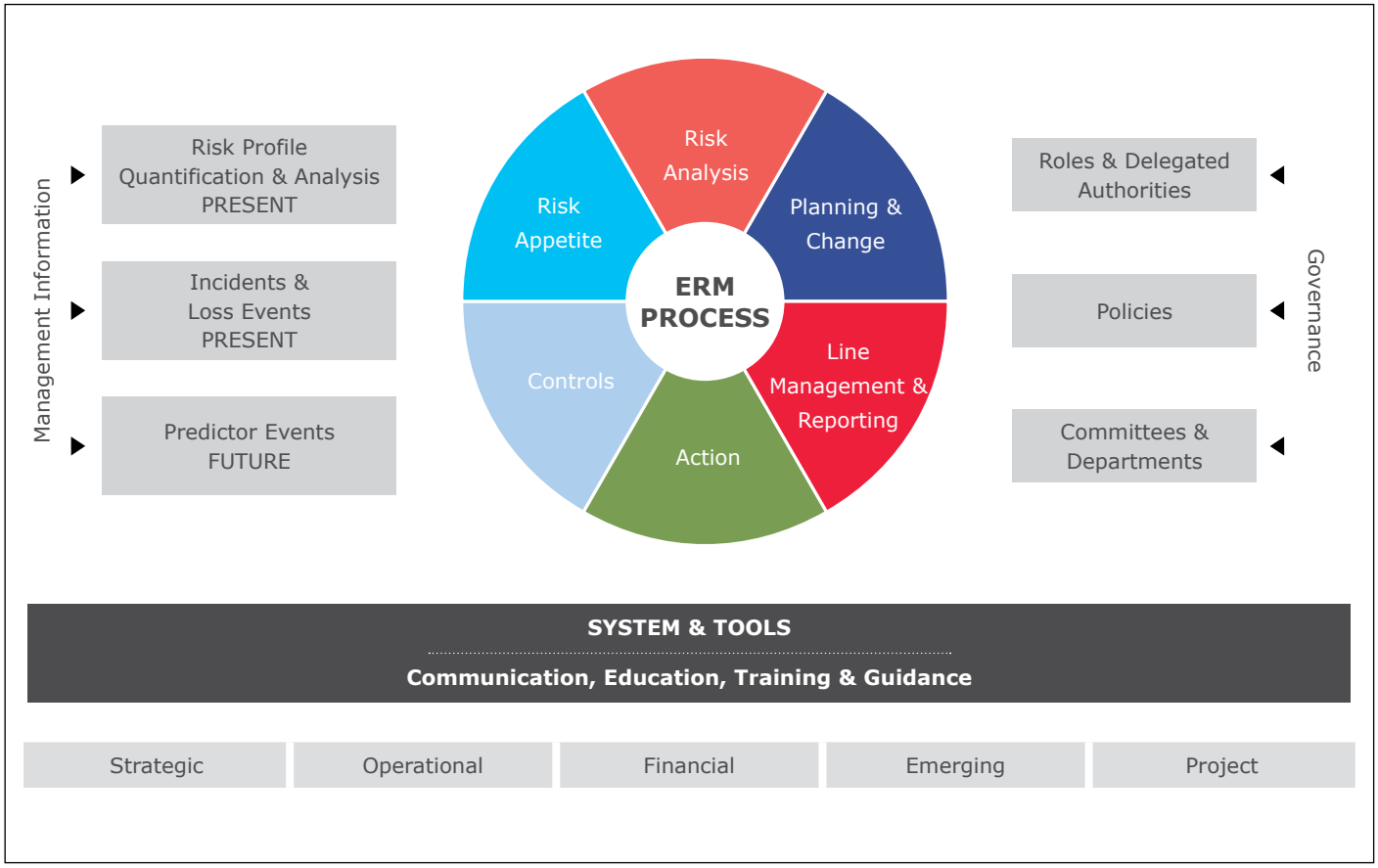
The Board had decided that a committee is required to ensure business sustainability in the face of challenging external condition. In view of this, the Group Risk Management Committee is responsible to assist the Board of Directors in ensuring that there is a sound system for risk management and effective management of sustainability practices within the Group and its subsidiaries and the committee is renamed Risk Management and Sustainability Committee ("RMSC").

The RMSC is supported by an in-house risk management function i.e. Group Risk Management Department ("GRMD") and Sustainability Department ("SD"). GRMD provides risk advisory and supports the Board, Executive Risk Management Committee ("ERMC") in all matters of Enterprise Risk Management ("ERM"). While SD implements sustainability-related policies, measures and actions in achieving company sustainability milestones and goals. Please refer to the stand-alone Sustainability Report which explain efforts in the area of sustainability.

Risk Management

The ERM framework defines the policy and objectives and sets the risk reporting structure. The framework structure includes risk profiling of historical and current risks as well as future expectation to anticipate probable future exposures. The framework ties into the Group's governance policies and guidelines via deliberations at various committees. The framework operates within the context of Strategic, Operational, Financial, Emerging and Project risks categories.

ERM FRAMEWORK

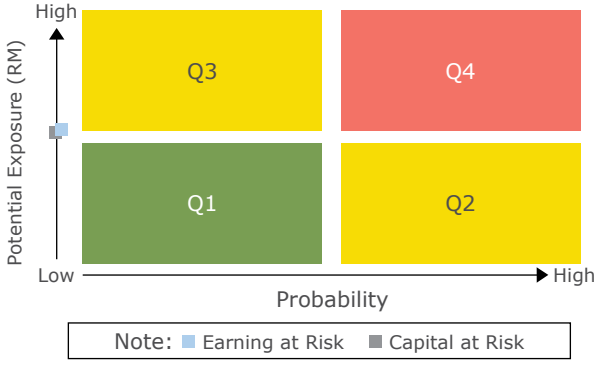


Statement on Risk Management and Internal Control

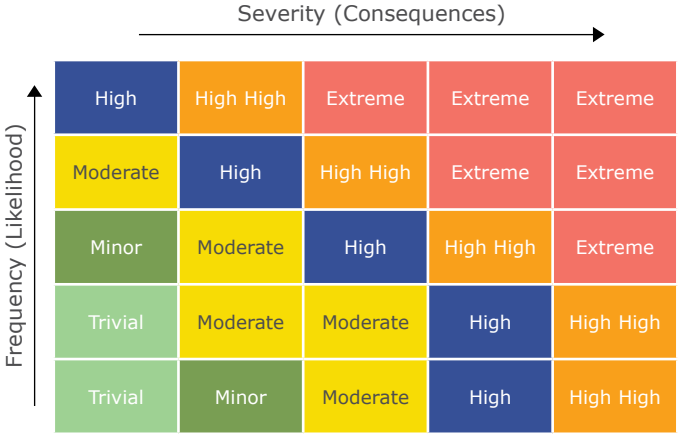
The RMSC receives reports from members of the ERMC which is chaired by the Group Managing Director and comprises of Group Management Committee ("GMC"). The ERMC is assisted by the Risk Champions whose role is to identify, mitigate and manage risks within their departments. The GRMD has a role in facilitating, coordinating, monitoring and assessing the effectiveness of the ERM framework in accordance to established policies, principles and standards. The ERM structure is summarized below:

The Company adopts ISO31000:2009 Risk Management Principles and Guidelines in its risk management processes, whereby the focus is on the management of risk from any event or uncertainty that may have a significant impact on Group objectives. Risk management process includes risk identification, analysis, evaluation and treatment, with continuous monitoring, review, communication and consultation. Risks events are analyzed in terms of its likelihood of occurrence and significance of their consequences, where an approved Risk Matrix is used to ensure consistent practice throughout the Group.

Strategic Risk Matrix



Operational Risk Matrix



Statement on Risk Management and Internal Control

The table below provides an indication of key risk areas and mitigation strategies during the year.

KEY RISK	DESCRIPTION	MITIGATION
Projects not meeting planned objectives	Risk on any items that may lead to cost overrun, delay or failure to complete the projects.	All projects that require the approval from the Board, is subjected to risk assessments, where the risk registers resulting from the assessment together with the mitigation plans are mandatorily tabled as part of the projects' proposals. Project risk updates post implementations of the projects are tracked and reported as part of the risk management reporting process.
Fluctuation in exchange rates and interest rates	Risk of volatilities affecting exchange rates and interest rates which may affect the values of financial assets and liabilities.	• Better cost management in imported items like raw materials, machines etc. • Increase efficiencies in operations. • Close monitoring of foreign assets and liabilities denominated in the same currency to maximise the benefits of natural hedges and also other hedging arrangements.
Regulatory change	Pharmaceuticals industry is highly regulated. The Group needs to be prepared for anticipated future standards when implemented.	• The Group has established procedures and mechanisms and to ensure full compliance. • An in-house Pharmacovigilance and Clinical Affairs team monitor the drug safety and work closely with regulators and medical practitioners. • Periodically invests in major infrastructure upgrades in anticipation of future regulatory demands.
Government policy change	New government may introduce new policy and reforms that may impact the company.	Continuous engagement with relevant authorities and close monitoring on changes in government policy and directions.
Continuity of collaborations with key partners	The Group has collaborations with key partners in various projects. Retention of these key partners contribute to the success of the projects.	The Group engages key partners closely and ensure good communications. All deliverables and performance indicators are mutually agreed and met or exceeded.

KEY ELEMENTS OF THE GROUP'S SYSTEM OF INTERNAL CONTROLS

The Board, through the Audit and Integrity Committee ("AIC") had approved a Management Control Policy which dictates the responsibilities of the AIC, the Management and the Internal Audit function with regards to internal controls.

The AIC is responsible for monitoring, overseeing and evaluating the duties and responsibilities of Management, the internal and external auditors as those duties and responsibilities relate to the Group's processes for controlling its operations. The AIC is also responsible for determining that all major issues reported by the Group Internal Auditor, the external auditors and other outside advisors have been satisfactorily resolved. Finally, the AIC is responsible for reporting to the Board of Directors all important matters pertaining to the Group's controlling processes.

Management is entrusted with the responsibility of establishing an internal control framework with the objective of controlling the operations of the Group in a manner which provides the Board of Directors with reasonable assurance that the control objectives will be achieved.

The internal audit function is entrusted with the responsibility for ascertaining that the ongoing processes for controlling operations throughout the Group are adequately designed and are functioning in an effective manner. The Group Internal Auditor is also responsible for reporting to Management and the AIC on the adequacy and effectiveness of the Group's systems of internal control, together with ideas, counsel and recommendations to improve the systems.

Statement on Risk Management and Internal Control

The key elements of the Group's system of internal controls are described below:

BOARD COMMITTEES

The delegation of responsibilities to the various committees of the Board of Directors is clearly defined. At present, the committees which are established are the Audit and Integrity Committee ("AIC"), Risk Management and Sustainability Committee ("RMSC"), Nomination and Remuneration Committee ("NRC") and Halal Committee ("HC").

ASSIGNMENT OF AUTHORITY AND RESPONSIBILITY

Clearly defined lines of authority within the Group's organisation structure have been established to facilitate the supervision and monitoring of conduct and operations of individual business units and support services departments. The Board has approved a defined and documented Limits of Authority ("LOA") which is used consistently throughout the Group. These LOAs specify clear division and delegation of responsibilities from the Board to the Board Committees and to members of Management and the authorisation levels of various aspects of operations. These are regularly reviewed and updated to resolve operational effectiveness and challenges and to reflect changing risks. Additionally, the Duopharma Biotech Group Management and the RMSC of Duopharma Biotech provided added assurance to the Board on the feasibility evaluation of project/investment proposals and subsequent evaluation of the progress and results of endorsed project/investment through a process of due scrutiny.

PLANNING, MONITORING & REPORTING

The Group undertakes a strategic and budgeting planning process annually, to establish plans and targets against which performance is monitored. These business plan and budgets are subjected to evaluation and assessment by the Group's Senior Management Group and the AIC before it is recommended to the Board for approval. Monthly review is carried out by the Management to ensure that the businesses are operating according to the plans, as well as to monitor adherence to the internal control procedures established. Management reports are presented to the Board each quarter providing financial information including key performance and risk indicators. The information is reviewed by the AIC before it is presented to the Board for consideration and approval.

POLICIES & PROCEDURES

There are policies and procedures in place to ensure compliance with controls, and relevant law and regulations. These policies and procedures are periodically reviewed and updated to reflect changes in business structure and processes. In various instances, these documents form an integral part of the Integrated Quality Management Systems ("IQMS").

The Group has implemented Enterprise Resource Planning system ("'ERP") as part of the Group initiative to establish best practices across key business functions promoting greater visibility, transparency and efficiency, and data integrity for the business.

Annual assurance is provided by the Group Managing Director to the Board on the adequacy and effectiveness of controls in the business processes. The Senior Management Team likewise provides annual assurance to the Group Managing Director on the said matters.

BUSINESS CONTINUITY MANAGEMENT

Business Continuity Management ("BCM") is a holistic management process that allows Duopharma Biotech Group to recover and re-establish the delivery of services or products at acceptable predefined levels following a disruptive event. BCM plays an important role to prevent operational interruption, delays in responding to customer requests and inability to process transactions in a timely manner. In today's global marketplace the definition of a disaster has significantly changed; no longer are disasters only discussed in terms of hurricanes, fires or human errors, but also our ability to remain connected with our supply chain and customers. The crucial role of BCM is to assist us to be resilient, to a state of "Business as Usual", if any of these events stated above occurs.

In the event of disruptive incidents such as large scale natural disaster, major fire, flood or social unrest, the established framework of Business continuity management will be used to guide Duopharma Biotech Group to mitigate and respond to the incident.

The Business Continuity team consists of representatives from Site Emergency Response Plan, Manufacturing, Technical, Supply Chain, Finance, HR and Commercial. Additional help from internal and external sources can and will be called in to join the team if the disruptive incident requires additional expertise.

Business Continuity Management provides the Duopharma Biotech Group with a firm strategy to handle any situation, at any circumstances and maintains continuity of operations and service delivery to meet the demand of the market. It also retains the confidence of the shareholders & customers towards our product quality. Business Continuity provides a competitive advantage by preventing significant harm to our corporate image, loss of customer and damage to reputation. Business continuity helps mitigate business risks and financial exposures. As a whole, we could conclude that BCM are the way to move forward as the global market changes consistently.

The framework will be reviewed regularly by the Business Continuity Team to ensure adequacy and efficacy.

Statement on Risk Management and Internal Control

CODE OF CONDUCT

The Duopharma Biotech's Code of Conduct adopted from CCM is enshrined in 6 Fundamental Ethical Values PETIRR which the Company and each employee must adhere to, both in letter and in spirit. The 6 Fundamental Ethical values are as follows:

Passion ('P')	**Excellence ('E')**	**Teamwork ('T')**
Integrity ('I')	**Respect ('R')**	**Responsibility ('R')**

Amongst the policies included in the Code of Conduct are Conflict of Interest, Anti-Bribery and Corruption, Gift and Entertainment, Competition Law, Securities and Insider Trading, Risk Management, Information Communication Technology, Intellectual Property and Innovation, Quality and Halal policies.

WHISTLEBLOWING POLICY AND PROCEDURES

The Group is committed to ensure its business and operations are conducted in an ethical, moral and legal manner. The Group's revised Whistle-Blowing Policy that was approved by the Board on 28 November 2018 provides an avenue for employees and stakeholders to report their concerns about any misconduct within the Group. There are currently five available channels ("Speak-Up-Pharma") to address their concerns. These may cover unlawful conduct, financial fraud & malpractice or an unethical act. The Policy also provides assurance that the whistleblower will be protected from possible reprisals or victimisation if they have a reasonable belief that they have made any disclosure in good faith. The reports made in the hotline and associated investigatory records will remain confidential.

HUMAN RESOURCE MANAGEMENT

Key Performance Indicators are used to measure the achievement of staff in achieving the business and operational objectives. To enhance the competencies of the Group's talent pool, staff are kept updated with required training programmes ensuring their capabilities to carry out duties and responsibilities towards achieving the Group's objectives. The Group also conducts periodical salary scale benchmarking and revision in order to stay competitive in the market as well as for talent attraction and retention purposes.

To ensure unsatisfactory performance and workplace conflicts are properly dealt with, the Group has in place guidelines for handling Performance Improvement Plan ("PIP") and disciplinary issues which include breach of integrity and other misconducts which do not comply with the terms and conditions of service, whether expressed or implied.

Employee Engagement is one of the main focus for the Group, where various programmes, activities and competitions are held with active participation from employees, from which the practice of the Group's Core Values can be reinforced and strengthened.

INTERNAL AUDIT

The Group Internal Audit and Integrity ("GIA") function independently reviews and assess the adequacy, operating effectiveness and integrity of the system of internal control in managing the key risks, and reports accordingly to the AIC on a quarterly basis. The annual audit plan is reviewed and approved by the AIC and the frequency of which is determined by the level of assessed risks, to provide an independent and objective report on operational and management activities of these functions. Where weaknesses have been identified as a result of the reviews, improvement measures are recommended to strengthen controls; and follow-up audits are conducted by the GIA to assess the status of implementation thereof by management. In carrying out its work, GIA focuses on areas of priority as directed and approved by the AIC.

The Board remains committed towards maintaining a sound system of internal control and believe that a balanced achievement of the Group's business objectives and operational efficiency can be attained. The Group continues to take measures to further strengthen the internal control environment.

INTEGRITY

With the introduction of the Corporate Liability bill ("Section 17A") as an amendment to the MACC Act 2009, it is highly necessary for Companies to establish measures to prevent corruption from happening and further inculcate Integrity and ethical values in the Organisation. This commitment to making Integrity as a culture is underscored by the many effective initiatives we have in place. The key strategies adopted to implement the integrity initiatives are Awareness, Enhancement, Prevention, Punitive and Rewards.

The Integrity function in Duopharma Biotech is responsible for, amongst others, conducting programmes to further inculcate and enhance integrity in the Group's culture and it's stakeholders, managing the Group's Whistleblowing channels ("SpeakUpPharma"), enhancing business practices to further improve governance and confirming information/complaints received via the whistleblowing channels.

Statement on Risk Management and Internal Control

BOARD'S ASSESSMENT

The Board is of the view that the Company's overall risk management and internal control system is operating adequately and effectively, in all material aspects, and have received the same assurance from both the Group Managing Director and Chief Financial Officer of the Company.

The Board confirms that the risk management process in identifying, evaluating and managing significant risks faced by the Group has been in place throughout 2018 up to date of approval of this statement.

For the financial year 2018, the Board is of the view that the system of internal controls was adequate and effective and, has not resulted in any material loss, contingency or uncertainty that would require disclosure in the Annual Report 2018.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Listing Requirements, 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 ("AAPG") 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for the inclusion in the annual report of Duopharma Biotech Group for the year ended 31 December 2018, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement intended to be included in the Annual Report of Duopharma Biotech Berhad, in all material respects:

(a) has not been prepared in accordance with disclosures required by Paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

(b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of Duopharma Biotech Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are 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 problems.

The statement has been approved by the Board of Directors on 19 March 2019.

Other Disclosures

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

The status of the utilisation of proceeds pursuant to the rights issue exercise of Duopharma Biotech Berhad *(formerly known as CCM Duopharma Biotech Berhad)* ("Duopharma Biotech" or the "Company") which was completed on 22 July 2015 are as follows:

Details of Utilisation	Proceeds Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000
Repayment of bank borrowing	140,000	133,695	6,305
Expansion of factory	106,963	113,268	(6,305)
Estimated expenses	4,100	4,100	-
Total	251,063	251,063	0

2. AUDIT AND NON-AUDIT FEES FOR SERVICES RENDERED TO THE LISTED ISSUER OR ITS SUBSIDIARIES FOR THE FINANCIAL YEAR

During the year ended 31 December 2018, the following amounts have been paid or are payable to the auditors for services rendered to the Duopharma Biotech Group:

	Audit Work (RM'000)	Non-Audit Work (RM'000)
Company level	36	12
Group level	263	27

3. MATERIAL CONTRACTS

Save for the following, there were no material contracts entered into by the Duopharma Biotech Group during the 2 years preceding the date of this Annual Report, other than contracts entered into in the ordinary course of business:

(i) By way of a Share Subscription Agreement ("SSA") dated 25 October 2018 made between Duopharma Biotech of the first part, SCM Lifescience Co., Ltd. ("SCM Lifescience") of the second part, Sun U. Song of the third part and Byung Geon Rhee of the fourth and last part (hereinafter Sun U. Song and Byung Geon Rhee are collectively referred to as the "Interested Persons"), SCM Lifescience had agreed to issue and sell and Duopharma Biotech had agreed to subscribe for and purchase 164,016 common shares and 109,344 redeemable convertible preference shares representing approximately 5.8% equity stake in SCM Lifescience for a total purchase consideration of Korean Won ("KRW") 5,500,003,200 upon the terms and conditions contained in the SSA.

In conjunction thereto, and by way of an Exclusive Marketing And Commercialization Agreement ("EMCA") dated 25 October 2018 made between SCM Lifescience of the one part and Duopharma Biotech of the other part, SCM Lifescience had agreed to grant the Company, in consideration of the Company paying to SCM Lifescience the sum of RM10.00 only upon execution of the EMCA and subject to the terms and conditions of the EMCA, (i) exclusive marketing and commercialization rights in Malaysia, Singapore, Brunei and Philippines (collectively "Principal ASEAN Territories") for all the stem cell therapy products developed by SCM Lifescience; (ii) first right of refusal for exclusive marketing and commercialization rights for all other ASEAN countries, except Indonesia, for all the stem cell therapy products developed by SCM Lifescience; (iii) the technology transfer to the Company for any new future stem cell therapy business undertaken by the Company to the extent it is necessary for SCM Lifescience to fulfil the obligations under the EMCA; and (iv) the license regarding certain patents and patent applications and related know-how to the extent it is necessary for SCM Lifescience to fulfil the obligations under the EMCA.;

Other Disclosures

(ii) By way of a Transitional Use Addendum dated 28 July 2018 made between Duopharma Biotech, Chemical Company of Malaysia Berhad ("CCMB") and SAP Malaysia Sdn. Bhd. ("SAP") to the SAP Software End-User License Agreement made between SAP and CCMB effective 1 September 2010 ("Initial Agreement") and all exhibits, appendices, schedules, order forms or other addenda attached to or referenced by the Initial Agreement (collectively the "Agreement"), SAP and CCMB agreed that Duopharma Biotech and affiliates of Duopharma Biotech shall have the right to use the software licensed by CCMB under the Agreement upon the terms and conditions therein contained;

(iii) Facility Agreement for USD20.0 million Revolving Credit-i Commodity Murabahah entered into between Duopharma Biotech and Oversea-Chinese Banking Corporation Limited, Labuan Branch, upon the terms and conditions as contained in the bank's Facility Letter dated 27 March 2018 and Supplemental Facility Letter dated 16 May 2018;

(iv) By way of a conditional share sale agreement dated 13 April 2018 made between CCMB of the one part and Duopharma Biotech of the other part, Duopharma Biotech had agreed to acquire from CCMB 806,450 common shares in PanGen Biotech Inc. representing approximately 8.39% equity interest in PanGen for a total purchase consideration of RM59.16 million (equivalent to KRW16.35 billion) to be satisfied entirely in cash and upon the terms and conditions therein contained;

(v) By way of a Trade Marks License Agreement dated 11 April 2018 made between CCMB of the one part and Duopharma Biotech of the other part, CCMB had agreed to grant the license and right for Duopharma Biotech and its affiliates to use the trademarks associated with the "CCM Leaf logo" and "CCM" for a consideration of RM250,000 per annum and upon the terms and conditions therein contained, and by way of a sale and purchase agreement of trademarks dated 11 April 2018 made between CCMB and Duopharma Biotech, CCMB had agreed to sell to Duopharma Biotech certain trademarks which are pertinent to the operations of Duopharma Biotech for a total purchase consideration of RM73.00 and upon the terms and conditions therein contained;

(vi) By way of an Information Technology ("IT") Services Agreement dated 11 April 2018 made between CCMB of the one part and Duopharma Biotech of the other part, CCMB had agreed to provide to Duopharma Biotech IT management services, and systems, applications and products ("SAP") services upon the terms and conditions therein contained. The fees for the IT Services provided by CCMB to Duopharma Biotech are as follows:

	IT Management Services	Charges per SAP user
Period	**RM**	**RM per month**
1 January 2018 – 31 December 2018	3,194,244	773
1 January 2019 – 31 December 2019	3,353,952	812
1 January 2020 – 31 December 2020	3,521,652	853
1 January 2018 – 31 December 2021	3,697,740	896

(vii) By way of a Share Sale Agreement dated 27 February 2018 made between Duopharma Marketing Sdn. Bhd. *(formerly known as CCM Pharmaceuticals Sdn. Bhd.)* ("DMktg") (a wholly-owned subsidiary of Duopharma Biotech) of the one part and Duopharma Biotech of the other part, DMktg had agreed to dispose its entire equity interest in Duopharma HAPI Sdn. Bhd. *(formerly known as CCM Biopharma Sdn. Bhd.)* (a wholly-owned subsidiary of DMktg) and Negeri Pharmacy Sdn. Bhd. (a wholly-owned subsidiary of DMktg) in favour of Duopharma Biotech for a purchase consideration of RM2,500,000.00 and RM1.00 respectively and upon the terms and conditions therein contained;

(viii) By way of a Share Sale Agreement dated 27 February 2018 made between Duopharma (M) Sendirian Berhad ("DMSB") (a wholly-owned subsidiary of Duopharma Biotech) of the one part and Duopharma Biotech of the other part, DMSB had agreed to dispose its entire equity interest in Duopharma Manufacturing (Bangi) Sdn. Bhd. *(formerly known as UPHA Pharmaceutical Manufacturing (M) Sdn. Bhd.)* ("DMBSB") (a wholly-owned subsidiary of DMSB) in favour of Duopharma Biotech for a purchase consideration of RM78,365,000.00 and upon the terms and conditions therein contained;

Other Disclosures

(ix) By way of a Debt Conversion Agreement dated 27 February 2018 made between Duopharma Biotech of the one part and DMBSB (a wholly-owned subsidiary of Duopharma Biotech) of the other part, the parties had agreed to increase the paid-up share capital of DMBSB by way of conversion of a portion of inter-company loan owed by DMBSB to Duopharma Biotech amounting to RM90,000,000.00;

(x) Proposed bonus issue announced by Duopharma Biotech on 27 February 2018 of up to 371,945,333 new ordinary shares in Duopharma Biotech ("DBB Shares") ("Bonus Shares") to be credited as fully-paid up on the basis of 4 Bonus Shares for every 3 existing DBB Shares held by the shareholders of Duopharma Biotech at an entitlement date to be determined and announced later, and proposed establishment of a dividend reinvestment plan which will provide the shareholders of Duopharma Biotech with an option to elect to reinvest their cash dividend declared by Duopharma Biotech which includes any interim, final, special or any other cash dividend in DBB Shares;

(xi) Acceptance by DMSB, a wholly-owned subsidiary of Duopharma Biotech, of a Letter of Offer from Pharmaniaga Logistics Sdn. Bhd. to supply pharmaceutical and/or non-pharmaceutical products as listed in the Letter of Offer to hospitals, clinics and others under the Government of Malaysia from 1 December 2017 until 30 November 2019 (or at such other date as directed by the Government) for a total estimated value of approximately RM156 million;

(xii) Acceptance of a tender offer by the Government of Malaysia for Biocon Sdn. Bhd. to manufacture and supply, and for DMktg, a wholly owned subsidiary of Duopharma Biotech, to deliver human insulin formulation under the Ministry of Health's Off-Take Agreement Program, for a period of three (3) years commencing on 2 December 2016 until 1 December 2019 and the Off-Take Agreement in relation thereto dated 18 August 2017 between the Government of Malaysia (represented by the Malaysian Ministry of Health), Biocon Sdn. Bhd. and DMktg for a total consideration of RM300,040,500.00;

(xiii) Credit Facilities Agreement dated 6 July 2017 for an additional amount RM10.0 million entered into between DMSB (a wholly owned subsidiary of Duopharma Biotech) and OCBC Bank (Malaysia) Berhad, based on terms and conditions as contained in the bank's offer letter dated 27 April 2017;

(xiv) Facility Agreement for Murabahah Tawarruq Term Financing-i Facility dated 16 June 2017 of RM250.0 million and Islamic Multi-Trade Facilities dated 19 May 2017 of RM30.0 million entered into between Duopharma Biotech and AmBank Islamic Berhad; and

(xv) Forex Facility for Foreign Exchange Line of USD20.0 million for Forward contract not exceeding three (3) years, and Derivatives Transactions Line of USD20.0 million for Interest Rate Swap contract for up to 3 years, entered between Duopharma Biotech and OCBC Bank (Malaysia) Berhad based on terms and conditions as contained in the bank's letter of offer dated 15 March 2019.

As at 31 December 2018, the Duopharma Biotech Group has material commitments for capital expenditure of RM12,466,000.00 (contracted but not provided for).

Other Disclosures

4. REVALUATION POLICY

The Company adopted a policy to revalue its landed properties every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying amount.

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at 31 December 2018, neither Duopharma Biotech nor its subsidiaries, was engaged in any material litigation, claim or arbitration, either as plaintiff or defendant or otherwise, and the Board does not have any knowledge of any proceedings, pending or threatened against Duopharma Biotech and/or its subsidiary, or of any fact likely to give rise to any such proceedings, which might materially or adversely affect the financial position or business of Duopharma Biotech and/or its subsidiary.

6. RECURRENT RELATED PARTY TRANSACTION OF REVENUE OR TRADING NATURE

During the Annual General Meeting held on 22 May 2017, Duopharma Biotech obtained a shareholders' mandate to allow Duopharma Biotech to enter into recurrent related party transactions ("RRPTs") of a revenue or trading nature which are necessary for its day to day operations and are in the ordinary course of business with related parties. The said general mandate took effect from 22 May 2017 and expired upon conclusion of the AGM of the Company held on 31 May 2018. The disclosure of the RRPTs conducted pursuant to the said shareholders' mandate during the financial year ended 31 December 2018 is set out on pages 189 to 192.

By letter dated 23 May 2018, Bursa Malaysia Securities Berhad had approved the Company's application for waiver from having to comply with Paragraph 10.09 of the Main Market Listing Requirements in respect of any future recurrent related party transactions ("RRPTs") between the Duopharma Biotech group of companies and any companies in which Permodalan Nasional Berhad ("PNB") and/or the unit trust funds managed by PNB are interested in as substantial shareholders ("PNB Investee Companies"). The approval was subject to the condition that all such RRPTs are based on the terms not more favourable to PNB and/or PNB Investee Companies than those generally available to the public and are not detrimental to the minority shareholders of the Company. In view of the aforesaid waiver and -

(a) since no other RRPTs of a revenue or trading nature (i.e. other than those falling within the ambit of the aforesaid waiver) were identified or anticipated for the period from the date of the previous AGM of the Company held on 31 May 2018 until the date of the forthcoming AGM of the Company, the Company did not seek a new shareholders' mandate to apply to RRPTs of a revenue or trading nature with related parties at the previous AGM of the Company; and

(b) likewise, since no other RRPTs of a revenue or trading nature (i.e. other than those falling within the ambit of the aforesaid waiver) have as at to date been identified or anticipated for the period from the date of the forthcoming AGM of the Company until the date of the next AGM of the Company in 2020, the Company will not be seeking a new shareholders' mandate to apply to RRPTs of a revenue or trading nature with related parties at the forthcoming AGM of the Company on 31 May 2019.

FINANCIAL REPORT

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Directors' Report

for the year ended 31 December 2018

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

Principal activities

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Change of name

On 25 February 2019, the Company changed its name from CCM Duopharma Biotech Berhad to Duopharma Biotech Berhad.

Ultimate holding company

The Directors regard Permodalan Nasional Berhad, a company incorporated in Malaysia as the Company's ultimate holding company.

Results

	Group RM'000	Company RM'000
Profit for the year	47,641	74,903

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.

Directors' Report

for the year ended 31 December 2018 (continued)

Dividends

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

(i) a final ordinary dividend of 6.0 sen per ordinary share totalling RM16,738,000 in respect of the financial year ended 31 December 2017 on 17 July 2018. Out of the total cash distribution, a total of RM13,504,152 was converted into 10,978,985 new ordinary shares of the Company at the conversion price of RM1.23 per ordinary share under the Dividend Reinvestment Plan; and

(ii) an interim ordinary dividend of 1.5 sen per ordinary share totalling RM9,928,216 in respect of the year ended 31 December 2018 on 23 November 2018.

The final ordinary dividend recommended by the Directors in respect of the financial year ended 31 December 2018 is 4.0 sen per ordinary share totalling RM26,475,242.

Directors of the Company

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

Duopharma Biotech Berhad
Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir
Leonard Ariff Bin Abdul Shatar
Dato' Mohamad Kamarudin Bin Hassan
Razalee Bin Amin
Datuk Seri Rohani Parkash Binti Abdullah
Zaiton Binti Jamaluddin
Dato' Eisah Binti A.Rahman
Datuk Nik Moustpha Bin Hj Nik Hassan
Datuk Mohd Radzif Bin Mohd Yunus

Subsidiaries
Duopharma (M) Sendirian Berhad
Leonard Ariff Bin Abdul Shatar
Wan Amir-Jeffery Bin Wan Abdul Majid

Duopharma Manufacturing (Bangi) Sdn. Bhd.
(formerly known as Upha Pharmaceutical Manufacturing (M) Sdn. Bhd.)
Feizril Nor Bin Nurbi
Shamsul Idham Bin A.lahad

Duopharma Manufacturing (Glenmarie) Sdn. Bhd.
(formerly known as CCM Pharma Sdn. Bhd.)
Leonard Ariff Bin Abdul Shatar
Wan Amir-Jeffery Bin Wan Abdul Majid

Duopharma Marketing Sdn. Bhd.
(formerly known as CCM Pharmaceuticals Sdn. Bhd.)
Urudra a/l N. Sarvanantham
Wan Amir-Jeffery Bin Wan Abdul Majid

Directors' Report

for the year ended 31 December 2018 (continued)

Directors of the Company (continued)

Subsidiaries (continued)
Duopharma HAPI Sdn. Bhd.
(formerly known as CCM Biopharma Sdn. Bhd.)
Ng Su Yee
Wan Amir-Jeffery Bin Wan Abdul Majid

Sentosa Pharmacy Sdn. Bhd.
Urudra a/l N. Sarvanantham
Wan Amir-Jeffery Bin Wan Abdul Majid

Unique Pharmacy (Ipoh) Sdn. Bhd.
Leonard Ariff Bin Abdul Shatar
Wan Amir-Jeffery Bin Wan Abdul Majid

Unique Pharmacy (Penang) Sdn. Bhd.
Chek Wu Kong
Wan Amir-Jeffery Bin Wan Abdul Majid

Negeri Pharmacy Sdn. Bhd.
Urudra a/l N. Sarvanantham
Chek Wu Kong

Duopharma Innovation Sdn. Bhd.
(formerly known as Innovax Sdn. Bhd.)
Leonard Ariff Bin Abdul Shatar
Wan Amir-Jeffery Bin Wan Abdul Majid

Duopharma (Singapore) Pte. Ltd.
(formerly known as CCM Pharmaceuticals (S) Pte. Ltd.)
Urudra a/l N. Sarvanantham
Wan Amir-Jeffery Bin Wan Abdul Majid
Teo Cheng Peow

DB (Philippines) Inc.
(formerly known as CCM International (Philippines), Inc.)
Wan Amir-Jeffery Bin Wan Abdul Majid
Urudra a/l N. Sarvanantham
Roberto Y. Ysla
Cherrylynn T. Singzon
Darwin Ropher R. Perez

Directors' interests in shares

None of the other Directors holding office at 31 December 2018 had any interest in the shares of the Company and of its related corporations during the financial year.

Directors' Report

for the year ended 31 December 2018 (continued)

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 fees and other benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) 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.

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 the Company or any other body corporate.

Issue of shares

During the financial year, the Company increased its issued and paid-up share capital from 278,959,000 ordinary shares to 661,881,000 ordinary shares by way of:

(a) Issuance of 371,943,000 new ordinary shares as Bonus Shares on the basis of four new ordinary shares for every three existing ordinary shares.

(b) Issuance of 10,979,000 new ordinary shares amounting to RM13,504,000 arising from the implementation of Dividend Reinvestment Plan for 2017 final dividend.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and insurance costs

During the financial year, Directors and Officers of Duopharma Biotech Berhad, together with its subsidiaries are covered under the Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors' and Officers' Liability Insurance effected for the Directors and Officers of the Group was RM50 million. The total amount of premium paid by the Group for the Directors' and Officers' Liability Insurance was RM58,898.

Directors' Report

for the year ended 31 December 2018 (continued)

Other statutory information

Before the 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 financial year ended 31 December 2018 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.

Directors' Report

for the year ended 31 December 2018 (continued)

Significant events during the financial year

Significant events during the financial year are disclosed in Note 29 to the financial statements.

Subsequent events

The details of such events are disclosed in Note 30 to the financial statements.

Auditors

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

The auditors' remuneration is disclosed in Note 16 to the financial statements.

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

Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir
Director

Razalee Bin Amin
Director

Kuala Lumpur
19 March 2019

Statements of Financial Position

as at 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Assets					
Property, plant and equipment	3	386,182	321,335	174	-
Investment property	4	1,200	1,200	-	-
Intangible assets	5	19,403	16,235	-	-
Investments in subsidiaries	6	-	-	379,370	208,505
Other investments	7	52,063	-	52,063	-
Deferred tax assets	8	10,200	9,851	-	-
Trade and other receivables	9	-	-	-	153,719
Total non-current assets		469,048	348,621	431,607	362,224
Inventories	10	139,607	136,303	-	-
Current tax assets		3,396	10,786	523	1,510
Trade and other receivables	9	126,073	113,509	144,896	57,141
Cash and cash equivalents	11	98,254	96,021	51,332	48,871
Total current assets		367,330	356,619	196,751	107,522
Total assets		836,378	705,240	628,358	469,746
Equity					
Share capital	12.1	347,188	333,684	347,188	333,684
Reserves		(27,222)	585	(27,649)	-
Retained earnings		161,075	145,596	65,179	16,942
Equity attributable to owners of the Company	12	481,041	479,865	384,718	350,626
Liabilities					
Loans and borrowings	13	121,650	91,148	121,650	91,148
Deferred tax liabilities	8	11,242	12,568	-	-
Total non-current liabilities		132,892	103,716	121,650	91,148
Loans and borrowings	13	121,842	36,291	111,842	26,291
Trade and other payables	14	100,282	84,150	10,148	1,681
Current tax liabilities		321	1,218	-	-
Total current liabilities		222,445	121,659	121,990	27,972
Total liabilities		355,337	225,375	243,640	119,120
Total equity and liabilities		836,378	705,240	628,358	469,746

The notes on pages 102 to 177 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue	15	498,722	467,987	97,520	19,674
Cost of sales		(294,242)	(281,100)	-	-
Gross profit		204,480	186,887	97,520	19,674
Other income		1,083	500	-	-
Distribution and marketing expenses		(75,655)	(78,479)	(13)	-
Administrative expenses		(62,172)	(50,195)	(19,588)	-
Other expenses		(2,452)	(4,390)	(2,322)	(1,714)
Results from operating activities	16	65,284	54,323	75,597	17,960
Finance income	17	2,111	2,718	7,485	8,471
Finance costs	18	(7,729)	(5,269)	(7,192)	(4,458)
Profit before tax		59,666	51,772	75,890	21,973
Tax expense	20	(12,025)	(9,309)	(987)	(533)
Profit for the year		47,641	42,463	74,903	21,440
Other comprehensive income, net of tax					
Items that will not be reclassified subsequent to profit or loss					
Net change in fair value of equity instruments designated at fair value through other comprehensive income		(27,649)	-	(27,649)	-
Items that are or may be reclassified subsequent to profit or loss					
Foreign currency translation differences for foreign operations		(158)	1,018	-	-
		(27,807)	1,018	(27,649)	-
Total comprehensive income for the year		19,834	43,481	47,254	21,440
Basic earnings per ordinary share (sen)	21	7.26	6.52		

The notes on pages 102 to 177 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2018

		← Attributable to owners of the Company →					
		← Non-distributable →				Distributable	
	Note	Share capital	Share premium	Translation reserve	Fair value reserve	Retained earnings	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
At 1 January 2017		139,479	194,205	(433)	-	121,265	454,516
Foreign currency translation differences for foreign operations		-	-	1,018	-	-	1,018
Total other comprehensive income for the year		-	-	1,018	-	-	1,018
Profit for the year		-	-	-	-	42,463	42,463
Profit and total comprehensive income for the year		-	-	1,018	-	42,463	43,481
Transfer in accordance with Section 618(2) of the Companies Act 2016	12.2	194,205	(194,205)	-	-	-	-
Contributions by and distributions to owners of the Company							
- Dividends to owners of the Company	22	-	-	-	-	(18,132)	(18,132)
Total transactions with owners of the Company		-	-	-	-	(18,132)	(18,132)
At 31 December 2017/ 1 January 2018, as *previously reported*		333,684	-	585	-	145,596	479,865

Consolidated Statement of Changes in Equity

for the year ended 31 December 2018 (continued)

		Attributable to owners of the Company					
		Non-distributable				Distributable	
	Note	Share capital	Share premium	Translation reserve	Fair value reserve	Retained earnings	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
At 31 December 2017/ 1 January 2018, as *previously reported*		333,684	-	585	-	145,596	479,865
Adjustment on initial application of MFRS 15, net of tax	31	-	-	-	-	(4,439)	(4,439)
Adjustment on initial application of MFRS 9, net of tax	31	-	-	-	-	(1,057)	(1,057)
At 1 January 2018, restated		333,684	-	585	-	140,100	474,369
Foreign currency translation differences for foreign operations		-	-	(158)	-	-	(158)
Net change in fair value of equity instrument designated at FVOCI		-	-	-	(27,649)	-	(27,649)
Total other comprehensive income for the year		-	-	(158)	(27,649)	-	(27,807)
Profit for the year		-	-	-	-	47,641	47,641
Profit and total comprehensive income for the year		-	-	(158)	(27,649)	47,641	19,834
Contributions by and distributions to owners of the Company							
- Issuance of shares pursuant to Dividend Reinvestment Plan		13,504	-	-	-	-	13,504
- Dividends to owners of the Company	22	-	-	-	-	(26,666)	(26,666)
Total transactions with owners of the Company		13,504	-	-	-	(26,666)	(13,162)
At 31 December 2018		347,188	-	427	(27,649)	161,075	481,041
		Note 12.1	Note 12.2	Note 12.3	Note 12.4		

The notes on pages 102 to 177 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2018

		← Attributable to owners of the Company →				
		← Non-distributable →			Distributable	
	Note	Share capital	Share premium	Fair value reserve	Retained earnings	Total
		RM'000	RM'000	RM'000	RM'000	RM'000
Company						
At 1 January 2017		139,479	194,205	-	13,634	347,318
Profit for the year		-	-	-	21,440	21,440
Profit and total comprehensive income for the year		-	-	-	21,440	21,440
Transfer in accordance with Section 618(2) of the Companies Act 2016		194,205	(194,205)	-	-	-
Contributions by and distributions to owners of the Company						
- Dividends to owners of the Company	22	-	-	-	(18,132)	(18,132)
Total transactions with owners of the Company		-	-	-	(18,132)	(18,132)
At 31 December 2017/1 January 2018		333,684	-	-	16,942	350,626
Net change in fair value of equity instrument designated at FVOCI		-	-	(27,649)	-	(27,649)
Total other comprehensive income for the year		-	-	(27,649)	-	(27,649)
Profit for the year		-	-	-	74,903	74,903
Profit and total comprehensive income for the year		-	-	(27,649)	74,903	47,254
Contributions by and distributions to owners of the Company						
- Issuance of share pursuant to Dividend Reinvestment Plan		13,504	-	-	-	13,504
- Dividends to owners of the Company	22	-	-	-	(26,666)	(26,666)
Total transactions with owners of the Company		13,504	-	-	(26,666)	(13,162)
At 31 December 2018		347,188	-	(27,649)	65,179	384,718
		Note 12.1	Note 12.2	Note 12.4		

The notes on pages 102 to 177 are an integral part of these financial statements.

Statements of Cash Flows

for the year ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from operating activities					
Profit before tax		59,666	51,772	75,890	21,973
Adjustments for:					
Depreciation of property, plant and equipment	3	24,545	23,951	2	-
Change in fair value of investment property	4	-	(200)	-	-
Amortisation of intangible assets	5	181	169	-	-
Dividend income		-	-	(81,670)	(19,674)
Finance cost	18	7,729	5,269	7,192	4,458
Finance income from					
- Cash and cash equivalents		(2,111)	(2,718)	(1,209)	(1,770)
- Subsidiaries		-	-	(6,276)	(6,701)
Net impairment loss on trade receivables		845	1,508	-	-
Net inventories written down		6,664	3,675	-	-
Net unrealised foreign exchange loss/(gain)		2,185	(438)	2,479	-
(Reversal of)/provision for warranty		(693)	200	-	-
Write off on intangible assets		-	1,600	-	-
Write off on property, plant and equipment		-	267	-	-
Write off on inventories		6,365	-	-	-
Operating profit/(loss) before changes in working capital		105,376	85,055	(3,592)	(1,714)
Change in inventories		(16,333)	(877)	-	-
Change in trade and other receivables		(13,880)	(13,986)	(20,731)	(46,890)
Change in trade and other payables		12,104	2,730	8,467	1,407
Cash generated from/(used in) operations		87,267	72,922	(15,856)	(47,197)
Interest paid	18	(7,729)	(5,269)	(7,192)	(4,458)
Tax paid		(7,391)	(11,839)	-	(841)
Tax refund		184	235	-	81
Net cash generated from/(used in) operating activities		72,331	56,049	(23,048)	(52,415)

Statements of Cash Flows

for the year ended 31 December 2018 (continued)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(89,402)	(69,312)	(176)	-
Acquisition of intangible assets	5	(3,349)	(5,277)	-	-
Increase in investments in subsidiaries	6	-	-	(2,500)	-
Acquisition of other investments		(79,712)	-	(79,712)	-
Dividends received		-	-	-	19,674
Interest received from					
- Cash and cash equivalents		2,111	2,718	1,209	1,770
- Subsidiaries		-	-	6,276	6,701
Net cash (used in)/generated from investing activities		(170,352)	(71,871)	(74,903)	28,145
Cash flows from financing activities					
Dividends paid to owners of the Company	22	(13,162)	(18,132)	(13,162)	(18,132)
Proceeds from borrowings		126,045	29,143	126,045	19,143
Repayment of loan and borrowings		(12,471)	(15,000)	(12,471)	(10,000)
Net cash generated from/(used in) financing activities		100,412	(3,989)	100,412	(8,989)
Net increase/(decrease) in cash and cash equivalents		2,391	(19,811)	2,461	(33,259)
Exchange differences on translation of financial statement of foreign operations		(158)	1,018	-	-
Cash and cash equivalents at 1 January		96,021	114,814	48,871	82,130
Cash and cash equivalents at 31 December		98,254	96,021	51,332	48,871

Statements of Cash Flows

for the year ended 31 December 2018 (continued)

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
	Note	**2018**	**2017**	**2018**	**2017**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits placed with licensed banks	11	5,472	12,016	350	350
Cash and bank balances	11	69,878	47,161	28,078	11,677
Highly liquid investment with financial institutions	11	22,904	36,844	22,904	36,844
		98,254	96,021	51,332	48,871

Significant non-cash transactions

During the financial year, the Company has completed the following non-cash transactions:

1. The Company subscribed to 90,000,000 ordinary shares in a subsidiary, Duopharma Manufacturing (Bangi) Sdn. Bhd. *(formerly known as Upha Pharmaceutical Manufacturing (M) Sdn. Bhd.)* for an amount of RM90,000,000 as partial settlement of amount due from the subsidiary.

2. The Company acquired the entire equity interest in Duopharma Manufacturing (Bangi) Sdn. Bhd. *(formerly known as Upha Pharmaceutical Manufacturing (M) Sdn. Bhd.)* from Duopharma (M) Sendirian Berhad for an amount of RM78,365,000 as partial settlement of amount due from the subsidiary.

Notes to the Financial Statements

Duopharma Biotech Berhad *(formerly known as CCM Duopharma Biotech Berhad)* is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
Lot 2599, Jalan Seruling 59
Kawasan 3, Taman Klang Jaya
41200 Klang
Selangor Darul Ehsan
Malaysia

Registered office
Suite 18.06, Level 18
Kenanga International
No. 26, Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2018 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are disclosed in Note 6. There has been no significant change in the nature of these activities during the financial year.

The ultimate holding company during the financial year is Permodalan Nasional Berhad which is incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors on 19 March 2019.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of 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:

Notes to the Financial Statements (continued)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

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, amendments and interpretations:

- from the annual period beginning on 1 January 2019 for those accounting standard, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019, except for amendments to MFRS 11 and MFRS 128 which are not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.

The Group and the Company do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

Notes to the Financial Statements (continued)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(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.

Notes to the Financial Statements (continued)

1. Basis of preparation (continued)

(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 5 – Intangible assets
- Note 6 – Investments in subsidiaries
- Note 7 – Other investments
- Note 9 – Trade and other receivables
- Note 10 – Inventories
- Note 15 – Revenue
- Note 24 – Measurement of expected credit loss ("ECL")

2. Significant 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.

Arising from the adoption of MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments*, there are changes to the accounting policies of:

(i) financial instruments;
(ii) revenue recognition; and
(iii) impairment losses of financial instruments

as compared to those adopted in previous financial statements. The impacts arising from the changes are disclosed in note 31.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain or loss is recognised directly in equity.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(c) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

Current financial year

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

Previous financial year

Financial instrument was recognised initially, at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Current financial year

Category of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

Current financial year (continued)

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

Current financial year (continued)

(b) Fair value through other comprehensive income (continued)

(i) Debt investment (continued)

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

Current financial year (continued)

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see note 2(l)(i)).

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

Loans and receivables

Loans and receivables category comprised debt instruments that were not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables were subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss were subject to impairment assessment (see note 2(l)(i)).

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

Current financial year

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group and the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities (continued)

Current financial year (continued)

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Previous financial year

In the previous financial year, all financial liabilities of the Group and the Company were subsequently measured at amortised cost.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Freehold land and capital work-in-progress are stated at cost. Other items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing cost.

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

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

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 that 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	48 - 96 years
• freehold buildings	50 years
• leasehold buildings	50 years
• plant and machineries	5 - 10 years
• office equipment, furniture and fittings	5 - 20 years
• motor vehicles	4 - 10 years
• renovations	10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or for both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Intangible assets

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

An intangible asset with an indefinite useful life should not be amortised.

Its useful life should be reviewed at each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite should be accounted for as a change in an accounting estimate.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(f) Intangible assets (continued)

(ii) Brand name

Brand name is stated at cost less any accumulated impairment losses. Brand name has an indefinite use life as it is maintained through continuous marketing and upgrading.

(iii) Marketing rights and other intangible assets

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. 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:

- marketing rights 10 years
- development costs 10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(g) Investment property

Investment property carried at fair value

Investment properties are properties which are owned or held under leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. This includes land held for a currently undetermined future use.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(i) Non-current asset held for sale or distribution to owners

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

(j) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, Financial Instruments (see note 2(l)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments.

(l) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company elected not to restate the comparatives.

Current financial year

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(l) Impairment (continued)

(i) Financial assets (continued)

Current financial year (continued)

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced throught the use of an allowance account.

An impairment loss in repect of debt instruments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets arried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(l) Impairment (continued)

(i) Financial assets (continued)

Current financial year (continued)

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company 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. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

Previous financial year

All financial assets (except for investments in subsidiaries) were assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, were not recognised. For an investment in equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset was estimated.

An impairment loss in respect of loans and receivables was recognised in profit or loss and was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset was reduced through the use of an allowance account.

An impairment loss in respect of unquoted equity instrument that was carried at cost was recognised in profit or loss and was measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

If, in a subsequent period, the fair value of a debt instrument increases and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed, to the extent that the asset's carrying amount did not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was recognised in profit or loss.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(l) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax asset, investment property measured at fair value and asset held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the other assets in the cash-generating unit (or a group of cash-generating units) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(iv) Distribution of assets to owners of the Company

The Group measures a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(n) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to the statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(p) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or services at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(q) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(r) Income tax (continued)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(s) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is not presented as the Group has no shares or other instruments with potential dilutive effects.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(u) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Notes to the Financial Statements (continued)

2. Significant accounting policies (continued)

(u) Contingencies (continued)

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(v) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes to the Financial Statements (continued)

3. Property, plant and equipment

	Freehold land RM'000	Leasehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Plant and machineries RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovations RM'000	Capital work-in-progress RM'000	Total RM'000
Group										
Cost										
At 1 January 2017	69,882	8,600	57,358	50,064	155,334	6,494	974	961	25,839	375,506
Additions	-	-	373	-	14,453	1,594	778	-	52,114	69,312
Disposals/Write off	-	-	-	-	(138)	(108)	(312)	(2)	-	(560)
Reclassification	-	9,503	-	-	3,026	-	-	-	(12,529)	-
At 31 December 2017/ 1 January 2018	69,882	18,103	57,731	50,064	172,675	7,980	1,440	959	65,424	444,258
Additions	-	-	440	1,182	14,321	835	240	-	72,384	89,402
Disposals/Write off	-	-	-	-	(132)	-	-	-	-	(132)
Reclassification	-	-	-	21,186	10,637	-	-	-	(31,823)	-
Effect of exchange rate	-	-	-	-	-	139	-	-	-	139
At 31 December 2018	69,882	18,103	58,171	72,432	197,501	8,954	1,680	959	105,985	533,667

Notes to the Financial Statements (continued)

3. Property, plant and equipment (continued)

	Freehold land RM'000	Leasehold land RM'000	Freehold buildings RM'000	Leasehold buildings RM'000	Plant and machineries RM'000	Office equipment furniture and fittings RM'000	Motor vehicles RM'000	Renovations RM'000	Capital work-in-progress RM'000	Total RM'000
Group										
Depreciation										
At 1 January 2017	-	204	10,412	2,700	81,039	3,727	655	528	-	99,265
Depreciation for the year	-	292	3,225	1,385	17,937	810	207	95	-	23,951
Disposals/Write off	-	-	-	-	-	-	(293)	-	-	(293)
At 31 December 2017/ 1 January 2018	-	496	13,637	4,085	98,976	4,537	569	623	-	122,923
Depreciation for the year	-	616	2,880	2,069	17,746	902	241	91	-	24,545
Disposals/Write off	-	-	-	-	(132)	-	-	-	-	(132)
Effect of exchange rate	-	-	-	-	-	149	-	-	-	149
At 31 December 2018	-	1,112	16,517	6,154	116,590	5,588	810	714	-	147,485
Carrying amounts										
At 1 January 2017	69,882	8,396	46,946	47,364	74,295	2,767	319	433	25,839	276,241
At 31 December 2017/ 1 January 2018	69,882	17,607	44,094	45,979	73,699	3,443	871	336	65,424	321,335
At 31 December 2018	69,882	16,991	41,654	66,278	80,911	3,366	870	245	105,985	386,182

Notes to the Financial Statements (continued)

3. Property, plant and equipment (continued)

	Office equipment RM'000
Company	
Cost	
At 1 January 2017/31 December 2017/1 January 2018	-
Additions	176
At 31 December 2018	176
Depreciation	
At 1 January 2017/31 December 2017/1 January 2018	-
Depreciation for the year	2
At 31 December 2018	2
Carrying amounts	
At 1 January 2017/31 December 2017/1 January 2018	-
At 31 December 2018	174

4. Investment property

	Group	
	2018 RM'000	2017 RM'000
At 1 January	1,200	-
Transfer from asset classified as held for sale	-	1,000
Change in fair value recognised in profit or loss	-	200
At 31 December	1,200	1,200
Included in the above is:		
At fair value		
Leasehold land with unexpired lease period of more than 50 years	1,200	1,200

Notes to the Financial Statements (continued)

4. Investment property (continued)

4.1 Fair value information

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sales comparison approach: Sales price of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.	Recent transactions of similar properties at or near reporting date with similar land usage, land size and location. The characteristics, merits and disadvantages of these properties are noted and diligent adjustments thereof are then made by valuer to reflect the differences and to arrive at the value of the property.	The estimated fair value would increase (decrease) if recent transactions of similar properties at or near reporting date with similar land usage, land size and location were higher (lower).

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment property is determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation company provides the fair value of the Group's investment property portfolio every twelve months. Changes in Level 3 fair values are analysed by the management every twelve months after obtaining valuation report from the valuation company.

Highest and best use

The Group's investment property is a vacant land. The highest and best use of the property should be an industrial land and shop house located nearby the Group's investment property.

Notes to the Financial Statements (continued)

5. Intangible assets

	Marketing rights RM'000	Brands RM'000	Development costs RM'000	Total RM'000
Group				
Cost				
At 1 January 2017	696	1,600	10,431	12,727
Additions	142	-	5,135	5,277
Write off	-	(1,600)	-	(1,600)
At 31 December 2017/1 January 2018	838	-	15,566	16,404
Additions	-	-	3,349	3,349
At 31 December 2018	838	-	18,915	19,753
Amortisation				
At 1 January 2017	-	-	-	-
Amortisation for the year	(81)	-	(88)	(169)
At 31 December 2017/1 January 2018	(81)	-	(88)	(169)
Amortisation for the year	(81)	-	(100)	(181)
At 31 December 2018	(162)	-	(188)	(350)
Carrying amount				
At 1 January 2017	696	1,600	10,431	12,727
At 31 December 2017/1 January 2018	757	-	15,478	16,235
At 31 December 2018	676	-	18,727	19,403

Notes to the Financial Statements (continued)

5. Intangible assets (continued)

Brands

The brands represents the acquisition of the brand name of the over-the-counter products. The Group has fully written off the brands in prior year as the Group no longer sells the over-the-counter products of the brands.

Marketing rights

The carrying amount of marketing rights amounting to RM676,000 (2017: RM757,000) represents the sole and exclusive right to market and sell Insulin Glargine Pen developed by Biocon SA, a company incorporated in India.

Development costs

The carrying amount of development costs represents costs incurred for the purpose of commercialisation of biosimilar products, oncology products as well as Bioequivalence study of various products. The Group will hold the exclusive commercialisation rights for product marketing and distribution in Malaysia, Singapore and Brunei, as well as the exclusive and perpetual royalty-free license to use the technical information for biosimilar products.

Some of the products have commenced commercial activity and is being amortised accordingly. However, there are products that are yet to be fully commercialised at year-end. The management made an assumption that the development costs will be recovered through future commercial activity when the products are fully commercialised in the future.

Notes to the Financial Statements (continued)

6. Investments in subsidiaries

	Company	
	2018	**2017**
	RM'000	RM'000
Unquoted shares, at cost	379,370	208,505

Details of the subsidiaries are as follows:

Name of subsidiaries	**Principal place of business**	**Principal activities**	**Effective ownership interest and voting interest**	
			2018	**2017**
			%	**%**
Duopharma (M) Sendirian Berhad	Malaysia	Manufacturing, distribution, importing and exporting of pharmaceutical products and medicines	100	100
Duopharma Manufacturing (Bangi) Sdn. Bhd. *(formerly known as Upha Pharmaceutical Manufacturing (M) Sdn. Bhd.)*	Malaysia	Manufacturing of pharmaceutical products and sales of medicines	100	100
Duopharma Manufacturing (Glenmarie) Sdn. Bhd. *(formerly known as CCM Pharma Sdn. Bhd.)*	Malaysia	Property management and services	100	100
Duopharma Marketing Sdn. Bhd. *(formerly known as CCM Pharmaceuticals Sdn. Bhd.)*	Malaysia	Marketing and sales of medicine and pharmaceutical products	100	100
Duopharma HAPI Sdn. Bhd. *(formerly known as CCM Biopharma Sdn. Bhd.)*	Malaysia	Trading and manufacturing of pharmaceutical products (ceased operations since January 2002)	100	100
Sentosa Pharmacy Sdn. Bhd.	Malaysia	Distributor of pharmaceutical products	100	100
Unique Pharmacy (Ipoh) Sdn. Bhd.	Malaysia	Trading of pharmaceutical products (ceased operations since March 2014)	100	100
Unique Pharmacy (Penang) Sdn. Bhd.	Malaysia	Distributor of pharmaceutical products	100	100
Negeri Pharmacy Sdn. Bhd.	Malaysia	Trading of pharmaceutical products (ceased operations since September 2002)	100	100

Notes to the Financial Statements (continued)

6. Investments in subsidiaries (continued)

Name of subsidiaries	Principal place of business	Principal activities	Effective ownership interest and voting interest 2018 %	2017 %
Duopharma Innovation Sdn. Bhd. *(formerly known as Innovax Sdn. Bhd.)*	Malaysia	Research and development pharmaceutical products	100	100
Duopharma (Singapore) Pte. Ltd. *(formerly known as CCM Pharmaceuticals (S) Pte. Ltd.)#*	Singapore	Distribution, wholesaler of medicinal and pharmaceutical products	100	100
DB (Philippines), Inc. *(formerly known as CCM International (Philippines), Inc.)#*	Philippines	Distribution, importing and exporting pharmaceutical and chemical products	100	100

Not audited by member firms of KPMG International.

7. Other investments

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current					
Fair value through other comprehensive income	7.1	52,063	-	52,063	-

7.1 Equity investments designated at fair value through other comprehensive income

During the year, the Group designated the investments shown below as equity securities as at fair value through other comprehensive income because these equity securities represent investments that the Group intends to hold for long-term strategic purposes.

	Group and Company Fair value at 31 December 2018 RM'000	Dividend income recognised during 2018 RM'000
PanGen Biotech Inc.	31,509	-
SCM Lifescience Co., Ltd.	20,554	-
	52,063	-

Notes to the Financial Statements (continued)

8. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Property, plant and equipment	-	-	(19,328)	(19,270)	(19,328)	(19,270)
Provisions	7,681	5,998	-	-	7,681	5,998
Unutilised capital allowance carry-forwards	6,251	5,777	-	-	6,251	5,777
Unutilised reinvestment allowance	4,139	4,139	-	-	4,139	4,139
Tax losses carry-forwards	1,201	1,201	-	-	1,201	1,201
Other items	2,654	2,729	(3,640)	(3,291)	(986)	(562)
Tax assets/(liabilities)	21,926	19,844	(22,968)	(22,561)	(1,042)	(2,717)
Set off of tax	(11,726)	(9,993)	11,726	9,993	-	-
Net tax liabilities	10,200	9,851	(11,242)	(12,568)	(1,042)	(2,717)

Movement in temporary differences during the year

	At 1.1.2017 RM'000	Recognised in profit or loss (Note 20) RM'000	At 31.12.2017/ 1.1.2018 RM'000	Recognised in profit or loss (Note 20) RM'000	At 31.12.2018 RM'000
Group					
Property, plant and equipment	(18,938)	(332)	(19,270)	(58)	(19,328)
Provisions	3,240	2,758	5,998	1,683	7,681
Unutilised capital allowance carry-forwards	5,838	(61)	5,777	474	6,251
Unutilised reinvestment allowance	4,139	-	4,139	-	4,139
Tax losses carry-forwards	1,001	200	1,201	-	1,201
Other items	(960)	398	(562)	(424)	(986)
Total	(5,680)	2,963	(2,717)	1,675	(1,042)

Notes to the Financial Statements (continued)

9. Trade and other receivables

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current					
Non-trade					
Amount due from subsidiaries	9.1	-	-	-	153,719
Current					
Trade					
Trade receivables		87,355	86,527	-	-
Amount due from related companies	9.2	-	5	-	-
Amount due from subsidiaries	9.2	-	-	-	19,050
		87,355	86,532	-	19,050
Non-trade					
Amount due from related companies	9.3	72	5,784	72	21,800
Amount due from subsidiaries	9.3	-	-	135,281	16,291
Other receivables and deposits	9.4	31,661	16,084	9,505	-
Prepayments		6,985	5,109	38	-
		38,718	26,977	144,896	38,091
		126,073	113,509	144,896	57,141
		126,073	113,509	144,896	210,860

9.1 The non-trade amount due from subsidiaries are unsecured, interest free (2017: subject to interest at 4.5% per annum) and not repayable over the next 12 months.

9.2 The trade amounts due from related companies and subsidiaries are unsecured, interest free and subject to the normal trade terms.

9.3 The current non-trade amounts due from related companies and subsidiaries are unsecured, subject to interest at 5.0% (2017: interest free) and repayable on demand.

9.4 Included in other receivables and deposits are deposits for new plant and machineries amounting to RM17,679,000 (2017: RM13,392,000).

Notes to the Financial Statements (continued)

10. Inventories

	Group	
	2018	**2017**
	RM'000	**RM'000**
Raw materials and consumables	33,863	32,407
Work-in-progress	3,108	3,856
Packing materials	15,355	13,056
Finished goods	87,281	86,984
	139,607	136,303
Recognised in profit or loss:		
Inventories recognised as cost of sales	209,134	212,982
Inventories written down	6,664	5,924
Inventories write off	6,365	-
Reversal of inventories written down	-	(2,249)

11. Cash and cash equivalents

		Group		Company	
	Note	**2018**	**2017**	**2018**	**2017**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits placed with licensed banks		5,472	12,016	350	350
Cash and bank balances		69,878	47,161	28,078	11,677
Highly liquid investments with financial institutions	11.1	22,904	36,844	22,904	36,844
		98,254	96,021	51,332	48,871

11.1 Highly liquid investments with financial institutions

The Directors regard the highly liquid investments as cash and cash equivalents in view of its high liquidity and insignificant changes in value.

Notes to the Financial Statements (continued)

12. Capital and reserves

12.1 Share capital

	Group and Company			
	Number of shares 2018 '000	Amount 2018 RM'000	Number of shares 2017 '000	Amount 2017 RM'000
Issued and fully paid:				
Ordinary shares				
At 1 January	278,959	333,684	278,959	139,479
Issuance of bonus shares	371,943	-	-	-
Issuance pursuant to dividend reinvestment plan	10,979	13,504	-	-
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016	-	-	-	194,205
At 31 December	661,881	347,188	278,959	333,684

Ordinary shares

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.

The Companies Act 2016 which came into effect on 31 January 2017 has abolished the concept of authorised share capital and par value of share capital.

12.2 Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

In accordance with Section 618 of the Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of the Companies Act 2016 on 31 January 2017 to utilise on the credit.

12.3 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currency other than RM.

Notes to the Financial Statements (continued)

12. Capital and reserves (continued)

12.4 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity and debt securities designated at fair value through other comprehensive income until the assets are derecognised or impaired.

13. Loans and borrowings

This note provides information about the contractual terms of the Group's and the Company's interest-bearing loans and borrowings. For more information about the Group's and the Company's exposure to interest rate and foreign currency risk, see Note 24.

		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Non-current					
Term loan – unsecured	13.1	121,650	91,148	121,650	91,148
Current					
Revolving credit – unsecured	13.2	106,842	26,291	96,842	16,291
Term loan – unsecured	13.1	15,000	10,000	15,000	10,000
		121,842	36,291	111,842	26,291
		243,492	127,439	233,492	117,439

13.1 Term loan – unsecured

(a) On 30 June 2015, the Company obtained a RM245 million term loan facility, divided into two tranches. The Company has settled Tranche 1 of RM133 million on 23 July 2015. Tranche 2 of RM112 million is payable over 7 years and is subject to interest at the rate of 4.5% per annum.

The significant covenant for the unsecured term loan above are as follows:

(i) It is a condition that Permodalan Nasional Berhad shall at all time, directly or indirectly, owns its majority shareholding in the Company's issued and paid up share capital; and

(ii) Gearing ratio at the Company shall not exceed 1.5 times throughout the tenure of the facility.

Notes to the Financial Statements (continued)

13. Loans and borrowings (continued)

13.1 Term loan – unsecured (continued)

(b) On 16 June 2017, the Company obtained a RM250 million term loan facility, is payable over 10 years (including a grace period of 3 years) from the date of the first disbursement of the facility and is subject to interest at the rate of 4.76% per annum.

The significant covenant for the unsecured term loan above are as follows:

(i) The Company shall maintain 100% shareholding interest in the subsidiaries of Duopharma (M) Sendirian Berhad, Duopharma Manufacturing (Bangi) Sdn. Bhd. *(formerly known as Upha Pharmaceutical Manufacturing (M) Sdn. Bhd.)*, Duopharma Marketing Sdn. Bhd. *(formerly known as CCM Pharmaceuticals Sdn. Bhd.)* and Duopharma HAPI Sdn. Bhd. *(formerly known as CCM Biopharma Sdn. Bhd.)*;

(ii) Permodalan Nasional Berhad ("PNB"), its group of companies and funds managed by PNB shall remain as ultimate holding company of the Company throughout the tenure of the facility;

(iii) Financing to equity ratio on consolidated level shall not more than 1.50 times; and

(iv) Financial service coverage ratio on consolidated level not less than 1.20 times.

13.2 Revolving credit – unsecured

The Group's revolving credit as at 31 December 2018 amounting to RM106,842,000 (2017: RM26,291,000) are revolving credits maturing between one to twelve months.

Reconciliation of movement of liabilities to cash flows arising from financing activities

	Term loan RM'000	Revolving credits RM'000	Total RM'000
Group			
Balances at 1 January 2017	101,798	11,498	113,296
Drawdown	9,350	19,793	29,143
Repayment	(10,000)	(5,000)	(15,000)
Balances at 31 December 2017/1 January 2018	101,148	26,291	127,439
Drawdown	45,480	80,565	126,045
Repayment	(9,978)	(2,493)	(12,471)
Foreign exchange movement	-	2,479	2,479
Balances at 31 December 2018	136,650	106,842	243,492

Notes to the Financial Statements (continued)

13. Loans and borrowings (continued)

Reconciliation of movement of liabilities to cash flows arising from financing activities (continued)

	Term loan RM'000	Revolving credits RM'000	Total RM'000
Company			
Balances at 1 January 2017	101,798	6,498	108,296
Drawdown	9,350	9,793	19,143
Repayment	(10,000)	-	(10,000)
Balances at 31 December 2017/1 January 2018	101,148	16,291	117,439
Drawdown	45,480	80,565	126,045
Repayment	(9,978)	(2,493)	(12,471)
Foreign exchange movement	-	2,479	2,479
Balances at 31 December 2018	136,650	96,842	233,492

14. Trade and other payables

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Trade					
Trade payables		31,202	18,914	-	-
Amount due to related companies	14.1	-	141	-	-
		31,202	19,055	-	-
Non-trade					
Amount due to related companies	14.2	5,833	22,899	7,911	962
Other payables		28,975	13,230	2,237	459
Accrued expenses		17,752	10,715	-	260
Provisions		16,520	17,558	-	-
Provision for warranty		-	693	-	-
		69,080	65,095	10,148	1,681
		100,282	84,150	10,148	1,681

14.1 The trade amount due to related companies is unsecured, interest free and subject to the normal trade terms.

14.2 The non-trade amounts due to related companies are unsecured, interest free and repayable on demand.

Notes to the Financial Statements (continued)

15. Revenue

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers	498,722	467,987	15,850	-
Other revenue				
Dividend income	-	-	81,670	19,674
	498,722	467,987	97,520	19,674

15.1 Disaggregation of revenue

	Group	
	2018	2017
	RM'000	RM'000
Primary geographical market		
Malaysia	457,694	427,428
Other countries	41,028	40,559
	498,722	467,987
Type of market		
Public sector	256,644	236,826
Private sector	242,078	231,161
	498,722	467,987
Timing and recognition		
At a point in time	498,012	467,987
Over time	710	-
	498,722	467,987

Revenue derived from contracts with customers by the Company is management fees charged to subsidiaries. The timing and recognition of revenue derived from management fees is recognised at a point in time.

Notes to the Financial Statements (continued)

15. Revenue (continued)

15.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Type of market	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds
Public sector	Revenue is recognised when the goods are delivered and accepted by the customers at their premises.	Credit period of 30 to 90 days from invoice date.	Sales rebates are given to customers based on the total invoice value.	The Group allows returns for exchange with new goods.
Private sector	Revenue is recognised when the goods are delivered and accepted by the customers at their premises.	Credit period of 30 to 90 days from invoice date.	Sales rebates are given to customers based on the total invoice value.	The Group allows returns for exchange with new goods and cash refunds.
Private sector - contract manufacturing	Revenue is recognised overtime as performance obligations are satisfied. This contract would meet the no alternative use and the Group have rights to payment for work performed	Based on agreed milestones.	Not applicable	A refund is required in the event the Group fails to satisfy the performance obligations.

There was no warranty in the provision of the goods and services by the Group.

15.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

	2019 RM'000	2020 RM'000	2021 RM'000	Total RM'000
Contract manufacturing	964	1,038	200	2,202

15.4 Significant judgements and assumptions arising from revenue recognition

The Group applied judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers. For public and private sectors contracts that permit the customer to return an item, revenue is adjusted for expected returns to the extent that it is highly probable that a significant reversal in revenue recognised will not occur. The Group estimated the returns based on the historical data.

Notes to the Financial Statements (continued)

16. Results from operating activities

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging:				
Amortisation of intangible assets	181	169	-	-
Auditors' remuneration:				
- Audit fees				
KPMG in Malaysia	222	211	36	30
Other auditors	41	41	-	-
- Non-audit fees				
KPMG in Malaysia	27	57	12	12
Depreciation on property, plant and equipment	24,545	23,951	2	-
Net impairment loss on trade receivables	845	1,508	-	-
Net inventories written down	6,664	3,675	-	-
Net inventories write off	6,365	-	-	-
Net realised foreign exchange loss	-	-	-	161
Net unrealised foreign exchange loss	2,185	-	2,479	-
Personnel expenses (including key management personnel):				
- Contributions to state plans	10,196	9,814	45	56
- Wages, salaries and others	84,719	72,813	6,951	309
Provision for warranty	-	200	-	-
Rental expenses	3,385	1,600	150	-
Research and development expense	11,485	10,256	-	-
Write off on intangible assets	-	1,600	-	-
Write off on property, plant and equipment	-	267	-	-
and after crediting:				
Change in fair value of investment property	-	200	-	-
Dividend income from:				
- A subsidiary in Malaysia (unquoted)	-	-	81,000	19,050
- A subsidiary in Singapore (unquoted)	-	-	670	624
Net realised foreign exchange gain	83	157	138	-
Net unrealised foreign exchange gain	-	438	-	-
Reversal of provision for warranty	693	-	-	-

Notes to the Financial Statements (continued)

17. Finance income

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest income of financial assets calculated using the effective interest method that are:				
- at amortised cost	1,051	983	6,425	6,736
- at fair value through profit or loss	1,060	1,735	1,060	1,735
	2,111	2,718	7,485	8,471

18. Finance costs

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	7,554	4,995	7,189	4,457
Other finance costs	175	274	3	1
	7,729	5,269	7,192	4,458

19. Key management personnel compensation

The key management personnel compensation is as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Directors				
- Fees	857	772	611	515
- Remuneration	5,315	4,037	1,422	79
- Other short-term employee benefits	102	91	6	8
	6,274	4,900	2,039	602
Other key management personnel				
- Remuneration	1,460	500	2,299	1,992
Total short-term employee benefits	7,734	5,400	4,338	2,594

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

Notes to the Financial Statements (continued)

20. Tax expense

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Recognised in profit or loss				
Current tax expense				
- current year	14,003	11,781	984	491
- (over)/under provision in prior years	(303)	491	3	42
Total current tax recognised in profit or loss	13,700	12,272	987	533
Deferred tax (benefit)/expense				
Origination and reversal of temporary differences	(238)	107	-	-
Over provision in prior years	(1,437)	(3,070)	-	-
Total deferred tax recognised in profit or loss	(1,675)	(2,963)	-	-
Total income tax expense	12,025	9,309	987	533
Reconciliation of tax expense				
Profit for the year	47,641	42,463	74,903	21,440
Total income tax expense	12,025	9,309	987	533
Profit excluding tax	59,666	51,772	75,890	21,973
Income tax calculated using Malaysian tax rate of 24%	14,320	12,425	18,214	5,274
Non-deductible expenses	4,652	1,341	6,342	1,425
Tax exempt income	(26)	(17)	(23,572)	(6,208)
Tax incentives	(5,159)	(2,201)	-	-
(Over)/Under provision in prior years	(1,740)	(2,579)	3	42
Effect of change in tax rate	(22)	340	-	-
	12,025	9,309	987	533

21. Earnings per ordinary share

Pursuant to the requirements of MFRS 133, *Earnings per share*, the weighted average number of ordinary shares used in the calculation of basic and diluted EPS for the financial year ended 31 December 2017 have been retrospectively adjusted to reflect the bonus issue.

(a) Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2018 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

Group	2018 RM'000	2017 RM'000
Profit attributable to ordinary shareholders	47,641	42,463

Notes to the Financial Statements (continued)

21. Earnings per ordinary share (continued)

(a) Basic earnings per ordinary share (continued)

	Group	
	2018	**2017**
	'000	**'000**
Weighted average number of ordinary shares at 31 December	655,925	650,902

	Group	
	2018	**2017**
	Sen	**Sen**
Basic earnings per ordinary share	7.26	6.52

(b) Diluted earnings per ordinary share

Diluted earnings per ordinary share is not presented as the Group has no shares or other instruments with potential dilutive effects as at 31 December 2018.

22. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2018			
Final 2017 ordinary	6.00	16,738	17 July 2018
Interim 2018 ordinary	1.50	9,928	23 November 2018
Total amount		26,666	

Included in the final 2017 ordinary dividend of 6.0 sen per ordinary share, a total of RM13,504,000 was converted into 10,979,000 new ordinary shares of the Company under the Dividend Reinvestment Plan (see Note 12.1). The remaining final 2017 ordinary dividend of RM3,234,000 and interim ordinary dividend of RM9,928,000 (totalling RM13,162,000) was paid in cash.

	Sen per share	Total amount RM'000	Date of payment
2017			
Final 2016 ordinary	4.00	11,158	23 June 2017
Interim 2017 ordinary	2.50	6,974	10 November 2017
Total amount		18,132	

Notes to the Financial Statements (continued)

22. Dividends (continued)

After the end of the reporting period, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

	Sen per share	Total amount RM'000
Final 2018 ordinary	4.00	26,475

23. Operating segments

The Group operates principally in Malaysia and its major business segment being manufacturing and distribution of pharmaceutical products categorised by geographical area as mentioned in geographical segment. The Group's Group Managing Director ("GMD"), who is the chief operating decision maker reviews internal management reports regularly.

Accordingly, no segment information is provided as the financial position and performance are as already shown in the Statement of Financial Position and the Statement of Profit or Loss and Other Comprehensive Income.

Geographical segments

Segment revenue is based on geographical location of customers, and are managed separately because they require different marketing strategies.

Segment assets are not used to measure the financial position of the respective segments and not included in the internal management reports that are reviewed by the GMD, as all assets within the Group, other than trade receivables, are attributed to the business activities in Malaysia.

	Group	
	2018 RM'000	2017 RM'000
Revenue from external customers:		
Local	457,694	427,428
Export	41,028	40,559
	498,722	467,987
Trade receivables from external customers:		
Local	81,685	83,575
Export	5,670	2,952
	87,355	86,527

Major customers

Revenue from major customer with revenue equal or more than 10% of the Group's total revenue amounts to approximately RM118,247,000 (2017: RM76,985,000), generated from local segment.

Notes to the Financial Statements (continued)

24. Financial instruments

24.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2018 categorised as follows:

(a) Amortised cost ("AC");
(b) Fair value through profit or loss ("FVTPL"); and
(c) Fair value through other comprehensive income ("FVOCI"):
- Equity instrument designated upon initial recognition ("EIDUIR").

	Carrying amount RM'000	AC RM'000	FVTPL RM'000	FVOCI - EIDUIR RM'000
2018				
Financial assets				
Group				
Other investments	52,063	-	-	52,063
Trade and other receivables (excluding prepayments)	119,088	119,088	-	-
Cash and bank balances	75,350	75,350	-	-
Highly liquid investments	22,904	-	22,904	-
	269,405	194,438	22,904	52,063
Company				
Other investments	52,063	-	-	52,063
Trade and other receivables (excluding prepayments)	144,858	144,858	-	-
Cash and bank balances	28,428	28,428	-	-
Highly liquid investments	22,904	-	22,904	-
	248,253	173,286	22,904	52,063
Financial liabilities				
Group				
Loan and borrowings	(243,492)	(243,492)	-	-
Trade and other payables	(100,282)	(100,282)	-	-
	(343,774)	(343,774)	-	-
Company				
Loan and borrowings	(233,492)	(233,492)	-	-
Trade and other payables	(10,148)	(10,148)	-	-
	(243,640)	(243,640)	-	-

Notes to the Financial Statements (continued)

24. Financial instruments (continued)

24.1 Categories of financial instruments (continued)

The table below provides an analysis of financial instruments as at 31 December 2017 categorised as follows:

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss ("FVTPL"):
- Held for trading ("HFT"); and
(c) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL - HFT RM'000
2017			
Financial assets			
Group			
Trade and other receivables (excluding prepayments)	108,400	108,400	-
Cash and bank balances	59,177	59,177	-
Highly liquid investments	36,844	-	36,844
	204,421	167,577	36,844
Company			
Trade and other receivables (excluding prepayments)	210,860	210,860	-
Cash and bank balances	12,027	12,027	-
Highly liquid investments	36,844	-	36,844
	259,731	222,887	36,844
Financial liabilities			
Group			
Loan and borrowings	(127,439)	(127,439)	-
Trade and other payables	(84,150)	(84,150)	-
	(211,589)	(211,589)	-
Company			
Loan and borrowings	(117,439)	(117,439)	-
Trade and other payables	(1,681)	(1,681)	-
	(119,120)	(119,120)	-

Notes to the Financial Statements (continued)

24. Financial instruments (continued)

24.2 Net gains and losses arising from financial instruments

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) on:				
Equity instruments designated at fair value through other comprehensive income	(27,649)	-	(27,649)	-
Financial assets at amortised cost	1,051	-	6,425	-
Financial assets at fair value through profit or loss	1,060	-	1,060	-
Loans and receivables	-	2,718	-	8,471
Financial liabilities at amortised cost	(7,729)	(5,269)	(7,192)	(4,458)
	(33,267)	(2,551)	(27,356)	4,013

24.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

24.4 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. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries.

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. Credit evaluations are performed on new customers who require credit facility during the financial year. Depending on the nature of the transactions and the customer's risk profile, the Group may require upfront deposits as collateral.

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

Notes to the Financial Statements (continued)

24. Financial instruments (continued)

24.4 Credit risk (continued)

Trade receivables (continued)

Risk management objectives, policies and processes for managing the risk (continued)

The gross carrying amounts of credit impaired trade receivables are written off (either partially or 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 is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. For receivables from corporate, wholesale, private sectors and government sectors, impairment loss will be generally provided for amounts aged more than 270 days based on historical payment trends and patterns unless there is objective evidence to show otherwise.

Concentration of credit risk

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

	Group	
	2018	**2017**
	RM'000	**RM'000**
Public sector	30,483	28,377
Private sector	56,872	58,155
	87,355	86,532

Notes to the Financial Statements (continued)

24. Financial instruments (continued)

24.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of Impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90 days.

The Group uses an allowance matrix to measure ECLs of trade receivables. 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 three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2018.

	2018		
	Gross carrying amount	**Loss allowance**	**Net balance**
	RM'000	**RM'000**	**RM'000**
Not past due	80,248	(953)	79,295
1-30 days past due	7,204	(111)	7,093
31-60 days past due	1,080	(260)	820
61-90 days past due	208	(61)	147
	88,740	(1,385)	87,355
Credit impaired			
More than 90 days past due	3,518	(3,518)	-
Individually impaired	1,621	(1,621)	-
	93,879	(6,524)	87,355

Notes to the Financial Statements (continued)

24. Financial instruments (continued)

24.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of Impairment losses (continued)

The movements in the allowance for impairment in respect of trade receivables during the year as shown below.

	2018		
	Lifetime ECL RM'000	Credit impaired RM'000	Net balance RM'000
Balance at 1 January as per MFRS 139			4,695
Adjustments on initial application of MFRS 9			1,057
Balance at 1 January as per MFRS 9	906	4,846	5,752
Amounts written off	-	(31)	(31)
Net remeasurement of loss allowance	479	366	845
Effect of foreign currency translation	-	(42)	(42)
Balance at 31 December 2018	1,385	5,139	6,524

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The aging of trade receivables as at 31 December 2017 was as follows:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2017			
Not past due	79,815	-	79,815
Past due 0-30 days	6,171	-	6,171
Past due 31-120 days	715	(207)	508
Past due more than 120 days	4,526	(4,488)	38
	91,227	(4,695)	86,532

The movements in the allowance for impairment losses of trade receivables during the financial year were:

Group	2017 RM'000
At 1 January	4,136
Impairment loss recognised	1,570
Impairment loss written off	(949)
Impairment loss recovered	(62)
At 31 December	4,695

Notes to the Financial Statements (continued)

24. Financial instruments (continued)

24.4 Credit risk (continued)

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 statements of financial position.

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from deposits paid for office buildings and fixtures rented. These deposits will be received at the end of each lease terms. The Group manages the credit risk together with the leasing arrangement.

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 did not recognised any allowance for impairment losses.

Notes to the Financial Statements (continued)

24. Financial instruments (continued)

24.4 Credit risk (continued)

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 regularly.

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 its carrying amount in the statement of financial position.

Loans and advances are only provided to subsidiaries which are wholly owned by the Company.

Recognition and measurement of Impairment losses

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 a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances 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 loan or advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries.

24.5 Liquidity risk

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

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements (continued)

24. Financial instruments (continued)

24.5 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:

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 – 5 Years RM'000
2018						
Group						
Non-derivative financial liabilities						
Trade and other payables	100,282	-	100,282	100,282	-	-
Term loan – unsecured	136,650	4.50 – 5.03	152,359	21,213	29,748	101,398
Revolving credit – unsecured	106,842	1.03 – 4.62	110,062	110,062	-	-
	343,774		362,703	231,557	29,748	101,398
Company						
Non-derivative financial liabilities						
Trade and other payables	10,148	-	10,148	10,148	-	-
Term loan – unsecured	136,650	4.50 – 5.03	152,369	21,213	29,748	101,398
Revolving credit – unsecured	96,842	1.03 – 3.51	99,831	99,831	-	-
	243,640		262,348	131,192	29,748	101,398

Notes to the Financial Statements (continued)

24. Financial instruments (continued)

24.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2017						
Group						
Non-derivative financial liabilities						
Trade and other payables	84,150	-	84,150	84,150	-	-
Term loan – unsecured	101,148	4.50 – 4.76	114,356	14,302	18,746	81,308
Revolving credit – unsecured	26,291	2.47 – 4.22	26,787	26,787	-	-
	211,589		225,293	125,239	18,746	81,308
Company						
Non-derivative financial liabilities						
Trade and other payables	1,681	-	1,681	1,681	-	-
Term loan – unsecured	101,148	4.50 – 4.76	114,356	14,302	18,746	81,308
Revolving credit – unsecured	16,291	2.47 – 2.79	16,718	16,718	-	-
	119,120		132,755	32,701	18,746	81,308

Notes to the Financial Statements (continued)

24. Financial instruments (continued)

24.6 Market risk

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

24.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and bank balance that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Euro ("EURO"), Singapore Dollar ("SGD") and Philippine Peso ("PESO").

Risk management objectives, policies and processes for managing the risk

The Group ensures that the net exposure on foreign currency risk arising from commercial transactions is kept to an acceptable level by buying and selling foreign currencies at spot rates where necessary to address short-term imbalances.

Exposure to foreign currency risk

The Group'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:

	Denominated in USD	
	2018	**2017**
	RM'000	**RM'000**
Group		
Trade and other receivables	4,134	2,823
Trade payables	(6,175)	(11,338)
Bank balances	1,057	446
Bank borrowings	(96,841)	(24,360)
Net exposure in the statement of financial position	(97,825)	(32,429)

	Denominated in EURO	
	2018	**2017**
	RM'000	**RM'000**
Trade and other receivables	3,220	3,309
Trade payables	(168)	(136)
Net exposure in the statement of financial position	3,052	3,173

Notes to the Financial Statements (continued)

24. Financial instruments (continued)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

	Denominated in SGD	
	2018	**2017**
	RM'000	**RM'000**
Trade and other receivables	1,456	1,521
Trade payables	(238)	(36)
Bank balances	1,939	3,785
Net exposure in the statement of financial position	3,157	5,270

	Denominated in PESO	
	2018	**2017**
	RM'000	**RM'000**
Trade receivables	2,184	1,562
Trade payables	(26)	(89)
Bank balances	1,085	1,307
Net exposure in the statement of financial position	3,243	2,780

Currency risk sensitivity analysis

A 10% (2017: 10%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2018	**2017**
	RM'000	**RM'000**
Group		
USD	7,435	2,465
EURO	(232)	(241)
SGD	(240)	(401)
PESO	(246)	(211)
	6,717	1,612

A 10% (2017: 10%) weakening of Ringgit Malaysia 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.

Notes to the Financial Statements (continued)

24. Financial instruments (continued)

24.6 Market risk (continued)

24.6.2 Interest rate risk or net asset value risk

The Group's and the Company's investments in debt securities and borrowings are exposed to a risk of change in their fair value due to changes in market rates. Investments in equity securities and 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 exposure to the risk of changes in market rates relates primarily to the highly liquid investments with floating net asset value and its floating interest rate unsecured term loans. Changes in the net asset value and interest rate may expose the Group to a risk of change in cash flows.

The excess fund placed with licensed banks and other financial institutions and corporations are for certain periods during which the interest rates are fixed. The management reviews the interest rates at regular intervals.

Exposure to interest rate risk

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

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	6,203	12,016	350	350
Financial liabilities	(16,554)	(26,291)	(16,554)	(16,291)
	(10,351)	(14,275)	(16,204)	(15,941)
Floating rate instruments				
Financial assets	22,904	36,844	22,904	36,844
Financial liabilities	(226,937)	(101,148)	(216,937)	(101,148)
	(204,033)	(64,304)	(194,033)	(64,304)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group does 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.

Notes to the Financial Statements (continued)

24. Financial instruments (continued)

24.6 Market risk (continued)

24.6.2 Interest rate risk or net asset value risk (continued)

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) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2018 Profit or (loss)		2017 Profit or (loss)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Group				
Floating rate instruments	(1,551)	1,551	(489)	489
Company				
Floating rate instruments	(1,475)	1,475	(489)	489

24.7 Fair value information

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

Notes to the Financial Statements (continued)

24. Financial instruments (continued)

24.7 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position, is as follows:

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Group										
2018										
Financial assets										
Other investments	31,509	-	20,554	52,063	-	-	-	-	52,063	52,063
Highly liquid investments	22,904	-	-	22,904	-	-	-	-	22,904	22,904
	54,413	-	20,554	74,967	-	-	-	-	74,967	74,967
Financial liabilities										
Term loan	-	-	-	-	-	-	(112,452)	(112,452)	(112,452)	(136,650)
2017										
Financial assets										
Highly liquid investments	36,844	-	-	36,844	-	-	-	-	36,844	36,844
Financial liabilities										
Term loan	-	-	-	-	-	-	(88,370)	(88,370)	(88,370)	(101,148)

24. Financial instruments (continued)

24.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
Company										
2018										
Financial assets										
Other investments	31,509	-	20,554	52,063	-	-	-	-	52,063	52,063
Highly liquid investments	22,904	-	-	22,904	-	-	-	-	22,904	22,904
	54,413	-	20,554	74,967	-	-	-	-	74,967	74,967
Financial liabilities										
Term loan	-	-	-	-	-	-	(112,452)	(112,452)	(112,452)	(136,650)
2017										
Financial assets										
Highly liquid investments	36,844	-	-	36,844	-	-	-	-	36,844	36,844
Amount due from subsidiaries	-	-	144,444	144,444	-	-	-	-	144,444	153,719
	36,844	-	144,444	181,288	-	-	-	-	181,288	190,563
Financial liabilities										
Term loan	-	-	-	-	-	-	(88,370)	(88,370)	(88,370)	(101,148)

Notes to the Financial Statements (continued)

24. Financial instruments (continued)

24.7 Fair value information (continued)

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 (2017: no transfer in either direction).

Level 3 fair value

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Loan to subsidiaries	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

Valuation processes applied by the Group for Level 3 fair value

The Group has an established control framework in respect to the measurement of fair values of financial instruments. This includes management that has overall responsibility for overseeing all significant fair value measurements.

Interest rate used to determine fair value

The interest rate used to discount estimated cash flows is Nil (2017: 4.5%).

Notes to the Financial Statements (continued)

25. Capital management

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to safeguard shareholders' interest within the Group and to sustain future development of the business.

The debt-to-equity ratio at 31 December 2018 and at 31 December 2017 were as follows:

		Group	
	Note	**2018**	**2017**
		RM'000	**RM'000**
Total loans and borrowings	13	243,492	127,439
Total equity		481,041	479,865
Debt-to-equity ratios		0.51:1	0.27:1

The Group is also required to maintain a maximum debt-to-equity ratio of 1.5 and minimum debt service cover ratio of 1.2 to comply with debt covenants, failing which, the bank may call an event of default. The Group has complied with the covenants.

26. Operating lease

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Less than 1 year	1,175	1,023	439	-
Between 1 and 5 years	705	112	696	-
	1,880	1,135	1,135	-

The Group and the Company lease an office building under operating lease. The lease typically run for a period of 3 years.

27. Capital and other commitments

	Group	
	2018	**2017**
	RM'000	**RM'000**
Capital expenditure commitments		
Plant and equipment		
Contracted but not provided for	12,466	20,452

Notes to the Financial Statements (continued)

28. Related party transactions

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group 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. Key management personnel include all the Directors of the Group, and certain members of senior management of the Group. The Group has related party relationship with its holding company, subsidiaries, related companies and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below, except for key management personnel compensation which is shown in Note 19. The balances related to the below transactions are shown in Note 9 and 14.

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Immediate holding company				
Dividend paid	(12,556)	-	(12,556)	-
Related companies				
Management fees paid	(6,191)	(8,271)	(6,191)	-
Dividend paid	-	(13,303)	-	(13,303)
Dividend income received from a subsidiary	-	-	81,670	19,674
Interest income received from subsidiaries	-	-	6,277	6,701

There is no impairment loss recognised in respect of these outstanding balances at year end.

All the outstanding balances are unsecured and expected to be settled with cash.

Included in the management fees paid to the related company is payment for services of a director and certain key management personnel of the Group amounting to Nil (2017: RM650,780).

Notes to the Financial Statements (continued)

29. Significant events during the financial year

During the financial year, the Company has completed the following corporate exercises:

29.1 Internal restructuring

On 24 May 2018, the Company has:

(i) acquired the entire equity interest in Duopharma HAPI Sdn. Bhd. *(formerly known as CCM Biopharma Sdn. Bhd.)* and Negeri Pharmacy Sdn. Bhd. from Duopharma Marketing Sdn. Bhd. *(formerly known as CCM Pharmaceuticals Sdn. Bhd.)*;

(ii) acquired the entire equity interest in Duopharma Manufacturing (Bangi) Sdn. Bhd. ("DMBSB") *(formerly known as Upha Pharmaceutical Manufacturing (M) Sdn. Bhd.)* from Duopharma (M) Sendirian Berhad; and

(iii) made further investment in DMBSB by way of conversion of a portion of inter-company loan owing by DMBSB to the Company.

29.2 Bonus issue

The Company has completed the issuance of 371,943,071 new bonus shares on the basis of four bonus shares for every three existing shares on 20 June 2018.

29.3 Acquisition of PanGen Biotech Inc.

On 28 June 2018, the Company has successfully acquired 806,450 shares in Pangen Biotech Inc. ("PanGen") representing approximately 8.39% equity interest in PanGen from Chemical Company of Malaysia Berhad for a total purchase consideration of KRW16.35 billion (equivalent to RM59.16 million) in cash.

29.4 Dividend Reinvestment Plan

The Company had implemented the Dividend Reinvestment Plan for its 2017 Final Dividend at a conversion price of RM 1.23 per ordinary share and had successfully issued and allotted 10,978,985 new shares on 18 July 2018.

29.5 Acquisition of SCM Lifescience Co., Ltd.

On 23 November 2018, the Company has successfully acquired 164,016 common shares and 109,344 redeemable convertible preference shares representing approximately 5.8% equity stake in SCM Lifescience Co., Ltd. for a total purchase consideration of KRW3.3 million and KRW2.2 million respectively (equivalent to approximately RM20.24 million).

Notes to the Financial Statements (continued)

30. Subsequent event

Proposed Dividend Reinvestment Plan

On 18 February 2019, Company has proposed to establish a dividend reinvestment plan which will provide the shareholders with an option to elect to reinvest their cash dividend declared by Duopharma Biotech Berhad ("DBB") which includes any interim, final, special or any other cash dividend in DBB shares.

31. Significant changes in accounting policies

During the year, the Group adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on their financial statements. The Group generally applied the requirements of these accounting standards. Nevertheless, as permitted by MFRS 9, the Group have elected not to restate the comparatives.

31.1 Impacts on financial statements

The following tables summarise the impacts arising from the adoption of MFRS 15 and MFRS 9 on the Group's financial statements.

a. Statement of financial position

	As reported RM'000	MFRS 15 adjustments RM'000	MFRS 9 adjustments RM'000	Balances without adoption of MFRS 15 and MFRS 9 RM'000
31 December 2018				
Assets				
Trade and other receivables	126,073	-	1,754	127,827
Others	710,305	-	-	710,305
	836,378	-	1,754	838,132
Liabilities				
Trade and other payables	(100,282)	5,910	-	(94,372)
Others	(255,055)	-	-	(255,055)
	(355,337)	5,910	-	(349,427)
Equity				
Retained earnings	(161,075)	(5,910)	(1,754)	(168,739)
Others	(319,966)	-	-	(319,966)
	(481,041)	(5,910)	(1,754)	(488,705)

Notes to the Financial Statements (continued)

31. Significant changes in accounting policies (continued)

31.1 Impacts on financial statements (continued)

b. Statement of profit or loss and other comprehensive income

	As reported RM'000	MFRS 15 adjustments RM'000	MFRS 9 adjustments RM'000	Balances without adoption of MFRS 15 and MFRS 9 RM'000
31 December 2018				
Revenue	498,722	11,451	-	510,173
Distribution and marketing expenses	(75,655)	(9,980)	-	(85,635)
Administrative expenses	(62,172)	-	697	(61,475)
Others	(301,229)	-	-	(301,229)
Profit before tax	59,666	1,471	697	61,834

c. Statement of cash flows

	As reported RM'000	MFRS 15 adjustments RM'000	MFRS 9 adjustments RM'000	Balances without adoption of MFRS 15 and MFRS 9 RM'000
31 December 2018				
Profit before tax	59,666	1,471	697	61,834
Adjustments for:				
Change in trade and other receivables	(13,732)	-	(697)	(14,429)
Change in trade and other payables	12,104	(1,471)	-	10,633

31.2 Accounting for financial instruments

a. Transition

In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted:

(i) The Group have not restated comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement.*

Notes to the Financial Statements (continued)

31. Significant changes in accounting policies (continued)

31.2 Accounting for financial instruments (continued)

a. Transition (continued)

(ii) The assessments on the determination of the business model within which a financial asset is held have been made based on the facts and circumstances that existed at the date of initial application.

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9

The following table shows the measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and the Company's financial assets and financial liabilities as at 1 January 2018.

		1 January 2018			
		Reclassification to new MFRS 9 category			
Category under MFRS 139	**31 December 2017**	**Remeasurement**	**Amortised cost ("AC")**	**Fair value through profit or loss ("FVTPL")**	**Notes**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	
Financial assets					
Loans and receivables					
Trade and other receivables (excluding prepayments)	108,400	(1,057)	107,343	-	31.2(b)(i)
Cash and cash equivalents	59,177	-	59,177	-	
	167,577	(1,057)	166,520	-	

Notes to the Financial Statements (continued)

31. Significant changes in accounting policies (continued)

31.2 Accounting for financial instruments (continued)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9 (continued)

		1 January 2018		
		Reclassification to new MFRS 9 category		
Category under MFRS 139	**31 December 2017**	**Remeasurement**	**Amortised cost ("AC")**	**Fair value through profit or loss ("FVTPL")**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial assets				
Fair value through profit or loss– held for trading				
Highly liquid investments	36,844	-	-	36,844
Financial liabilities				
Financial liabilities measured at amortised cost				
Loan and borrowings	(127,439)	-	(127,439)	-
Trade and other payables	(84,150)	-	(84,150)	-
	(211,589)	-	(211,589)	-

Notes to the Financial Statements (continued)

31. Significant changes in accounting policies (continued)

31.2 Accounting for financial instruments (continued)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9 (continued)

		1 January 2018		
		Reclassification to new MFRS 9 category		
Category under MFRS 139				
Company	**31 December 2017 RM'000**	**Remeasurement RM'000**	**Amortised cost ("AC") RM'000**	**Fair value through profit or loss ("FVTPL") RM'000**
Financial assets				
Loans and receivables				
Trade and other receivables (excluding prepayments)	210,860	-	210,860	-
Cash and cash equivalents	12,027	-	12,027	-
	222,887	-	222,887	-
Fair value through profit or loss– held for trading				
Highly liquid investments	36,844	-	-	36,844
Financial liabilities				
Financial liabilities measured at amortised cost				
Loan and borrowings	(117,439)	-	(117,439)	-
Trade and other payables	(1,681)	-	(1,681)	-
	(119,120)	-	(119,120)	-

Notes to the Financial Statements (continued)

31. Significant changes in accounting policies (continued)

31.2 Accounting for financial instruments (continued)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9 (continued)

(i) Reclassification from loans and receivables to amortised cost

Trade and other receivables that were classified as loans and receivables under MFRS 139 are now reclassified at amortised cost. An increase of RM1,057,000 in allowance for impairment was recognised in opening retained earnings of the Group at 1 January 2018 on transition to MFRS 9.

31.3 Accounting for revenue

In the adoption of MFRS 15, the following practical expedients as permitted by the standard have been adopted:

(a) for completed contracts, the Group does not restate contracts that:

(i) begin and end within the same annual reporting period; or

(ii) are completed contracts at the beginning of the earliest period presented.

(b) for completed contracts that have variable consideration, the Group uses the transaction price at the date the contract was completed rather than estimating variable consideration amounts in the comparative reporting periods.

The following are the changes in revenue recognition from the adoption of MFRS 15:

Type of revenue	Previous year's revenue recognition	Current year's revenue recognition
Public and private sector	The Group previously recognised revenue when the goods were delivered to the customer's premises, which was taken to be the point in time at which the customer accepted the goods and the related risks and rewards of ownership transferred. Revenue was recognised at the point provided that the revenue and costs could be measured reliably, the recovery of the consideration was probable and there was no continuing managerial involvement with the goods.	For those contracts for which the Group was unable to make a reasonable estimate of returns, revenue is recognised sooner under MFRS 15. Where revenue is not recognised for expected returns, it will be presented as refund liability, which is included in the trade and other payables.
Private sector-contract manufacturing	Not applicable.	The revenue is recognised overtime under MFRS 15 by reference to agreed milestone

Statement by Directors

pursuant to Section 251(2) of the Companies Act 2017

In the opinion of the Directors, the financial statements set out on pages 94 to 177 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards 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 2018 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:

Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir
Director

Razalee Bin Amin
Director

Kuala Lumpur

19 March 2019

Statutory Declaration

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

I, **Chek Wu Kong**, the officer primarily responsible for the financial management of Duopharma Biotech Berhad *(formerly known as CCM Duopharma Biotech Berhad)*, do solemnly and sincerely declare that the financial statements set out on pages 94 to 177 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 provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Chek Wu Kong, NRIC: 660124-08-6517, MIA CA 7644, at Kuala Lumpur in the Federal Territory on 19 March 2019.

Chek Wu Kong

Before me:

Independent Auditors' Report to the Members of Duopharma Biotech Berhad

(Company No. 524271-w) (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Duopharma Biotech Berhad *(formerly known as CCM Duopharma Biotech Berhad)*, which comprise the statements of financial position as at 31 December 2018 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 significant accounting policies, as set out on pages 94 to 177.

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 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the 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' *Code of Ethics for Professional Accountants* ("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.

Independent Auditors' Report to the Members of Duopharma Biotech Berhad

(Company No. 524271-w) (Incorporated in Malaysia)

Key Audit Matters (continued)

Inventory provisions

Refer to Note 2(h) - Significant accounting policy: Inventories and Note 10 – Inventories.

The key audit matter	How the matter was addressed in our audit
The Group manufactures and sells pharmaceutical products which carry shelf life, increasing the level of judgement involved in estimating inventory provisions. Judgement is required to assess the appropriate level of provisioning for short-dated pharmaceutical products. Such judgements include Directors' expectations for future sales and inventory liquidation plans.	We performed the following audit procedures, among others: • We attended stock counts to identify whether any inventory was obsolete; • We assessed the basis for the inventory provisions, the consistency of provisioning in line with policy and the rationale for the recording of specific provisions; • We tested the accuracy of the ageing of inventories based on system generated reports; and • We tested the provision calculations and determined that they appropriately took into account the ageing profile of inventories.

Adoption of MFRS 15, Revenue from Contract with Customers

Refer to Note 2(p)(i) – Significant accounting policy: Revenue and Note 31 - Significant changes in accounting policy

The key audit matter	How the matter was addressed in our audit
The Group adopted new accounting policies and disclosures on MFRS 15. The complex accounting requirements underlying the determination of adjustments on transition.	We performed the following audit procedures, among others: • We evaluated the reasonableness of management's key judgements and estimates made in preparing transition adjustments and adopting MFRS 15, including variable consideration calculations; • We assessed the appropriateness of management's revenue recognition under MFRS 15 across significant revenue streams for a sample of contracts; • We assessed the completeness, accuracy and relevance of data; and • We assessed the completeness, accuracy and relevance of disclosures required by MFRS 15.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Independent Auditors' Report to the Members of Duopharma Biotech Berhad

(Company No. 524271-w) (Incorporated in Malaysia)

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 Director's 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 auditor's 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, International Financial Reporting Standards and the requirements of the 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.

Independent Auditors' Report to the Members of Duopharma Biotech Berhad

(Company No. 524271-w) (Incorporated in Malaysia)

Auditors' Responsibilities 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 control 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.

- 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.

Independent Auditors' Report to the Members of Duopharma Biotech Berhad

(Company No. 524271-w) (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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, related safeguards.

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 6 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

Abdullah Abu Samah
Approval Number: 02013/06/2020 J
Chartered Accountant

Petaling Jaya, Selangor

19 March 2019

Analysis of Shareholdings

As at 29 March 2019

Total Number of Issued Shares	:	661,881,056
Class of Shares	:	Ordinary Shares
No. of Shareholders	:	7,802
Voting Rights	:	One Vote per Ordinary Share

ANALYSIS BY SIZE OF HOLDINGS

as at 29 March 2019

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	740	9.484	28,974	0.004
100 - 1,000	980	12.560	627,002	0.094
1,001 - 10,000	3,797	48.667	18,654,767	2.818
10,001 - 100,000	1,895	24.288	55,954,371	8.453
100,001 - 33,094,051 (*)	389	4.985	287,536,234	43.442
33,094,052 AND ABOVE (**)	1	0.012	299,079,708	45.186
Total	7,802	100.000	661,881,056	100.000

* Less than 5% of issued shares
** 5% And above of issued shares

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS

As at 29 March 2019

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir	-	-	-	-
Leonard Ariff Bin Abdul Shatar	-	-	-	-
Dato' Mohamad Kamarudin Bin Hassan	-	-	-	-
Razalee Bin Amin	-	-	-	-
Datuk Seri Rohani Parkash Binti Abdullah	-	-	-	-
Puan Zaiton Binti Jamaluddin	-	-	-	-
Dato' Eisah Binti A.Rahman	-	-	-	-
Datuk Nik Moustpha Bin Haji Nik Hassan	-	-	-	-
Datuk Mohd Radzif Bin Mohd Yunus*	12,649	0.002	-	-

* As at 8 April 2019, Datuk Radzif held 12,649 shares of Duopharma Biotech

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHARES

As at 29 March 2019

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Permodalan Nasional Berhad	299,079,708	45.19	-	-
Yayasan Pelaburan Bumiputra	-	-	299,079,708	45.19
Employees Provident Fund Board	-	-	51,711,561	7.81

Analysis of Shareholdings

As at 29 March 2019

TOP 30 HOLDINGS

As at 29 March 2019

No.	Name	Holdings	%
1.	PERMODALAN NASIONAL BERHAD	299,079,708	45.186
2.	AMANAHRAYA TRUSTEES BERHAD Amanah Saham Bumiputera	25,000,000	3.777
3.	PUBLIC NOMINEES (ASING) SDN. BHD. Pledged Securities Account For Billion Victory Sdn. Bhd. (KLC)	17,080,000	2.580
4.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. Employees Provident Fund Board	16,925,051	2.557
5.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. Employees Provident Fund Board (Am Inv)	11,534,140	1.742
6.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. Employees Provident Fund Board (CIMB Prin)	10,232,131	1.545
7.	AMANAHRAYA TRUSTEES BERHAD Amanah Saham Malaysia	10,000,000	1.510
8.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. Employees Provident Fund Board (Aberislamic)	9,520,239	1.438
9.	AMANAHRAYA TRUSTEES BERHAD Public Islamic Treasures Growth Fund	6,976,666	1.054
10.	HSBC NOMINEES (ASING) SDN. BHD. Exempt An For Credit Suisse (Sg Br-Tst-Asing)	6,060,092	0.915
11.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) Trustee Bhd For CIMB Islamic Dali Equity Theme Fund	4,620,900	0.698
12.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD As Beneficial Owner (PF)	4,481,600	0.677
13.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. Kumpulan Wang Persaraan (Diperbadankan) (CIMB Equities)	4,318,057	0.652
14.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. Employees Provident Fund Board (Amundi)	3,500,000	0.528
15.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD Kaf Dana Adib	3,278,663	0.495
16.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) Trustee Bhd For Manulife Investment Progress Fund (4082)	3,058,345	0.462
17.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. Universal Trustee (Malaysia) Berhad For CIMB Islamic Small Cap Fund	3,054,562	0.461
18.	AMANAHRAYA TRUSTEES BERHAD Amanah Saham Malaysia 3	2,989,790	0.451
19.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. National Trust Fund (IFM Kenanga)	2,762,462	0.417
20.	AMANAHRAYA TRUSTEES BERHAD Affin Hwang Principled Growth Fund	2,463,725	0.372
21.	LEONG CHAO SEONG	2,426,542	0.366

Analysis of Shareholdings

As at 29 March 2019

TOP 30 HOLDINGS (CONTINUED)

As at 29 March 2019

No.	Name	Holdings	%
22.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. Maybank Trustees Berhad For CIMB-Principal Small Cap Fund (240218)	2,391,629	0.361
23.	AMANAHRAYA TRUSTEES BERHAD Amtotal Return	2,357,067	0.356
24.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD Kaf Tactical Fund	2,210,100	0.333
25.	OOI KENG TAN	2,117,603	0.319
26.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN. BHD. CIMB Islamic Trustee Berhad - Kenanga Syariah Growth Fund	1,960,136	0.296
27.	UOBM NOMINEES (TEMPATAN) SDN. BHD. UOB Asset Management (Malaysia) Berhad For Gibraltar BSN Aggressive Fund	1,906,910	0.288
28.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	1,778,552	0.268
29.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. Kumpulan Wang Persaraan (Diperbadankan) (Amundi Sc Eq)	1,710,000	0.258
30.	WONG KIN WAH	1,660,500	0.250

List of Top 10 Properties

As at 31 December 2018

No.	Location	Tenure	Lease Period	Area (sq-meter)	Description	Existing Use	Approximate Age of Building	Net Book Value (RM million)	Date of Valuation
1.	Duopharma (M) Sendirian Berhad Lot No. 2599, Jalan Seruling 59, Kawasan 3, Taman Klang Jaya, 41200 Klang, Selangor Darul Ehsan	Freehold	-	24,261	a. Industrial land built upon with a double storey factory building, a single storey pump house cum boiler house, a guard house b. Four storey factory and office building c. 2-storey warehouse building with 2 mezzanine office levels of high specifications for specific pharmaceutical use and water tank d. Construction of 7 storey office and 5 storey Manufacturing Block e. Construction of 5 storey Manufacturing Block	Factory, Warehouse and Office	26 years	77.97	December 2015
2.	Duopharma (M) Sendirian Berhad Lot No. 2707, Jalan Seruling 59, Kawasan 3, Taman Klang Jaya, 41200 Klang, Selangor Darul Ehsan	Freehold	–	4.38 acres	Industrial land	Construction in-progress for warehouse with rooftop car park	–	57.25	December 2015
3.	Duopharma Manufacturing (Bangi) Sdn. Bhd. *(formerly known as Upha Pharmaceutical Manufacturing (M) Sdn. Bhd.)* Lot Nos. 2 & 4, Section 13, Bangi Industrial Estate, 43650 Bandar Baru Bangi, Selangor Darul Ehsan	Leasehold	99 years (1987 - 2086)	21,359	Industrial land built upon with 3-storey office cum factory building with lift service, a 3-storey store, canteen and laboratory building, a 2-storey warehouse block, a new 2½ -storey office, factory cum warehouse building with lift services, a pump block and two guardhouse buildings	Industrial Land, Factory and Office	31 years	53.11	November 2014
4.	Duopharma Marketing Sdn. Bhd. *(formerly known as CCM Pharmaceuticals Sdn. Bhd.)* No. 6, 8 & 10, Jalan P/7, Seksyen 13, Bangi Industrial Estate, 43650 Bandar Baru Bangi, Selangor Darul Ehsan	Leasehold	99 years (1987 - 2086)	12,140	Leasehold land built upon with 2-storey office cum \warehouse building	Warehouse and office	31 years	31.09	November 2014

List of Top 10 Properties

As at 31 December 2018

No.	Location	Tenure	Lease Period	Area (sq-meter)	Description	Existing Use	Approximate Age of Building	Net Book Value (RM million)	Date of Valuation
5.	Duopharma Manufacturing (Glenmarie) Sdn. Bhd. *(formerly known as CCM Pharma Sdn. Bhd.)* No. 2, Jalan Saudagar U1/16, Seksyen U1 Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan	Freehold	–	5,904	Industrial land, factory and offices	Factory and Offices	21 years	26.5	December 2018
6.	Duopharma Manufacturing (Glenmarie) Sdn. Bhd. *(formerly known as CCM Pharma Sdn. Bhd)* Lot 1, Phase 1, Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur	Sub-lease of 30 years	–	1.85 acres	Land	Vacant	-	3.5	December 2018
7.	Duopharma Marketing Sdn. Bhd. *(formerly known as CCM Pharmaceuticals Sdn. Bhd.)* No. 1, Jalan 4/3, Seksyen 4, 43650 Bandar Baru Bangi, Selangor Darul Ehsan	Leasehold	99 years (1987 - 2086)	1,565	A plot of vacant residential detached building land	Vacant	-	1.2	December 2018
8.	Duopharma (M) Sendirian Berhad No. 51 & 53, Jalan Rebana 3, Off Jalan Seruling 59, Kawasan 3, Taman Klang Jaya, 41200 Klang, Selangor Darul Ehsan	Freehold	-	835	Two units of double storey terrace light industrial building	Warehouse	22 years	0.72	December 2015
9.	Duopharma Marketing Sdn. Bhd. *(formerly known as CCM Pharmaceuticals Sdn. Bhd.)* No. 64, Jalan Permas 9/13, Bandar Baru Permas Jaya, Masai, 81750 Johor Bahru, Johor Darul Takzim	Freehold	-	362	An intermediate 1½ storey terraced factory building	Warehouse	27 years	0.72	December 2018
10.	Duopharma Marketing Sdn. Bhd. *(formerly known as CCM Pharmaceuticals Sdn. Bhd.)* No. 309, 310, 411 and 412, Block 4, Jalan 1/9, Seksyen 1, Bandar Baru Bangi, 43650 Bangi, Selangor Darul Ehsan	Leasehold	99 years (1996 - 2095)	228	4 units of 2-bedrooms walk-up low cost flat unit	Hostel	22 years	0.14	November 2014

Recurrent Related Party Transactions of a Revenue or Trading Nature

At the Annual General Meeting held on 22 May 2017, the Company had obtained the shareholders' mandate to allow the Company to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature. The shareholders' mandate expired at the conclusion of the Annual General Meeting of the Company held on 31 May 2018. No renewal of shareholders' mandate was sought at the Annual General Meeting on 31 May 2018.

In accordance to the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, details of the Recurrent Related Party Transactions audited during the financial year ended 31 December 2018, pursuant to the shareholders mandate are as follows:-

Transactions	Vendor/ Provider	Purchaser/ Recipient	Aggregate Value (RM'000) for period 1 Jan 2018 to 31 May 2018	Aggregate Value (RM'000) for period 23 May 2017 to 31 May 2018	Related Parties
Purchase of raw material for pharmaceutical products	CCM Chemicals Sdn. Bhd. ("CCMC")	Duopharma (M) Sendirian Berhad ("DMSB")	6	6	***Interested Major Shareholder:*** Permodalan Nasional Berhad("PNB")[3] Chemical Company of Malaysia Berhad("CCM")[4] ***Interested Directors/Interested Persons Connected:*** CCM[5] Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir[6] Datuk Mohd Radzif Bin Mohd Yusuf[7] Dato' Hajah Normala Binti Abdul Samad[8] Dato' Azmi Bin Mohd Ali[9] Leonard Ariff Bin Abdul Shatar[10]
Sale of pharmaceutical/ health care products	DMSB	CCM Marketing Sdn. Bhd. ("CCMM")	0	0	***Interested Major Shareholders:*** PNB[3] CCM[4] ***Interested Director/Interested Person Connected:*** CCM[5] Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir[6] Datuk Mohd Radzif Bin Mohd Yusuf[7] Dato' Hajah Normala Binti Abdul Samad[8] Dato' Azmi Bin Mohd Ali[9] Leonard Ariff Bin Abdul Shatar[10]
Provision of Shared Services[11]	Chemical Company of Malaysia Berhad ("CCM")	Duopharma Biotech Berhad *(formerly known as CCM Duopharma Biotech Berhad)* ("Duopharma Biotech")	2,133	2,664	***Interested Major Shareholders:*** PNB[3] CCM[4] ***Interested Director/Interested Persons Connected:*** CCM[5] Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir[6] Datuk Mohd Radzif Bin Mohd Yusuf[7] Dato' Hajah Normala Binti Abdul Samad[8] Dato' Azmi Bin Mohd Ali[9] Leonard Ariff Bin Abdul Shatar[10]
Provision of Shared Services[11]	CCM	DMSB	0	5,438	***Interested Major Shareholders:*** PNB[3] CCM[4] ***Interested Director/Interested Person Connected:*** CCM[5] Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir[6] Datuk Mohd Radzif Bin Mohd Yusuf[7] Dato' Hajah Normala Binti Abdul Samad[8] Dato' Azmi Bin Mohd Ali[9] Leonard Ariff Bin Abdul Shatar[10]
Provision of Shared Services[11]	CCM	Duopharma Manufacturing (Bangi) Sdn. Bhd. *(formerly known as Upha Pharmaceutical Manufacturing (M) Sdn. Bhd.)* ("DMBSB")	0	1,501	***Interested Major Shareholders:*** PNB[3] CCM[4] ***Interested Director/Interested Person Connected:*** CCM[5] Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir[6] Datuk Mohd Radzif Bin Mohd Yusuf[7] Dato' Hajah Normala Binti Abdul Samad[8] Dato' Azmi Bin Mohd Ali[9] Leonard Ariff Bin Abdul Shatar[10]

Recurrent Related Party Transactions of a Revenue or Trading Nature

Transactions	Vendor/ Provider	Purchaser/ Recipient	Aggregate Value (RM'000) for period 1 Jan 2018 to 31 May 2018	Aggregate Value (RM'000) for period 23 May 2017 to 31 May 2018	Related Parties
Provision of Shared Services[11]	CCM	Duopharma Marketing Sdn. Bhd. *(formerly known as CCM Pharmaceuticals Sdn. Bhd.)* ("DMktg")	0	2,876	***Interested Major Shareholders:*** PNB[3] CCM[4] ***Interested Director/ Interested Person Connected:*** CCM[5] Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir[6] Datuk Mohd Radzif Bin Mohd Yusuf[7] Dato' Hajah Normala Binti Abdul Samad[8] Dato' Azmi Bin Mohd Ali[9] Leonard Ariff Bin Abdul Shatar[10]
Provision of Shared Services[11]	CCM	Sentosa Pharmacy Sdn. Bhd.	0	85	***Interested Major Shareholders:*** PNB[3] CCM[4] ***Interested Director/Interested Person Connected:*** CCM[5] Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir[6] Datuk Mohd Radzif Bin Mohd Yusuf[7] Dato' Hajah Normala Binti Abdul Samad[8] Dato' Azmi Bin Mohd Ali[9] Leonard Ariff Bin Abdul Shatar[10]
Provision of Shared Services[11]	CCM	Unique Pharmacy (Penang) Sdn. Bhd.	0	91	***Interested Major Shareholders:*** PNB[3] CCM[4] ***Interested Director/Interested Person Connected:*** CCM[5] Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir[6] Datuk Mohd Radzif Bin Mohd Yusuf[7] Dato' Hajah Normala Binti Abdul Samad[8] Dato' Azmi Bin Mohd Ali[9] Leonard Ariff Bin Abdul Shatar[10]
Provision of Shared Services[11]	CCM	DB (Philippines), Inc *(formerly known as CCM International (Philippines) Inc)* ("DBP")	0	128	***Interested Major Shareholders:*** PNB[3] CCM[4] ***Interested Director/Interested Person Connected:*** CCM[5] Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir[6] Datuk Mohd Radzif Bin Mohd Yusuf[7] Dato' Hajah Normala Binti Abdul Samad[8] Dato' Azmi Bin Mohd Ali[9] Leonard Ariff Bin Abdul Shatar[10]
Provision of Shared Services[11]	CCM	Duopharma Innovation Sdn. Bhd. *(formerly known as Innovax Sdn. Bhd.)* ("DISB")	0	303	***Interested Major Shareholders:*** CCM[4] ***Interested Director/Interested Person Connected:*** CCM[5] Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir[6] Datuk Mohd Radzif Bin Mohd Yusuf[7] Dato' Hajah Normala Binti Abdul Samad[8] Dato' Azmi Bin Mohd Ali[9] Leonard Ariff Bin Abdul Shatar[10]
Provision of Shared Services[11]	CCM	Duopharma (Singapore) Pte Ltd *(formerly known as CCM Pharmaceuticals (S) Pte Ltd)* ("DSPL")	0	123	***Interested Major Shareholders:*** PNB[3] CCM[4] ***Interested Director/Interested Person Connected:*** CCM[5] Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir[6] Datuk Mohd Radzif Bin Mohd Yusuf[7] Dato' Hajah Normala Binti Abdul Samad[8] Dato' Azmi Bin Mohd Ali[9] Leonard Ariff Bin Abdul Shatar[10]

Recurrent Related Party Transactions of a Revenue or Trading Nature

Transactions	Vendor/ Provider	Purchaser/ Recipient	Aggregate Value (RM'000) for period 1 Jan 2018 to 31 May 2018	Aggregate Value (RM'000) for period 23 May 2017 to 31 May 2018	Related Parties
Provision of Shared Services[11]	CCM	Duopharma Manufacturing (Glenmarie) Sdn. Bhd. *(formerly known as CCM Pharma Sdn. Bhd.)* (DMGSB")	0	24	***Interested Major Shareholders:*** PNB[3] CCM[4] ***Interested Director/Interested Person Connected:*** CCM[5] Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir[6] Datuk Mohd Radzif Bin Mohd Yusuf[7] Dato' Hajah Normala Binti Abdul Samad[8] Dato' Azmi Bin Mohd Ali[9] Leonard Ariff Bin Abdul Shatar[10]

* There was no deviation from the Actual Value exceeding the Estimated Aggregate Value by 10% or more in the Existing Mandate.

NOTES:

1. With respect to the transactions during the financial year ended 31 December 2018, the values are actual values transacted from 1 January 2018 until 31 May 2018 being the date of expiring of the shareholders' mandate that was obtained at the Annual General Meeting held on 22 May 2017. Disclosure is made in Duopharma Biotech's 2018 Annual Report of the actual breakdown of the aggregate value of transactions conducted during the financial year ended 31 December 2018, as required under Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, pursuant to the Proposed Shareholders' Mandate.

2. The values are estimates based on the audited financial statements for the financial year ended 31 December 2018. Due to the nature of the transactions, the actual value of transactions may vary from the estimated value disclosed above.

3. On 28 December 2017, CCM announced to Bursa Malaysia that the distribution of shares in Duopharma Biotech owned by CCM to the shareholders of CCM had been completed. Following the completion of the distribution, Duopharma Biotech was demerged from the CCM Group and Duopharma Biotech and its subsidiaries ceased to be subsidiaries of CCM.

   Following the completion of the aforesaid distribution and as at the last practicable date for Annual Report 2017 i.e. 28 March 2018, PNB is a Major Shareholder of both CCM and Duopharma Biotech since PNB holds 56.23% direct interest in CCM and 46.87% direct interest in Duopharma Biotech (as at the said last practicable date i.e. 28 March 2018).

4. Prior to the completion of the demerger of the Duopharma Biotech Group from the CCM group, CCM held 73.37% interest in Duopharma Biotech. As such, CCM is deemed a Major Shareholder of Duopharma Biotech, as defined under the Definitions Section of this Circular since CCM was a Major Shareholder of Duopharma Biotech within the preceding 6 months of the date of the Annual General Meeting on 31 May 2018.

5. Prior to the Annual General Meeting of the Company on 31 May 2018, DMSB, DMktg, DBP, DISB and DSPL are wholly-owned subsidiaries of Duopharma Biotech; while Sentosa Pharmacy and Unique Pharmacy (Penang) are wholly owned subsidiaries of DMktg and whereas DMBSB and DMGSB are wholly owned subsidiaries of DMSB. Therefore, Duopharma Biotech is deemed to have a 100% equity interest in Sentosa Pharmacy, Unique Pharmacy (Penang), DMBSB and DMGSB.

   Prior to the completion of the demerger of the Duopharma Biotech Group from the CCM group, CCM held 73.37% interest in Duopharma Biotech. Therefore, CCM was deemed to have indirect interest of 73.37% of the issued share capital of Duopharma Biotech's wholly owned subsidiaries. CCM also has 100% direct interest in CCM UKSB which in turn holds 94.72% direct interest in CCMWS and 80% direct interest in CCMC. CCM also holds 5.28% direct interest in CCMWS and 20% direct interest in CCMC. Therefore, CCM is deemed to have a 100% effective interest in CCMWS and CCMC.

   Following the completion of the aforesaid distribution, CCM is a subsidiary of PNB as PNB holds 56.23% interest in CCM (as at the said last practicable date i.e. 28 April 2018. Therefore, CCM, being a related corporation of PNB, is deemed to be Person Connected to PNB.

Recurrent Related Party Transactions of a Revenue or Trading Nature

6. Prior to the demerger of the Company from the CCM Group, Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir was the Senior Independent Non-Executive Director of CCMD and an Independent Non-Executive Director of CCM. After the demerger, she was re-designated as the Non-Independent Non-Executive Chairman of Duopharma Biotech with effect from 28 December 2017 and resigned as Director of CCM with effect from 28 December 2017. She is the nominee of PNB on the board of Duopharma Biotech with effect from 28 December 2017. Pursuant to the definition under the Definitions Section of this Circular, she is still deemed a Director of CCM. Tan Sri Datin Paduka Siti Sa'diah has no direct interest in CCM, Duopharma Biotech or any of their subsidiary companies. She is an interested Director and an interested "Persons(s) Connected" as defined in the Definitions Section of this Circular. Therefore, she is deemed interested in the Shareholders' Mandate obtained at Annual General Meeting 2017.

7. Datuk Radzif Bin Mohd Yusuf is a nominee of PNB on the Board of Duopharma Biotech. He has no direct interest in Duopharma Biotech or any of their subsidiary companies. He is an interested Director and therefore deemed interested in the Proposed Shareholders' Mandate.

8. Prior to the Annual General Meeting of the Company on 31 May 2018, Dato' Hajah Normala Binti Abdul Samad was the Non-Independent Non-Executive Chairman of CCM and a nominee of PNB on the Board of CCM. Prior to the demerger of the Company from the CCM Group, she was also the Non-Independent Non-Executive Chairman of Duopharma Biotech and a nominee of CCM on the Board of Duopharma Biotech. After the demerger, she resigned as Director of Duopharma Biotech with effect from 28 December 2017. Pursuant to the definition under the Definitions Section of this Circular and prior to 31 May 2018, she was still deemed a Director of Duopharma Biotech. Dato' Hajah Normala has no direct interest in CCM, Duopharma Biotech or any of their subsidiary companies. She is an interested Director and an interested "Persons(s) Connected" as defined in the Definitions Section of this Circular. Therefore, she is deemed interested in the Shareholders' Mandate obtained at Annual General Meeting 2017.

9. Prior to the Annual General Meeting of the Company on 31 May 2018, Dato' Azmi Bin Mohd Ali was a Non-Independent Non-Executive Director of CCM and a nominee of PNB on the Board of CCM. Prior to the demerger of the Company from the CCM Group, he was also a Non-Independent Non-Executive Director of Duopharma Biotech and a nominee of CCM on the Board of Duopharma Biotech. After the demerger, he resigned as Director of Duopharma Biotech with effect from 28 December 2017. Pursuant to the definition under the Definitions Section of this Circular and prior to 31 May 2018, he is still deemed a Director of Duophama Biotech. Dato' Azmi has no direct interest in CCM, Duopharma Biotech or any of their subsidiary companies. He is an interested Director and an interested "Persons(s) Connected" as defined in the Definitions Section of this Circular. Therefore, he is deemed interested in the Shareholders' Mandate obtained at Annual General Meeting 2017.

10. Prior to the demerger of the Company from the CCM Group, Leonard Ariff Bin Abdul Shatar was the Chief Executive Officer of the Company and deemed a Director of the Company, as defined under the Definitions Section of this Circular. He was also the Group Managing Director of CCM, the Chief Executive Officer of the Pharmaceuticals Business of CCM and a Non-Executive Director on the boards of CCMM, DISB, DMSB, DMBSB, DMGSB, CCMC and CCM UKSB. After the demerger of the Company from the CCM Group, Leonard Ariff resigned as Group Managing Director of CCM with effect from 28 December 2017 and was appointed the Group Managing Director of Duopharma Biotech Berhad. Pursuant to the definition under the Definitions Section of this Circular and prior to 31 May 2018, he is still deemed a Director of CCM and those subsidiaries of CCM that he was a Director prior to the aforesaid demerger. Leonard Ariff has no direct interest in CCM, Duopharma Biotech or any of their subsidiary companies. Leonard Ariff is an interested Director and an interested "Persons(s) Connected" as defined in the Definitions Section of this Circular. Therefore, he is deemed interested in the Shareholders' Mandate obtained at Annual General Meeting 2017.

11. Prior to the demerger of the Company from the CCM Group, provision of Shared Services refers to support services covering areas of accounting, treasury, procurement, security, company secretarial, corporate affairs, legal, internal audit, human resource, information technology services etc. After the demerger, provision of Shared Services refers to support services covering the area of information technology services only.

12. During the continuance of the shareholders' mandate and as at the aforesaid last practicable date as set out in Annual Report 2017. i.e. 28 March 2018, Hospitals and clinics under Ramsay Sime Darby Health Care include RSD Hospital Sdn. Bhd., Subang Jaya Medical Centre, Ara Damansara Medical Centre and ParkCity Medical Centre; Sime Darby Berhad had a 50% stake in Ramsay Sime Darby Health Care, a joint venture between Sime Darby Berhad and Ramsay Health Care; as at 7 March 2018, PNB held 51.86% in Sime Darby Berhad; and as at 31 January 2018, EPF held 10.81% in Sime Darby Berhad. PNB and EPF were therefore also deemed interested in Ramsay Sime Darby Health Care. PNB was therefore an Interested Major Shareholder and EPF an Interested Substantial Shareholder.

13. As at 6 March 2018, EPF held 12.73% in KPJ Healthcare Berhad. As at 7 March 2018, PNB (group) held 11.68% in KPJ Healthcare Berhad. EPF and PNB are therefore deemed interested in the hospitals and clinics under the KPJ Healthcare Berhad group of companies. EPF is therefore an Interested Substantial Shareholder and PNB an Interested Major Shareholder.

Notice of the 18th Annual General Meeting

DUOPHARMA BIOTECH BERHAD (524271-W)
(Formerly known as CCM Duopharma Biotech Berhad)
(Incorporated in Malaysia)

DUOPHARMA

NOTICE IS HEREBY GIVEN that the Eighteenth (18th) Annual General Meeting ("AGM") of Duopharma Biotech Berhad *(formerly known as CCM Duopharma Biotech Berhad)* ("Duopharma Biotech" or the "Company") will be held at **Ballroom 1 & 2, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia on Friday, 31 May 2019 at 9.30 a.m.** for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 and the Reports of the Directors and Auditors thereon.

2. To approve a Final Single Tier Dividend of 4 sen per ordinary share for the financial year ended 31 December 2018. **Ordinary Resolution 1**

3. To re-elect the following Directors who retire in accordance with Article 100 of the Company's Constitution:

   (i) Encik Razalee Bin Amin **Ordinary Resolution 2**
   (ii) Dato' Eisah Binti A. Rahman **Ordinary Resolution 3**

   Datuk Seri Rohani Parkash Binti Abdullah, who also retires by rotation in accordance with Article 100 of the Company's Constitution, has expressed her intention not to seek re-election. Therefore, she will retain office until the close of the 18th AGM.

4. To approve the payment of total Directors' Fees amounting to RM825,000 for the period commencing 1 June 2019 until the conclusion of the next AGM of the Company, and further, to authorise the Directors to divide the remuneration among them in such proportions and manner as the Directors may determine. **Ordinary Resolution 4**

5. To approve the proposed payment of total Directors' Remuneration (excluding Directors' Fees) up to an amount of RM600,000 for the period from 1 June 2019 until the conclusion of the next AGM of the Company. **Ordinary Resolution 5**

6. To re-appoint Messrs. KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

   AS SPECIAL BUSINESS

   To consider and if thought fit, to pass the following Resolution:-

7. ISSUANCE OF NEW DUOPHARMA BIOTECH SHARES PURSUANT TO THE DIVIDEND REINVESTMENT PLAN THAT PROVIDES THE SHAREHOLDERS OF THE COMPANY WITH THE OPTION TO ELECT TO REINVEST THEIR DIVIDEND IN NEW DUOPHARMA BIOTECH SHARES ("DIVIDEND REINVESTMENT PLAN") **Ordinary Resolution 7**

"THAT pursuant to the Dividend Reinvestment Plan as approved by the Shareholders at the Extraordinary General Meeting of the Company held on 31 May 2018, and subject to the approvals of all relevant regulatory authorities or parties being obtained, where required, approval be and is hereby given to the Board of Directors of Duopharma Biotech ("Board") to allot and issue such number of new Duopharma Biotech Shares from time to time as may be required to be allotted and issued pursuant to the Dividend Reinvestment Plan until the conclusion of the Company's next annual general meeting, upon terms and conditions and to such persons as the Board may, at its absolute discretion, deem fit and in the best interest of the Company;

THAT the issue price of the said new Duopharma Biotech Shares, which will be determined and fixed by the Board on the price-fixing date to be determined, shall not be more than ten percent (10%) discount to the 5-day volume weighted average market price ("VWAMP") of Duopharma Biotech Shares immediately preceding the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price at the material time;

AND THAT the Board be and is hereby authorised to do all such acts and enter into all such transactions, arrangements, deeds and undertakings and to execute, sign and deliver for and on behalf of the Company, all such documents and impose such terms and conditions or delegate all or any part of its powers as may be necessary or expedient in order to implement, finalise and give full effect to the issuance of New Duopharma Biotech Shares pursuant to the Dividend Reinvestment Plan, with full power to assent to any conditions, variations, modifications and/or amendments in any manner, including amendments, modifications, suspension and termination of the Dividend Reinvestment Plan, as the Board may, in its absolute discretion, deem fit and in the best interest of the Company and/or as may be required or permitted by any relevant authorities and to deal with all matters relating thereto."

8. To transact any other business of which due notice shall have been received.

By Order of the Board

IBRAHIM HUSSIN SALLEH
License No. : LS0009121
SSM Practising Certificate No. : 201908001032
Company Secretary

Kuala Lumpur
Date: 29 April 2019

NOTES:

1. All Resolutions in the Notice of AGM are to be conducted by poll voting as per Paragraph 8.29A(1) of the Listing Requirements.

2. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him. A proxy may but need not be a member of the Company.

3. Where a member of the Company appoints two (2) proxies, the appointments shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.

4. 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.

5. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

7. The instrument appointing a proxy must be deposited at the Company's Registrar, Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than twenty-four (24) hours before the time appointed for taking of the poll as per Section 334(3) of the Companies Act, 2016.

8. Only depositors whose names appear in the Record of Depositors as at 23 May 2019 shall be regarded as members and entitled to attend and vote at the meeting.

Explanatory Notes on Ordinary Business

Audited Financial Statements for financial year ended 31 December 2018 and the Reports of the Directors and the Auditors thereon

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 and Article 57 of the Company's Constitution for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

Ordinary Resolution 1 – Approval for a Final Single Tier Dividend of 4 sen per ordinary share for the financial year ended 31 December 2018

Pursuant to Paragraph 8.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the final single tier dividend under Ordinary Resolution 1, if approved, shall be paid not later than three (3) months from the date of the shareholders' approval.

Subject to the shareholders' approval for the proposed final single-tier dividend under Ordinary Resolution 1 and the shareholders' approval for the issuance of new Duopharma Biotech Shares pursuant to the Dividend Reinvestment Plan under Ordinary Resolution 7, the Board had resolved that the Dividend Reinvestment Plan would apply to the said final single tier dividend. The entitlement date, payment date and electable portion of the proposed final single-tier dividend shall be determined and announced by the Board in due course after the AGM.

The Dividend Reinvestment Plan that provides the shareholders of the Company with an option to elect to reinvest their cash dividend in Duopharma Biotech Shares had been approved by the shareholders at the Extraordinary General Meeting of the Company held on 31 May 2018.

Ordinary Resolutions 2 and 3 – Approval for the re-election of the Directors who retire in accordance with Article 100 of the Company's Constitution

Article 100 of the Company's Constitution provides that at each AGM of the Company, one-third (1/3) of the Directors for the time being, or if their number is not a multiple of three (3), the number nearest to one-third (1/3), shall retire from office at the conclusion of the meeting and that each Director so retiring from office shall be eligible for re-election. Pursuant thereto, with the current Board of Directors ("Board") size of nine (9), three (3) Directors will be retiring in accordance with Article 100 of the Constitution.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 18th AGM, the Nomination and Remuneration Committee ("NRC") had assessed each of the retiring Directors, and considered the following:

(a) the Director's performance and contribution based on the Self and Peer Assessment (SPA) results of the Board Effectiveness Evaluation Assessment (BEEA) for financial year ended 31 December 2018 ("BEEA 2018");
(b) the Director's level of contribution to the Board deliberations through his / her skills and experience; and
(c) the level of independence demonstrated by the Director, and his / her ability to act in the best interests of the Company in decision-making.

Through the BEEA, the Board had conducted an assessment of the Directors of the Company based on the following overarching components:

(i) structuring a high-performing Board;
(ii) ensuring smooth functioning of Board operations and interactions; and
(iii) fulfilling fundamental Board roles and responsibilities at the highest standards of corporate governance.

Based on the Directors' SPA results of the BEEA 2018, the individual Directors met the performance criteria required of an effective and a high performance Board. As part of the Independent Directors' self-assessment under the BEEA 2018, each of the Independent Non-Executive Directors had also provided his / her declaration / confirmation of independence.

Based on the above, the NRC had recommended that these three (3) Directors who retire in accordance with Article 100 of the Company's Constitution were eligible to stand for re-election. However, Datuk Seri Rohani Parkash Binti Abdullah has expressed her intention not to seek re-election. Therefore, she will retain office until the close of the 18th AGM, and retires in accordance with Article 100 of the Company's Constitution.

The Board had approved the NRC's assessment and recommendation that Encik Razalee Bin Amin and Dato' Eisah Binti A. Rahman, who retire in accordance with Article 100 of the Company's Constitution, are eligible to stand for re-election. All these retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant NRC and Board meetings.

Ordinary Resolution 4 – Approval for the proposed payment of Total Directors' Fees for the period commencing from 1 June 2019 until the conclusion of the next AGM of the Company

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors shall be approved at a general meeting. Pursuant to Paragraph 7.24 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the fees of directors shall be subject to annual shareholders' approval at a general meeting.

The Company, had in 2018, obtained the shareholders' approval to increase the Directors' Fees payable to the Directors entitled to receive the Directors' Fees with effect from 1 January 2018 to as follows and in such proportions and manner as the Directors may determine:

Directors' Fees	
Chairman of the Board	RM100,000 per annum
Member of the Board (other than Foreign Director)	RM75,000 per annum
Foreign Director of the Board	USD18,750 per annum

Board Committee Fees	
Chairman of the Board Committee (including where Chairman is a Foreign Director)	RM10,000 per annum
Member of the Board Committees (including where member is a Foreign Director)	RM8,000 per annum

The shareholders also resolved that the amount of the Directors' Fees that was increased as aforesaid shall continue to be in force until varied by resolution passed by the shareholders in a general meeting.

The shareholders had at the 17th AGM of the Company held on 31 May 2018 approved the payment of total Directors' Fees amounting to RM825,000 for the period commencing 1 June 2018 until the conclusion of the next AGM of the Company on 31 May 2019. The total Directors Fees incurred were as follows:

Approved at last AGM (from 1 June 2018 until conclusion of 18th AGM)	**Actual (from 1 June 2018 until 30 March 2019)**	**Forecasted (from 1 June 2018 until conclusion of 18th AGM)**
RM825,000	RM586,160	RM694,440

With respect to the proposed total Directors' Fees for the period commencing from 1 June 2019 until the conclusion of the next AGM of the Company in 2020, assuming that the number of directors remains the same and that additional Board Committee(s) may be set up (in addition to the existing Board Committees) and further assuming that each Board Committee comprises of not more than three (3) members, the amount is estimated to be approximately RM825,000.00 i.e. similar to the amount approved by the shareholders at the 17th AGM of the Company held on 31 May 2018 for the total Directors' Fees payable for the period commencing from 1 June 2018 until the conclusion of the AGM of the Company in 2019. This resolution, if passed, will facilitate the payment of directors' fees on current financial year basis until the conclusion of the next AGM in 2020.

Ordinary Resolution 5 – Approval for the proposed payment of Total Directors' Remuneration (excluding Directors' Fees) for the period commencing from 1 June 2019 until the conclusion of the next AGM of the Company

The Directors' Remuneration (excluding Directors' Fees) comprises other emoluments/benefits payable to the Chairman and members of the Board and Board Committees. The current board remuneration policy includes the payment of Meeting Allowances for meetings of the Board and Board Committees as well as other benefits comprising business travel and accommodation and other claimable benefits.

Note: The Group Managing Director does not receive any Directors' Remuneration other than those specified in his service contract.

The Company, had in 2018, obtained the shareholders' approval to increase the Directors' Meeting Allowances payable to the Directors entitled to receive the Directors' Meeting Allowances with effect from 1 January 2018 to as follows and in such manner as the Directors may determine:

For Meetings of the Board of Directors	
Chairman of the Board	RM1,300 per meeting
Member of the Board (including where member is a Foreign Director)	RM1,000 per meeting
For Meetings of the Board Committees	
Chairman of the Board Committee (including where Chairman is a Foreign Director)	RM1,200 per meeting
Member (including where member is a Foreign Director)	RM1,000 per meeting

The shareholders also resolved that the amount of the Directors' Meeting Allowances that was increased as aforesaid shall continue to be in force until varied by resolution passed by the shareholders in a general meeting.

The shareholders had at the 17th AGM of the Company held on 31 May 2018 approved the payment of total Directors' Remuneration (excluding Directors' Fees) up to an amount of RM400,000 for the period commencing 1 June 2018 until the conclusion of the next AGM of the Company on 31 May 2019. The total Directors Remuneration (excluding Directors' Fees) incurred were as follows:

Approved at last AGM (from 1 June 2018 until conclusion of 18th AGM)	**Actual (from 1 June 2018 until 30 March 2019)**	**Forecasted (from 1 June 2018 until conclusion of 18th AGM)**
RM400,000	RM211,500	RM271,700

In determining the estimated total amount of remuneration (excluding Directors' Fees) for the Directors of the Company, the Board considered various factors including the number of scheduled meetings for the Board and Board Committees, potential additional unscheduled meetings, the number of Directors involved in these meetings, and the potential setting up of additional Board Committee(s). The number of Board and Board Committee meetings are determined based on the strategy, plans and operational requirements of the Duopharma Biotech Group.

With respect to the proposed Total Directors' Remuneration (excluding Directors' Fees) for the period commencing from 1 June 2019 until the conclusion of the next AGM of the Company in 2020 ("Relevant Period"), the amount is estimated to be approximately RM600,000. In the event that the Directors' Remuneration (excluding Directors' Fees) proposed is insufficient (e.g. due to more meetings or enlarged board size etc.), approval will be sought at the next AGM for the additional remuneration to meet the shortfall.

Ordinary Resolution 5, if passed, will be made by the Company on a monthly basis and/or as and when incurred. The Board is of the view that it is fair and equitable for the Directors to be paid the Directors' Remuneration (excluding Directors' Fees) on a monthly basis and/or as and when incurred particularly after they have discharged their responsibilities and rendered their services to the Company throughout the Relevant Period.

Ordinary Resolution 6 – Approval for the re-appointment of Messrs. KPMG PLT as Auditors of the Company

The Board had at its meeting held in February 2019 approved the Audit and Integrity Committee's assessment and recommendation for the shareholders' approval to be sought at the 18th AGM on the re-appointment of KPMG PLT as the external auditors of the Company for the financial year ending 31 December 2019.

Explanatory Notes on Special Business

Ordinary Resolution 7 – Approval for the issuance of new Duopharma Biotech Shares pursuant to the Dividend Reinvestment Plan that provides the shareholders of the Company with the option to elect to reinvest their dividend in new Duopharma Biotech Shares ("Dividend Reinvestment Plan")

The Dividend Reinvestment Plan had been approved by the shareholders at the Extraordinary General Meeting of the Company held on 31 May 2018. Details on the Dividend Reinvestment Plan, including the Dividend Reinvestment Plan Statement, were set out in the Circular to Shareholders in relation to the Proposed Bonus Issue and the Proposed Establishment of the Dividend Reinvestment Plan dated 30 April 2018.

This proposed Ordinary Resolution 7, if passed, will give authority to the Board to allot and issue Duopharma Biotech Shares pursuant to the Dividend Reinvestment Plan in respect of dividends declared in this AGM and subsequently, and such authority shall expire at the conclusion of the next annual general meeting of the Company.

Statement Accompanying the Notice of the 18th Annual General Meeting of Duopharma Biotech Berhad

(Formerly known as CCM Duopharma Biotech Berhad)
(Incorporated in Malaysia)

PURSUANT TO PARAGRAPH 8.27(2), APPENDIX 8A OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

The details of the two (2) Directors of the Company seeking re-election are set out in their respective profiles which appear in the Directors' Profiles on pages 34 to 42 of the Company's Annual Report 2018.

The details of their interest in the securities of the Company are set out in the Analysis of Shareholdings which appear on page 184 of the Company's Annual Report 2018.

Proxy Form

DUOPHARMA BIOTECH BERHAD (524271-W)
(Formerly known as CCM Duopharma Biotech Berhad)
(Incorporated in Malaysia)

I/We _____ NRIC No./Passport No./Company No. _____

of

_____

being *a shareholder/shareholders of DUOPHARMA BIOTECH BERHAD *(formerly known as CCM Duopharma Biotech Berhad)* ("the Company") hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
Address		No. of shares	%

*and/or *delete if not applicable

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
Address		No. of shares	%

Or failing him/her, the Chairman of the Meeting *my/our proxy to vote for *me/our behalf at the Eighteenth (18th) Annual General Meeting ("AGM") of the Company to be held at Ballroom 1 & 2, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia on Friday, 31 May 2019 at 9.30 a.m. and at any adjournment thereof.

My/Our Proxy is to vote as indicated below:

NO.	ORDINARY BUSINESS	RESOLUTION NO.	FOR	AGAINST
1.	To approve a Final Single Tier Dividend of 4 sen per ordinary share for the financial year ended 31 December 2018.	**Ordinary Resolution 1**		
2.	To re-elect Encik Razalee Bin Amin who retires in accordance with Article 100 of the Company's Constitution.	**Ordinary Resolution 2**		
3.	To re-elect Dato' Eisah Binti A. Rahman who retires in accordance with Article 100 of the Company's Constitution.	**Ordinary Resolution 3**		
4.	To approve the payment of total Directors' Fees amounting to RM825,000 for the period commencing 1 June 2019 until the conclusion of the next AGM of the Company, and further, to authorise the Directors to divide the remuneration among them in such proportions and manner as the Directors may determine.	**Ordinary Resolution 4**		
5.	To approve the proposed payment of total Directors' Remuneration (excluding Directors' Fees) up to an amount of RM600,000 for the period from 1 June 2019 until the conclusion of the next AGM of the Company.	**Ordinary Resolution 5**		
6.	To re-appoint Messrs. KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 6**		
	SPECIAL BUSINESS			
7.	Issuance of New Duopharma Biotech Shares Pursuant to the Dividend Reinvestment Plan That Provides the Shareholders of the Company with the Option to Elect to Reinvest their Dividend in New Duopharma Biotech Shares	**Ordinary Resolution 7**		

(Please indicate with an "X" how you wish to cast your vote)

Signed this _____ day of _____ 2019.

CDS Account No.	
No. of ordinary shares	

_____

Signature/Seal

NOTES:

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3. Where a member of the Company appoints two (2) proxies, the appointments shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.

4. 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.

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6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

7. The instrument appointing a proxy must be deposited at the Company's Registrar, Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than twenty-four (24) hours before the time appointed for taking of the poll as per Section 334(3) of the Companies Act, 2016.

8. Only depositors whose names appear in the Record of Depositors as at 23 May 2019 shall be regarded as members and entitled to attend and vote at the meeting.

PLEASE FOLD HERE

Affix Postage Stamp

THE REGISTRAR
DUOPHARMA BIOTECH BERHAD (524271-W)
(formerly known as CCM Duopharma Biotech Berhad)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Malaysia

PLEASE FOLD HERE

DUOPHARMA

DUOPHARMA BIOTECH BERHAD (524271-W)
(formerly known as CCM Duopharma Biotech Berhad)

Suite 18.06, Level 18, Kenanga International, No. 26, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia

Tel : 03-2162 0218 **Fax : 03-2161 0507**

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