



DUOPHARMA



CAPTURING EMERGING OPPORTUNITIES

INTEGRATED ANNUAL REPORT 2022

DUOPHARMA BIOTECH BERHAD
REGISTRATION NO.: 200001021664 (524271-W)

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CAPTURING EMERGING OPPORTUNITIES

Our cover this year depicts the strong science-based backbone of Duopharma Biotech Berhad ("Duopharma Biotech" or the "Company")'s operations in the outer wheel of a circle of colours reflecting those of the United Nations' 17 Sustainable Development Goals ("SDGs"). This interplay of science and the SDGs mirrors our approach to business, namely to develop and market efficacious research-driven drugs while ensuring that we contribute to a more equitable and environmentally sustainable world. Although the operating context for pharmaceutical companies has been challenging, our focus on sustainability has not wavered. If anything, it has allowed us to capture emerging opportunities.



Scan QR Code to download our Integrated Annual Report 2022

22ND ANNUAL GENERAL MEETING



Broadcast Venue

Meeting Rooms 403 & 404, Level 4, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia



Wednesday, 31 May 2023



9.00 a.m.

The 22nd Annual General Meeting ("AGM") of the Company will be conducted online from a broadcast venue, where only essential individuals are physically present to conduct the virtual general meeting. The essential individuals include the Chairman of the meeting, the Group Managing Director, the Chief Financial Officer, the Company Secretary, the auditor, the scrutineer and those providing audio and visual support for the virtual meeting. The 22nd AGM of the Company will be held virtually through live streaming and online remote voting using Remote Participation and Voting facilities via the TIH Online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia at <https://tiih.online>.

BASIS OF THIS REPORT

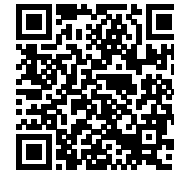
Welcome to Duopharma Biotech's inaugural integrated annual report. As the investing environment becomes more complex and demanding, the Board of Directors of Duopharma Biotech decided to adopt the integrated reporting approach in order to present a comprehensive and concise account of how we seek to create short-, medium- and long-term value for the Duopharma Biotech Group (the "Group"), taking into account both financial and non-financial risks and opportunities.

OUR REPORTING SUITE



Integrated Annual Report 2022

Scan QR Code to read the online report

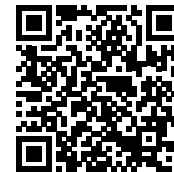


IR



Corporate Governance Report 2022

Scan QR Code to read the online report



CG

Sustainability Report 2022

Scan QR Code to read the online report



SR

In this report, therefore, you will find many changes, all of which are geared towards providing clarity on our strategies and initiatives, as well as how well we have performed in terms of meeting our objectives.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors acknowledges responsibility for ensuring the integrity of Duopharma Biotech's Integrated Annual Report 2022. In our opinion, the report presents a fair assessment of the Group's performance and addresses all key matters that are material to our ability to create value. This report was approved by the Board on 18 April 2023.



TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SH BAKIR

Non-Independent, Non-Executive Chairman



LEONARD ARIFF BIN ABDUL SHATAR

Group Managing Director

BASIS OF THIS REPORT

REPORTING PRINCIPLES & FRAMEWORKS

This report has been prepared according to the principles and requirements of the Integrated Reporting Framework under the aegis of the International Financial Reporting Standards (“IFRS”) Foundation. We have also been guided by the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), Malaysian Code on Corporate Governance (“MCCG”) 2021 issued by the Securities Commission Malaysia, the Companies Act 2016 (“CA 2016”) and the Malaysian Financial Reporting Standards (“MFRS”).

In addition, our Sustainability Statement has been guided by the Global Reporting Initiative (“GRI”) Standards, Bursa Malaysia’s Sustainability Reporting Guide (Third Edition), MMLR, FTSE4Good Bursa Malaysia Index’s Environmental, Social and Governance (“ESG”) indicators, the United Nations’ Sustainable Development Goals (“UN SDGs”), Sustainability Accounting Standards Board (“SASB”) standards; and Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations.

SCOPE & BOUNDARIES

In this report we focus on activities, initiatives and key events that took place during the financial year from 1 January to 31 December 2022, unless stated otherwise. The report covers all companies in the Group in which we have a majority shareholding and substantial influence.

MATERIALITY

Our disclosure has been guided by matters that are material to our capacity to create value, and to delivering on our core purpose. These matters were identified during our Materiality Assessment process and validated by the Management and the Board. In determining these material matters, we consider our operating environment as well as the needs, expectations and concerns of our key stakeholders.

COMBINED ASSURANCE

Contents of the entire report have been read and approved by the Management and the Board of Directors. The financial information contained in this report, which has been extracted from the consolidated Audited Financial Statements for the financial year ended 31 December 2022, and was audited by KPMG PLT.

FORWARD-LOOKING STATEMENTS

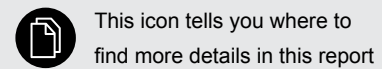
This report contains certain forward-looking statements relating to future performance. Such statements are premised on current assumptions and circumstances which could change, hence they necessarily involve uncertainties. Various factors could cause actual results to differ materially from those expressed or implied by these forward-looking statements.

6 CAPITALS

Our capitals are the key resources we use to create value



ICONS YOU WILL FIND IN THIS REPORT



STAKEHOLDERS



SEC

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WE ARE DUOPHARMA BIOTECH



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FACTS AT A GLANCE

OUR VALUE CREATING PRACTICE

By executing our strategy and delivering on our purpose, we create value for our business and improve the lives of millions of people around the world.

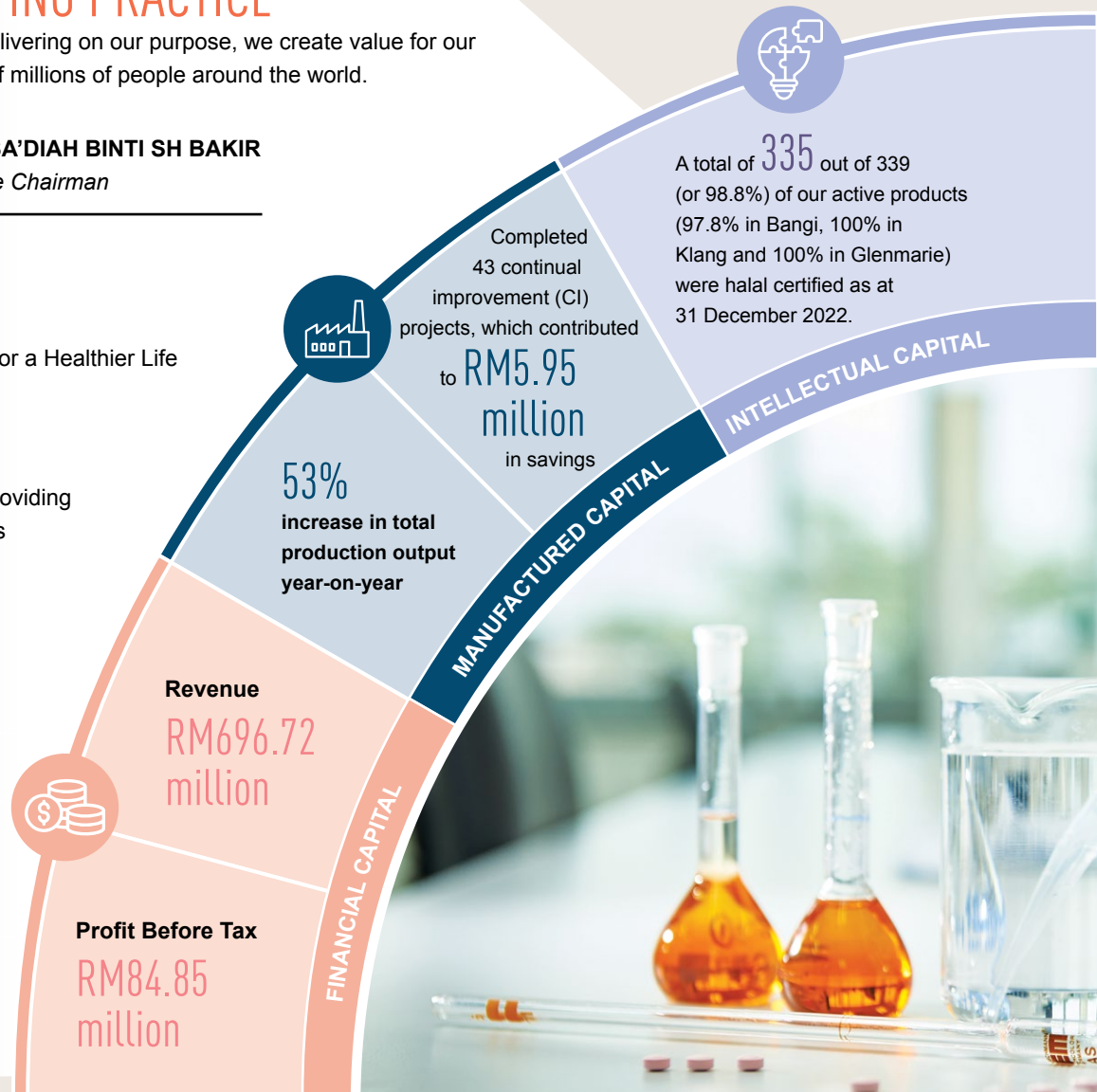
TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SH BAKIR
Non-Independent, Non-Executive Chairman

V **Vision**
Providing Smarter Solutions for a Healthier Life

M **Mission**
Leading Healthcare Group Providing Quality & Innovative Solutions

C Core Values

- P** Passion
- E** Excellence
- T** Teamwork
- I** Integrity
- R** Responsible
- R** Respect



2.25% increase in PBT, from RM82.98 million in FY2021 to

RM84.85 million in FY2022



Won the **Gold Award** in the Integrity, Governance and Anti-Corruption Awards (AIGA) 2022 by the Malaysian Institute of Integrity

Flavettes bagged the **Gold Award** under the Health category at the Putra Aria Brand Awards 2022

A total of **62** commercial batches of LEBRETA 2.5mg were produced and supplied to government and private hospitals, with sales growing by more than 20% year on year.

9.0%

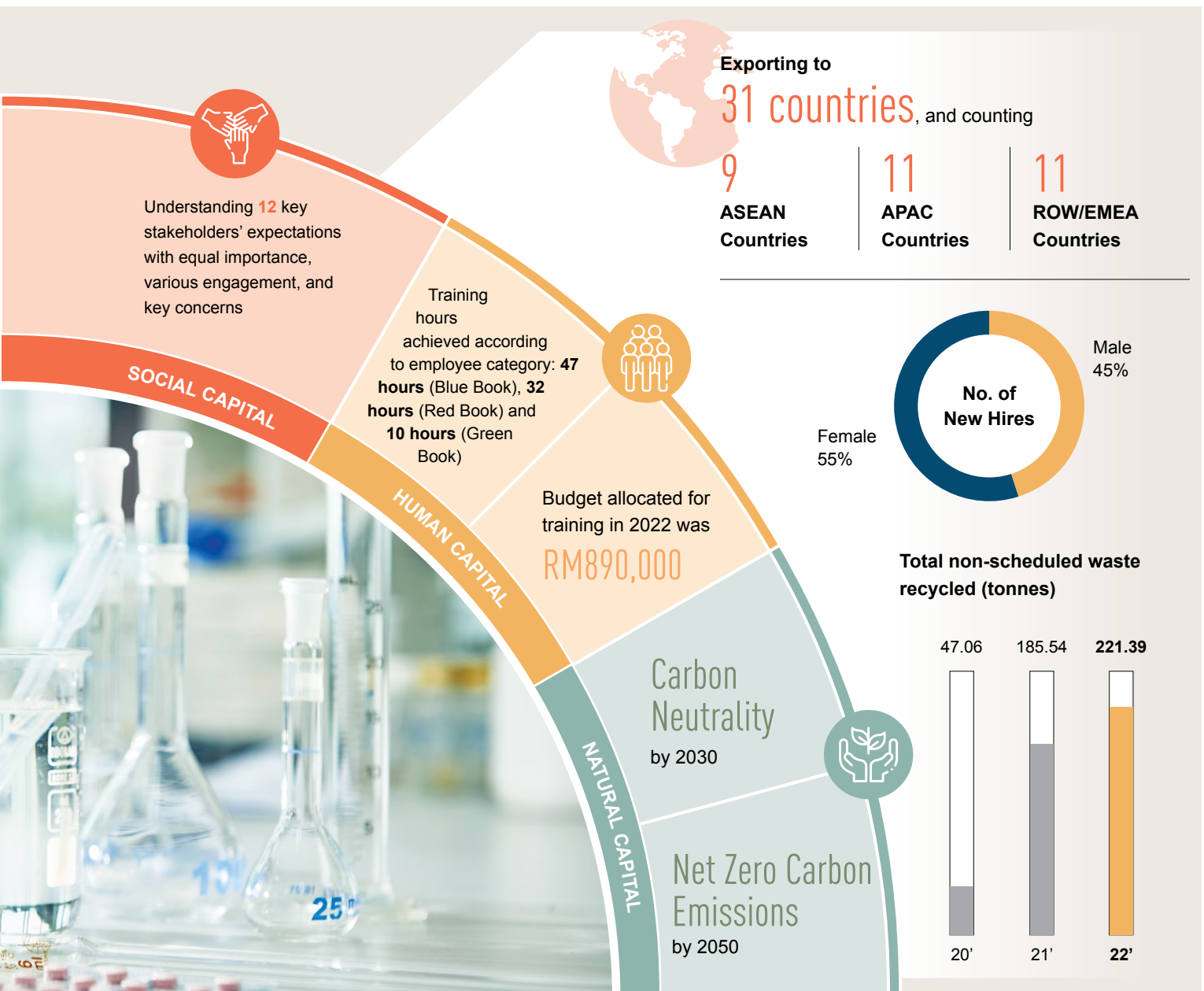
increase in revenue, from RM639.18 mil in FY2021 to **RM696.72 million** in FY2022

Completed the development of a **new seven-storey high-tech oral solid dosage facility** to be operationalised by the first quarter of 2023

Received the United Nations Global Compact ("UNGC")'s **'Sustainability Awareness and Employee Engagement Recognition'** and was shortlisted for 'Benchmark 10 - Zero incidences of bribery' category at the UNGCMYB Sustainability Performance Awards 2022

Recognised with the **BEIM Five Petals Gold Ethics Award** for the **second consecutive term** by the Business Ethics Institute of Malaysia (BEIM)

FACTS AT A GLANCE



Earnings per share rose by 4.4% year-on-year from 7.08 sen to 7.39 sen during FY2022



Pledged to replace 50% of single-use plastics with biodegradable plastics within our operations by 2026.

Recognised in the ASEAN Asset Class PLCs category at the 2021 ASEAN Corporate Governance Scorecard Virtual Awards hosted by the Institute of Corporate Directors Philippines



Recorded clean sheet in first term holding the ISO 37001 Anti-Bribery Management Systems (ABMS) certification with Zero Non-Conformance Report and no Opportunities For Improvements in ISO 37001 ABMS Surveillance Audit 2022

Launched Duopharma Biotech Corporate Culture focusing on performance, sustainability, innovation and global mindset



The first pharmaceutical company in the world to receive Halal certification for an oncology product, LEBRETA (Letrozole used against breast cancer) awarded by JAKIM

Maintained inclusion in the FTSE4Good Bursa Malaysia Index and FTSE4GoodBursa Malaysia Shariah Index.

Ranked 25th in the List of Top 100 Companies for CG Disclosure by the Minority Shareholders Watch Group ("MSWG") at the MSWG-ASEAN Corporate Governance Award 2021 Industry Excellence Award for CG Disclosure

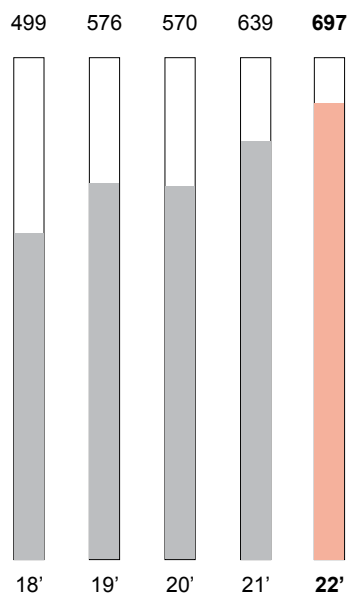
OUR INVESTMENT CASE

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

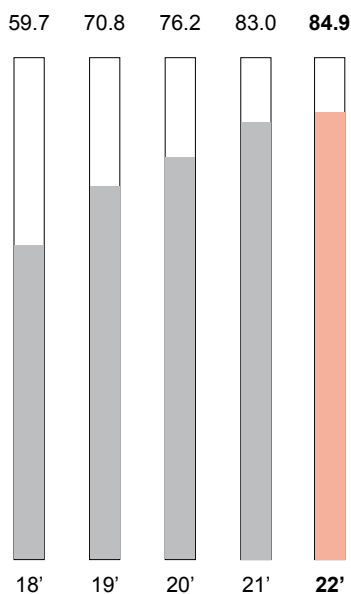
Financial Position	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Non-current assets	469,048	502,596	598,739	669,335	680,432
Current assets	367,330	417,205	459,693	494,796	541,487
Total assets	836,378	919,801	1,058,432	1,164,131	1,221,919
Current liabilities	222,445	239,442	150,321	230,309	264,591
Financed by:					
Share capital	347,188	374,404	404,922	405,856	419,367
Non-distributable reserves	27,222	(27,600)	18,717	(21,824)	(52,515)
Retained earnings	161,075	182,946	220,182	239,972	288,370
Shareholders' funds	481,041	529,750	643,821	624,004	655,222
Deferred tax liabilities and other payables	11,242	10,871	11,009	12,021	7,505
Loans and borrowings	121,650	139,738	302,074	400,722	428,742

Financial Performance	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Turnover	498,722	576,462	569,902	639,175	696,717
Profit before taxation	59,666	70,809	76,157	82,983	84,851
Taxation	(12,025)	(15,536)	(17,547)	(17,300)	(14,739)
Profit after taxation	47,641	55,273	58,610	65,683	70,112
Profit attributable to shareholders	47,641	55,273	58,610	65,683	70,112
Dividends	(26,666)	(33,276)	(37,749)	(45,893)	(21,714)
Transfer upon the disposal of equity investment designated at FVOCI	-	-	16,375	-	-
Transfer to retained earnings	20,975	21,997	37,236	19,790	48,398

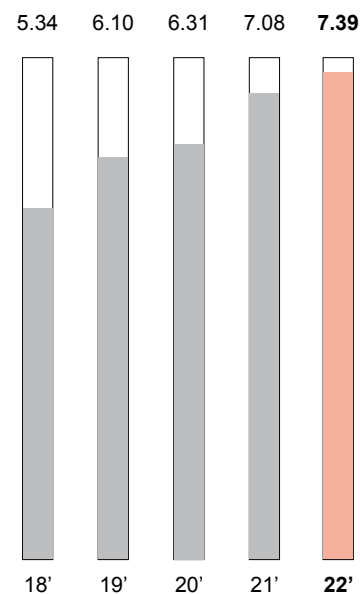
REVENUE (RM'mil)



PROFIT BEFORE TAX (RM'mil)



BASIC EARNINGS PER SHARE (Sen)



OUR INVESTMENT CASE

OUR APPROACH TO SUSTAINABILITY

Given the nature of our business, people’s wellness is a key focus area for Duopharma Biotech. In addition to ensuring optimal affordability and accessibility of our products, we extend our wellness approach to encompass the well-being of all our stakeholders – from our consumers to customers, business partners, suppliers, employees and communities at large. This forms the crux of our sustainability agenda which ultimately is geared towards value creation for society as well as for Duopharma Biotech, contributing to our long-term business continuity.



OUR SUSTAINABILITY COMMITMENTS

As the largest pharmaceutical company in Malaysia, we acknowledge our responsibility to operating in a manner that is responsible, and that respects the needs of our stakeholders. Towards this end, we have been progressively integrating sustainability into our day-to-day thinking and decision-making, guided by a 5-Year Environmental, Social and Governance (“ESG”) Strategy. Sustainability is overseen by our Board of Directors and driven by a dedicated Group Sustainability Department.

UNITED NATIONS GLOBAL COMPACT

We are a participatory member of the United Nations Global Compact Network Malaysia & Brunei (“UNGCMYB”), which has provided us the necessary support to drive our ESG Strategy and sustainability commitments. This encompasses a pledge to becoming carbon neutral by 2030 and a net zero carbon organisation by 2050.

UN SUSTAINABLE DEVELOPMENT GOALS (“SDGS”)

We acknowledge the UN SDGs as being a comprehensive blueprint towards creating a more socially and economically equitable world that is also environmentally sustainable. Accordingly, we seek to contribute to the SDGs in line with our capabilities and capacity. We have identified 12 SDGs in which we can make a meaningful difference, and are building on our efforts to create significant outcomes in these areas.

The 12 SDGs are:

SDG 1	No Poverty
SDG 3	Health and Well-being
SDG 4	Quality Education
SDG 5	Gender Equality
SDG 6	Clean Water & Sanitation
SDG 8	Decent Work & Economic Growth
SDG 9	Industry, Innovation & Infrastructure
SDG 10	Reduced Inequalities
SDG 12	Responsible Consumption & Production
SDG 13	Climate Action
SDG 16	Peace, Justice & Strong Institutions
SDG 17	Partnerships for the Goals

TRANSPARENT REPORTING

Just as we seek to create stakeholder value, we believe it is important to communicate our actions in a manner that is relevant and transparent. We therefore continuously enhance the quality of our reporting. This year, we have initiated the process to progressively align our disclosure to the Task Force on Climate-Related Financial Disclosures (“TCFD”) recommendations, as well as the FTSE4Good Bursa Malaysia Index’s ESG Indicators. Our objective is to align our reporting fully with TCFD recommendations by 2026, thereby meet Bursa Malaysia’s newly released reporting requirements.

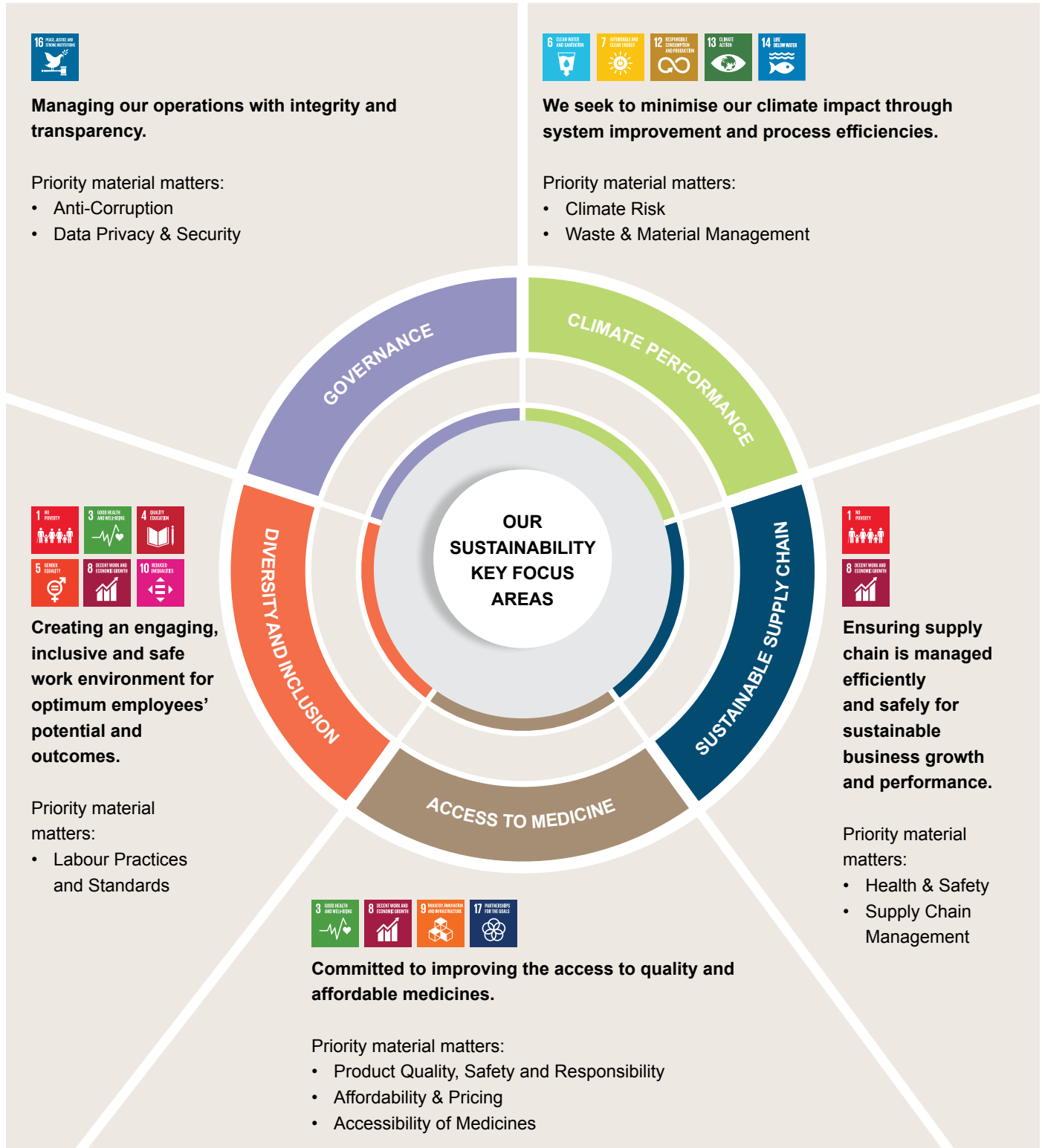
MATERIALITY

In reporting, we focus on matters that are material as determined by a materiality assessment. In 2022, we made a significant improvement on the assessment process by adopting some elements of “double materiality” which ensures not only that we report on matters that are material to society, the market and environment (as determined by the standard GRI-recommended assessment), but also matters that are material in influencing our business value (and are therefore pertinent to Duopharma Biotech as a business concern).

OUR INVESTMENT CASE OUR APPROACH TO SUSTAINABILITY

OUR ESG STRATEGY

As a measure of our commitment to sustainability, in 2022 we established a 5-Year ESG Strategy for the years 2022-2026. In addition to aligning ESG with our business strategies, we also seek to deepen our employees' awareness of ESG and be recognised for our ESG initiatives through relevant ratings.



OUR INVESTMENT CASE

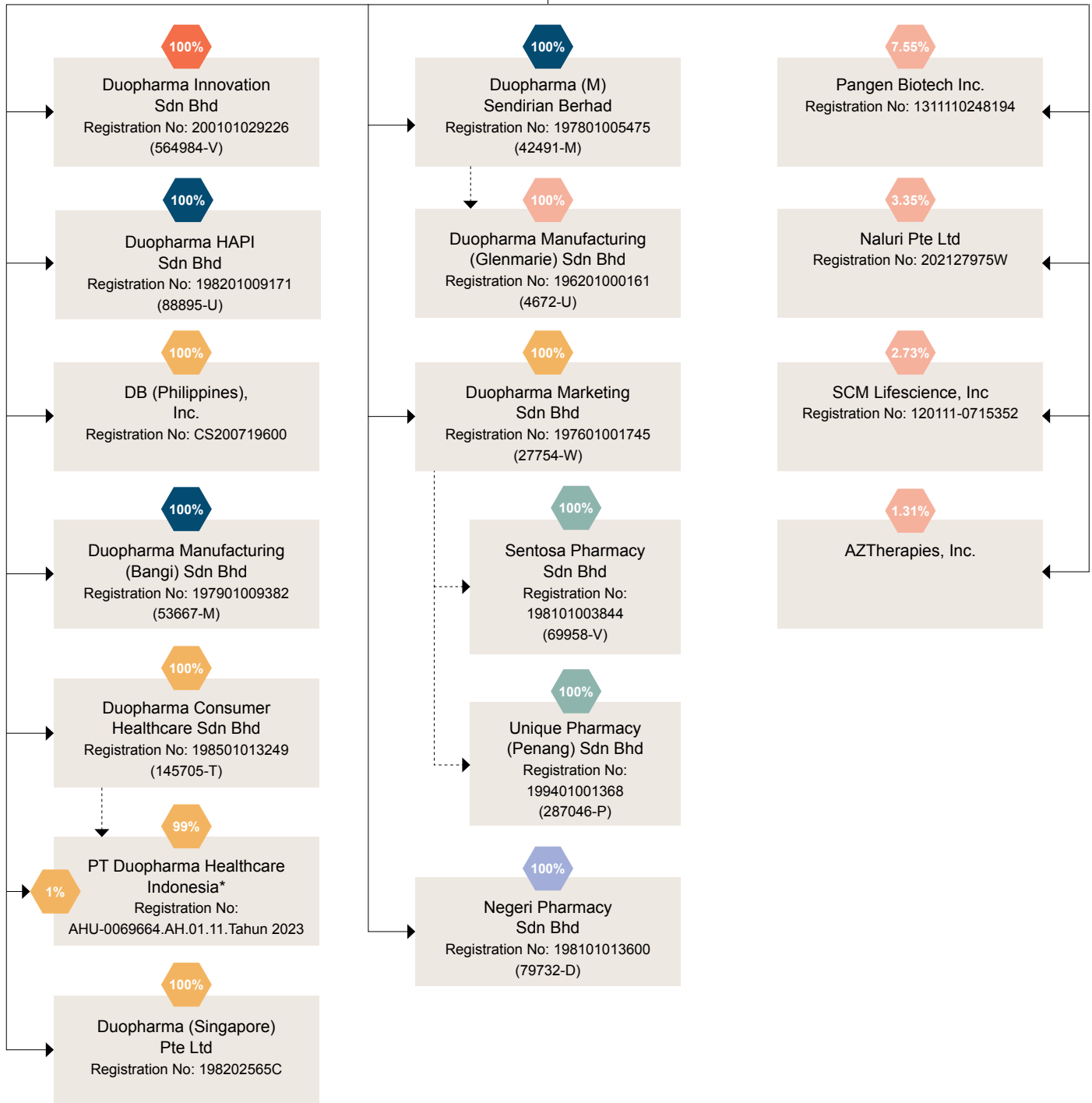
OUR GROUP CORPORATE STRUCTURE



DUOPHARMA

DUOPHARMA BIOTECH BERHAD

REGISTRATION NO.: 200001021664 (524271-W)



Note:
* PT Duopharma Healthcare Indonesia was incorporated on 10 April 2023.

- Research & Development
- Manufacturing
- Sales & Marketing
- Depot
- Dormant
- Others

SEC

02

FROM THE LEADERSHIP





CHAIRMAN'S STATEMENT

DEAR
SHAREHOLDERS,

It gives me great pleasure to present Duopharma Biotech's inaugural Integrated Annual Report. The Board and Management agreed on adopting the integrated reporting ("IR") approach as we believe it offers the best format for us to disclose material information about how the Group creates financial as well as environmental, social and governance ("ESG") value in the short, mid and long term.

**TAN SRI DATIN PADUKA
SITI SA'DIAH BINTI SH BAKIR**
Non-Independent, Non-Executive Chairman

HARNESSING SUSTAINABLE OPPORTUNITIES TOWARDS A RESILIENT FUTURE

EARNINGS
PER SHARE

7.39
sen



PROFIT AFTER TAX
+6.74%
year-on-year

REVENUE
RM696.72
million
+9.0%
year-on-year

We recognise that our investors and other stakeholders are interested in these aspects of our operations, and hope that, with this report, we answer any questions you may have, clearly and concisely. As with all meaningful journeys, the transition towards a completely integrated report necessarily takes time. This report reflects our initial steps; rest assured that over the years, we will expand the depth and breadth of our disclosures.

696.72
639.18
569.90



A GOOD YEAR WITH CHALLENGES

It was with great relief that Malaysians greeted the 'end of the pandemic' when the government officially declared COVID-19 as endemic. As we appear to be past the more acute phases of the pandemic, this unforeseen circumstance has led to unique challenges that organisations should focus on to survive and thrive in the pandemic-transformed world. Navigating through these challenges is indispensable so we can come back stronger and leverage the pandemic recovery as an opportunity to accelerate prosperity.

It is with immense pride to share that, despite the unforeseen post-pandemic challenges, Duopharma Biotech was able to record a profit before tax of RM84.9 million, registering its highest ever revenue of RM696.72 million, a 9.0% increase from RM639.18 million the preceding year. This meant that we were once again able to reward our shareholders with healthy returns.

REVENUE (RM' MIL)

2022
2021
2020

In August 2022, the Board declared an interim dividend of 0.5 sen per ordinary share for the second quarter of 2022, equivalent to RM4.76 million. This was followed by a second interim dividend of 1.8 sen per share for the full financial year 2022, equivalent to a payout of RM17.14 million, as compared to RM16.95 million in the previous financial year. For the year as a whole, we are offering a total dividend of 2.3 sen per share, equivalent to approximately RM21.90 million.

The Board has also resolved to apply the dividend reinvestment plan ("DRP") to the second interim dividend. The new ordinary shares to be issued will be priced at RM1.35 each, which represents a discount of approximately 9.87% to the five-day ex-dividend volume weighted average market price of RM1.4978.

CHAIRMAN'S STATEMENT

Past pandemics have led to massive changes in the way we live that we have come to accept as normal. Manoeuvring the post-pandemic impacts as the world moves toward endemicity requires resilience in our quest to capture emerging opportunities. However, as we resumed our everyday lives, going back to work, eating out, travelling, and visiting the doctor for ailments, demand for goods and services suddenly peaked. From being suppressed for two years, demand in certain sectors very quickly reached pre-COVID levels. Naturally, this placed a huge stress on market fundamentals, with the result that prices increased across the board and shortages became commonplace.

The pharmaceutical sector was not spared, as pandemic-related supply chain disruptions continued while new challenges emerged. Among the latter, Duopharma Biotech found ourselves with about RM36 million worth of COVID-19 vaccines which we could not sell – initially because of price issues, and subsequently because of minimal demand. This unprecedented turn of events has upended our financial performance and placed a significant burden on our financial resources, which our Group Managing Director explains in greater detail. Suffice to say that concerted efforts to increase our operational efficiencies, together with strategic sales and marketing, allowed us to compensate for this substantial loss.

SMARTER SOLUTIONS FOR HEALTHIER LIVES

Our financial performance aside, Duopharma Biotech continued to create value the best way we can: by making available effective and affordable treatments for all consumers. We also seek to cater to the particular needs of the different communities around the world, based on their cultural and religious backgrounds as well as dietary requirements. We have established ourselves as leaders in halal pharmaceuticals not just in Malaysia, but regionally. We apply stringent halal procedures at our plants such that all products manufactured by Duopharma Biotech are ready for halal certification.

As we manufacture drugs of increasing complexity, it becomes more challenging to attain this certification. Nevertheless, we are intent on fulfilling our mission. And it is with great pride to share that in 2022, we achieved a milestone by obtaining the world's first halal certification for a cancer drug. In December, the Department of Islamic Development Malaysia ("JAKIM") granted halal status to LEBRETA, a breast cancer molecule manufactured at our Highly Potent Active Pharmaceutical Ingredients ("HAPI") facility located in Glenmarie, Shah Alam, Selangor.

We have also entered into partnerships with two plant-focused biotech companies to explore the development of plant-based therapies. These would be of interest to patients who are vegetarian or vegan or who simply believe in consuming products that are made responsibly and carry low carbon footprints.

In terms of inclusive healthcare, we are extremely encouraged by the revised Budget 2023 which was announced recently. The Budget includes a 12.0% increase from Budget 2022 in the healthcare allocation to RM36.3 billion, mostly for the purchase of medicines, reagents, vaccines and consumables, and to make healthcare services more accessible to lower-income segments of the population. This record-high allocation is the right direction towards reforms needed in the healthcare system which is expected to drive higher demand for medicine supply that shall benefit pharmaceutical players in the market. The government's continuously increasing expenditure on healthcare provides a supportive environment for Duopharma Biotech to make our products available and affordable to everyone.

INTEGRATING ESG INTO DUOPHARMA BIOTECH

By making our products as inclusive as possible, Duopharma Biotech is fulfilling an important sustainability imperative, namely promoting better



health for everyone. While this is something that keeps driving us to grow and serve more people, we realise we could and should broaden our sustainability compass. Hence, we are deepening our contributions in environmental and governance areas that are also critical to a better, more just world.

The Board was pleased when Management established a new 5-Year ESG Strategy, which includes a pledge to becoming carbon neutral by 2030, a net-zero carbon organisation by 2050 and to replace 50% of single-use plastics throughout our operations with biodegradable plastics by 2026. To achieve these targets, Management has also outlined a sustainability roadmap with clear checkpoints. For our part, the Board will be providing greater oversight of all sustainability matters across the Group. It has already been put into practice since 2022 for all Board papers to include a section on the ESG impact of new projects or initiatives, including climate risks and whether these pose a threat to the Group. Further strengthening our sustainability governance structure and responsibilities, we have activated the Sustainability Management Council ("SMC") as a platform to discuss and review our ESG strategy and performance.

ESG Compliance is also one of the four pillars of Duopharma Biotech's new Corporate Culture as we believe that, to achieve meaningful outcomes, the principles of sustainability have to be integrated into our employees' everyday actions and decisions. Accordingly, a substantial amount of time and effort has been invested into ESG capacity-building to create a sustainable mindset across the Group. This has been reflected by Duopharma Biotech receiving the United Nations Global Compact ("UNGC")'s Sustainability Awareness and Employee Engagement Recognition Award during its Sustainability Performance Awards 2022.

GOVERNANCE

Governance has always been a key function and responsibility of the Board. To ensure adherence to best practices, hence optimum value creation for our stakeholders, we continuously review our policies as well as procedures.

CHAIRMAN'S STATEMENT



Following the latest revisions in the Malaysian Code on Corporate Governance (“MCCG”) 2021, we had engaged a consultant to advise us on the governance framework for our Board committees. This resulted in a revision to our Board Charter, the Terms of Reference (“TORs”) of the Board committees, and the Remuneration Policy and Procedures for Directors and Senior Management. In line with the new TORs, the Board also approved several name changes to our committees with effect from 1 July 2022.

Our Risk Management and Sustainability Committee is now our Risk Management Committee in view of the transfer of sustainability oversight to the Halal and Sustainability Committee. Our Audit and Integrity Committee has been renamed our Audit Committee as integrity matters will fall under the purview of the Risk Management Committee. With the transfer of sustainability matters to our Halal Committee, it is now known as our Halal and Sustainability Committee. Meanwhile, we renamed our Medical Advisory Committee as our Medical and Research Committee, to better reflect the roles and responsibilities of the committee. Likewise, it is also emphasised in the MCCG 2021 that the Chairman of the board should not be part of any audit, nomination, or remuneration committees implying that the Chairman is independent of all committees.

Taking into account regulatory demands as well as the Group’s expectations with regard to the skill sets, experience and roles of Non-Executive Directors (“NEDs”), we adopted a Succession Planning Policy for NEDs. Guided by this Policy, the Nomination and Remuneration Committee (“NRC”) has endorsed a Boards Needs Analysis that identified the skills or competences to be considered when selecting Board candidates. It also endorsed the appointment of an independent search firm to source for potential Board candidates, and the establishment of a Succession Plan

Framework for NEDs that includes mapping the cessation of tenure of existing directors based on the policy in our Board Charter of limiting tenure to a maximum of nine years. Potential candidates for appointment as directors have also been identified.

In addition, we adopted a Related Party Transaction (“RPT”) Framework that outlines the procedures for the purpose of identifying, monitoring, evaluating, reporting and approving RPTs and recurrent related party transactions (“RRPT”). The objective is to ensure these are conducted on an arm’s length basis, in compliance with Bursa Malaysia Berhad’s Main Market Listing Requirements (“MMLR”) and applicable laws.

To promote good governance and transparency in the decision-making process, we developed the Board Voting Guideline setting out principles and practices that underpin the Board’s approach to all forms of deliberation. Finally, we adopted a new constitution for all Duopharma Biotech subsidiaries in Malaysia and Singapore, aligned with key regulatory requirements in both countries, namely Malaysia Companies Act 2016 and Singapore Companies Act 1967.

Our efforts to maintain the highest standard of governance continue to be recognised by the industry. During the year, Duopharma Biotech received the Industry Excellence Award for CG Disclosure and was ranked 25 out of the top 100 companies for CG Disclosure at the MSWG-ASEAN Corporate Governance Award 2021 organised by the Minority Shareholders Watch Group (“MSWG”). We were also recognised in the ASEAN Asset Class PLCs category at the 2021 ASEAN Corporate Governance Scorecard Virtual Awards hosted by the Institute of Corporate Directors Philippines. In addition, we have not just retained our listing on the FTSE4Good index, but have seen our overall score increase from the June assessment to the December assessment.

Duopharma Biotech also received recognition for our commitment and effort in institutionalising integrity, ethics and good governance practices at the inaugural Integrity, Governance and Anti-Corruption Awards (“AIGA”) 2022, by winning the Gold Award. The awards, organised by the Malaysian Institute of Integrity (“IIM”), are based on international standard criteria including the ISO37001 Anti-Bribery Management System (“ABMS”) and the ISO 9001 Quality Management System. Duopharma Biotech was further honoured with the Five Petals Gold Ethics Award from the Business Ethics Institute of Malaysia for the second consecutive term. Meanwhile, it is with great pride to share that the Group passed the ISO 37001:2016 ABMS Certification audit without any non-conformance nor recommendations for improvement.

ACKNOWLEDGEMENTS

Our steady performance in a year that was marked by challenges was the result of the hard work and commitment of the entire team; and I would like to acknowledge my colleagues on the Board, the Management led by the Group Managing Director, and all staff of Duopharma Biotech for your invaluable contributions.

At our forthcoming AGM, Dato’ Mohamad Kamarudin bin Hassan, who has served the Board as an Independent Director since January 2014, the last five of which as our Senior Independent Director, will be retiring in line with the nine-year tenure policy. On behalf of the Board, I would like to acknowledge Dato’ Kamarudin for his invaluable contributions and wish him the best in all future endeavours.

I would also like to note the Board’s appreciation for the support of our wide range of stakeholders, from our shareholders – and especially Permodalan Nasional Berhad – to our customers, business partners and suppliers. To the government, and particularly the Ministry of Health, thank you for maintaining a sustainable ecosystem for pharmaceutical companies and the healthcare industry more generally. It is our fervent wish to be able to continue to work with all of you to provide continuously smarter solutions for a healthier, more sustainable nation.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

CREATING MEANINGFUL DIFFERENCE TO HEALTHIER LIVES

The year 2022 presented a mixed bag of both unexpected opportunities and challenges. From the moment the pandemic was treated as endemic, there was a marked shift in market dynamics. Pharmaceutical products that were in high demand in the previous two years, such as COVID-19 vaccinations, suddenly became obsolete. At the same time, as Malaysians returned to their doctors for a variety of ailments, demand for non-COVID treatments surged to pre-pandemic levels. Unfortunately, pharmaceutical manufacturers were unable to meet much of this demand because of supply chain issues and a labour shortage.



**LEONARD ARIFF BIN
ABDUL SHATAR**
Group Managing Director

12.0%

increase in Budget 2023
healthcare allocation at **RM36.3
billion**, mostly for the purchase
of medicines, reagents, vaccines
and consumables, and to
make healthcare services more
accessible to lower-income
segments of the population.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

Despite this operating landscape, however, Duopharma Biotech ended the year with a 9.0% increase in revenue to RM696.72 million, and a 2.25% increase in profit before tax (“PBT”) to RM84.85 million. These extremely commendable results were the result of the effective implementation of various strategies by our team. Working hard and persevering through the ups and downs, they have proven once again to be our most valuable assets. I would like to thank everyone in the Group for our performance and take pleasure in outlining how we were able to record the many wins that we did.

MANAGING POST-PANDEMIC SURPRISES

Just as the pandemic was unprecedented, so was its aftermath. Nevertheless, our organisational resilience and strong partnerships enabled Duopharma Biotech to pivot very quickly to manage the sudden and unexpected changes in our operating environment.



Adoption of the Integrated Reporting approach this year has been a first step in demonstrating how sustainability is now fully integrated into our value creation process.

ERYSAA®
Erythropoietin is now being distributed in Malaysia & Philippines.

PERFORMANCE HIGHLIGHTS

Revenue



RM696.72 MIL

9.0% increase compared to last year 2021

Profit Before Tax



RM84.85 MIL

2.25% increase compared to last year 2021

Total Production Output



increase by **53%** year-on-year

Carbon Reduction



Conducted a thorough assessment of our Scope 1 and 2 emissions, established our baseline, and put in place systems to monitor our emissions while implementing various reduction initiatives

First pharmaceutical company in the world to receive **Halal certification** for an oncology product

Committed to **carbon neutrality** by 2030 and to becoming a **Net Zero Carbon Organisation** by 2050



GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS



In response to the widespread shortage of medicines, we engaged intensely with our foreign partners and, thanks to good relationships with them, were able to restore pipelines for most of our imported products to the market. The industry in general also experienced continued disruptions in the supply of raw materials. This was something we had prepared for from the beginning of the pandemic. As early as 2020 we had started to stock up on various active pharmaceutical ingredients (“APIs”), excipients, packaging materials, and others. With an element of foresight, we also locked them in at prices that were quite favourable. Our actions have had the double benefits of enabling us to meet our delivery commitments while averting the full impact of the sharp increase in API prices.

With regard to the labour shortage, we did our best to compete with other employers – mainly in the construction and hospitality sectors which were recovering very rapidly – and ended the year with about 97.3% of our full quota. In the meantime, we are further enhancing our operational efficiencies by debottlenecking processes and the implementation of continuous improvement programmes such as Kaizen and Gemba walks. To enhance productivity, employees are encouraged to undergo Lean Sigma training. We have also been amenable to employees working overtime, within reason, and were pleased to see our total production output increase by 53% year on year. This is quite a remarkable achievement, one that we can justifiably be proud of.

The most pressing challenge for Duopharma Biotech was the government’s decision in January 2022 to cap the retail prices of two COVID-19 vaccines, including that of Covilo Sinopharm (“Covilo”) which we were distributing. This forced us to stop sales of the vaccine as it was no longer economically viable to do so, and to make provisions for losses to the tune of about RM36 million. It was only because of the team’s exceptional performance in increasing output and sales that we managed to protect our profitability.

HIGHLIGHTS OF THE YEAR

Expanding Portfolio

In line with our Vision, Duopharma Biotech’s focus is on providing consumers with the best solutions for a healthier life. This has seen us continuously expand our portfolio of products, both imported as well as manufactured in our plants. During the year, we started commercial production of the second cancer molecule at our Highly Potent Active Pharmaceutical Ingredients (“HAPI”) facility, Trevive, targeted at chronic myeloid leukaemia. We also became the first pharmaceutical company to halal-certify a cancer molecule. This was for LEBRETA, our pioneering product at HAPI, which is used in the treatment of postmenopausal women with breast cancer.

Already being distributed to government hospitals in Malaysia under a three-year contract, we were pleased when LEBRETA was approved by Singapore’s Health Sciences Authority (“HSA”) in September 2022, as well as by the Brunei Darussalam Medicines Control Authority (“BDMCA”). Further building our cancer portfolio, we also launched Abiraterone and Gefitinib in Malaysia, indicated for prostate and lung cancers, respectively.

In addition, ERYSAA®, our erythropoietin biosimilar, gained approval from the Philippines Food and Drugs Administration (“Philippines FDA”) in August 2022 and we received our first ERYSAA® order from a healthcare facility in Manila in January 2023.

Last year, I mentioned how our Ethical Specialty Business had diversified into sales of medical devices, specifically COVID-19 test kits. This year, it added a new product into this sub-unit, namely Dr. INVIVO 4D/2D Bioprinter. The cutting-edge device is able to use adipose tissue from patients to manufacture soft tissues outside of the body. Among other applications, it can be used to accelerate wound management treatment for foot ulcers in diabetic patients.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

Of note, we also entered into partnerships with a couple of biotech companies focused on plant-based products – The Live Green Co and Kensana Health Inc (“Kensana”). With US-based The Live Green Co, we are looking to launch a range of Consumer Healthcare (“CHC”) products that do not contain any animal, synthetic or ultra-processed ingredients, catering to demand for more sustainable wellness foods and pharmaceuticals. Kensana, meanwhile, is developing a proprietary patient advocacy platform by pioneering drug discovery, product formulation, clinical studies, and distribution in the phytopharmaceutical industry.

Catering to the halal consumer market, we signed an agreement with our South Korean partner, SCM Lifescience, Inc. (“SCM Lifescience”) to distribute its range of Iroro halal-certified hair growth products using stem cell technology in Malaysia.

Manufacturing Excellence

Supporting our portfolio expansion, we have been upgrading our manufacturing capabilities and capacity over the last few years. In 2022, we further enhanced our manufacturing optimisation programme by developing a five-year strategy under which we seek to leverage digital technologies more fully to enhance data-driven decisions while developing new modalities to keep evolving and elevating our technical competencies.

During the year itself, we set up manufacturing dashboards in each production facility, creating visibility of real-time data to enable quick, informed decisions. In terms of capacity, we completed the development of a new seven-storey high-tech oral solid dosage facility which we expect to operationalise by the second quarter of 2023. Currently, trials and pilot batch manufacturing are being carried out concurrently for regulatory submission at the new facility. We also fully relocated all dry packing activities to our new state-of-art plant in Bangi in a record time of three months.

To enhance our technical capabilities, as mentioned last year, we are investing in a biologics facility in Klang which is expected to be completed by 2025/2026. In addition to the bulk manufacture of biologics, we are looking into the possibility of incorporating a vaccine facility in this complex. Such an investment would not be viable if borne solely by Duopharma Biotech, hence we are discussing the possibility of government support. We are hopeful of a positive response as it would mean greater national preparedness for any future pandemic.

Digitalisation

We have always recognised the need to digitalise in order to maintain our competitive edge. In 2022, however, we saw for the first time tangible returns from our investments – in the substantial increase in productivity we were able to achieve aided by the manufacturing dashboards mentioned above. This has fuelled the fervour with which we are proceeding with our digitalisation journey, which was marked by several other milestones during the year.

We installed an SAP Track and Trace System enabling end-to-end supply chain visibility which greatly enhances our procurement and stock management processes while preparing us for serialisation when it is made mandatory. We introduced an Electronic Quality Management System (“EQMS”) allowing the team to centrally manage and monitor various compliance processes throughout products’ lifecycles. We will also be launching an e-catalogue and commercial platform, improving our customer engagement and providing greater convenience for placing orders. In addition, we have implemented Tableau Visualisation Dashboard Reporting Tools to leverage data analytics for better decision-making, business planning and forecasting.

The e-catalogue and commercial platform complement our telesales, which has become increasingly important in our overall sales and marketing performance. Moving forward, we will look into transitioning our telesales onto the digital platform, creating even greater cost and procurement efficiencies.

Along with greater digitalisation of our processes and systems, we are enhancing our data security through various security measures including the encryption of data, implementation of a two-layered firewall, and 24/7 cybersecurity monitoring, among others.

FINANCIAL REVIEW

Duopharma Biotech recorded a 9.0% increase in revenue from RM639.18 million in 2021 to RM696.72 million, our historical highest, mainly due to higher sales generated from prescription pharmaceuticals under our Ethical Classic Business and the public health sector. Revenue from the public sector was boosted by a three-year contract worth RM375 million to supply Insugen to the Ministry of Health (“MoH”)’s facilities from 29 April 2022 – 28 April 2025. Moving forward, MoH has also extended the contract period for the supply of pharmaceutical and non-pharmaceutical products to government hospitals and clinics under the Approved Products Purchase List (“APPL”) until 30 June 2023 from an earlier expiry date of 31 December 2022.



GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

Despite the significant increase in revenue, however, our PBT increased only marginally from RM83.0 million to RM84.9 million, while our net profit grew by 6.7% from RM65.7 million to RM70.1 million. This was due to the one-off full impairment made for our unsold Sinopharm vaccine stock. As at the end of 2021, our vaccine stock was worth about RM50 million. By this time, demand for COVID vaccines was waning, so we started making provisions for about RM20 million in losses. When the price of Covilo was capped, however, we halted sales as the ceiling price was lower than our cost price. Although the price was reviewed and subsequently increased in May, demand for Covilo had completely disappeared. We, therefore, had to make full provision on the remaining stocks worth approximately RM36.0 million in 2022. Fortunately, we were able to mitigate this loss with profits from our extensive portfolio of other products.

Segmental Performance

Of the Group's total revenue, RM654.89 million (or 94.0%) was derived from local sales while the remaining RM41.83 million was from export sales. In terms of gross profit, domestic sales accounted for RM265.66 million, or 94.9% of the total, RM279.82 million.

Cash Management

Our focus during the year has been to ensure sufficient cash to manage our commitments. At the beginning of the financial year, we accepted a revision to the terms and conditions of our term loan facility from AmBank (M) Berhad encompassing an extension of the facility allowing us more flexibility in our cashflow management.

As at year-end, our cash balance stood at a robust RM157.64 million.

PEOPLE & CULTURE

Since the pandemic, we have been operating a hybrid work platform, with corporate employees splitting their hours between the office and home. We have found that, with the right support structures, the system is both effective and efficient. While saving our employees time and cost by not having to commute daily, we have managed to maintain a high level of productivity as reflected in employees meeting their key deliverables. The biggest drawback of this platform is a certain level of disconnect between the employees and the Company, and among the employees themselves. To manage this, we continually design and execute employee engagement programmes that reinforce our shared values and aspirations to create a stronger Duopharma Biotech identity. Our efforts are producing the desired results; our Employee Engagement Index survey conducted in October 2022 attracted a strong participation rate of 96% and demonstrated that 84% of our employees are fully engaged.

Further uniting our employees, in July 2022, we launched our Duopharma Biotech Corporate Culture focusing on the four pillars of performance, sustainability, innovation and global mindset. Various programmes have been organised to internalise these ideals, which will go a long way towards enhancing our values and the values we deliver to our stakeholders.

Meanwhile, to promote self-learning, we introduced an online learning platform called MyDuopharma Learning ("MDL"). And to ensure our employees' well-being, we have launched several programmes targeted at mitigating physical and mental stress such as Burnout Surveys, HR Cares Wellness Helpline,



GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

Work-Life Harmony Guideline and MyHealth. Partly as a result of the pandemic, we are more conscious of the need to provide better and more holistic support for our employees. This is an area we will continue to develop with time.

SUSTAINABILITY

It is with pleasure to share that we have continued to make significant progress in our sustainability agenda, with the establishment of our 5-Year ESG Strategy and, more importantly, the implementation of initiatives towards achieving the goals set. As mentioned last year, we have committed to carbon neutrality by 2030 and to becoming a Net Zero Carbon Organisation by 2050. A third headline goal is to replace 50% of single-use plastics with biodegradable plastics within our operations by 2026.

A key step towards carbon reduction is to understand where within our operations and extended supply chain we currently emit the most emissions. Towards this end, we have conducted a thorough assessment of our Scope 1 and 2 carbon emissions, established our baseline, and put in place systems to monitor our emissions while implementing various reduction initiatives. Similarly, for Scope 3 emissions, we initiated the accounting journey and process by establishing a GHG Scope 3 Roadmap in December 2022. In terms of waste management, we have introduced a thermal waste management system, Asher, in Bangi to reduce the volume of waste sent to landfills. We have also implemented an Operational Excellence ("OE") project that reduces the amount of plastic packaging material i.e. PVC that goes to waste by slitting unused PVC for usage in other suitable products.

As a measure of our commitment to sustainable operations, we have started to progressively align and embed our ESG Strategy into our overall business strategy. This includes the integration of sustainability risks with our business risks. We will be guided by the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations in identifying climate-related risks, such as the strategic risks posed by new regulations on climate change, operational risks posed by extreme weather, and financial risks with regard to carbon taxes and insurance. This is still a work in progress, and we hope to include more disclosures related to TCFD recommendations from next year onwards.

Adoption of the Integrated Reporting approach this year has been a first step in demonstrating how sustainability is now fully integrated into our value creation process. In the coming years, we will be building on the depth and breadth of our narrative.

OUTLOOK

The year 2023 has got off to a challenging start with certain regulatory changes implemented as of 1 January affecting the manufacturing industry. These include an increase in electricity tariff for commercial operations and amendments to the Employment Act 1955 which would require overtime to be paid to workers earning RM4,000 and below. Both have major cost implications for Duopharma Biotech. More positively, the recently released Budget 2023 demonstrates continued emphasis by the new government on ensuring better and more universal medical treatment, with MoH's allocation being the second highest at RM36.3 billion, marking an increase of 12.0% from RM32.4 billion in Budget 2022.

The increased Budget will serve to further strengthen sales to the government sector. At the same time, we expect to see continued growth in the private sector boosted by increasing hospital and clinic visits. This will help to cushion any softening of the CHC market due to inflation and moderation in consumer spending. Overall, we are optimistic of the year 2023 given the country's strong underlying fundamentals which include a strengthening ringgit and consistently strong demand for pharmaceutical products.

Living up to our Mission, we will continue to build our portfolio of products in ways that make a meaningful difference to healthier lives. We have a strong pipeline of drugs that are undergoing the necessary approvals before they can be launched. At the same time, we are developing our preventive medicine and early detection solutions for the best health outcomes. Among others, we are working on increasing patient accessibility to early screening of breast cancer with an affordable, painless and radiation-free diagnostic tool. The earlier cancer is diagnosed, the better the outcomes.

With regard to sustainability, we will ensure the social aspects of ESG are not neglected in strident efforts to achieve our carbon reduction ambitions. We embrace the concept of a Just Transition, defined by the International Labour Organization ("ILO") as "greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind". Indeed, this is very much in line with our inclusive approach to health and our ultimate objective of creating better lives for everyone.

SEC
03

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OUR OPERATING LANDSCAPE



Duopharma Biotech’s ability to provide smarter solutions for a healthier life hinges on the environment in which we operate. We closely monitor trends in our operating environment to better understand our risks and, more importantly, to leverage the opportunities presented in order to maintain sustainable growth.

1

SLOWER ECONOMIC RECOVERY

Global economic growth has been slowing down following its sharp uptick to 6% in 2021, mainly due to geopolitical tensions and lingering COVID-19 resulting in inflation and tightening of financial conditions, especially in developed markets. Global gross domestic product (“GDP”) growth is expected to be in the region of 3.2% in 2022 and to further decelerate to 2.7% in 2023. Although the Malaysian economy is anticipated to outperform the global average – coming in at 6.5%, according to the Ministry of Finance – the country has not been spared from inflation as well as continued supply chain disruptions.

Within the pharmaceutical industry, pandemic-related lockdowns in China, the world’s number one supplier of active pharmaceutical ingredients (“APIs”) and pharmaceutical intermediates, have caused API and excipient costs to rise sharply. This has been exacerbated by continuing supply chain disruptions pushing up costs across the board, including that of raw materials used for packaging as well as that of shipping. These factors combined have meant increased operational costs for local pharmaceutical players, and a shortage of certain medicines/over the counter products for patients and general consumers.



Our Response

- To buffer against the increased cost of production, Duopharma Biotech is ensuring the preservation of healthy cash flow and financial stability.
- To manage supply chain disruptions and the shortage of API as well as other materials, we continue to look for alternative suppliers, and have been increasing the volume of our orders whenever stocks are available.
- Duopharma Biotech has developed alternative approved sources for important items to avoid dependence on a single supplier where the raw materials from new suppliers are required to go through the New Source Evaluation process to satisfy the requirements of Quality Assurance (“QA”), Halal Compliance, Quality Control (“QC”), Business Improvement, Technical Support, Planning, Production, Engineering and Regulatory Affairs.

OUR OPERATING LANDSCAPE

2 INCREASE IN NCDs

Non-communicable diseases (“NCDs”) – such as cardiovascular and respiratory diseases, diabetes and cancer – are the number one cause of deaths across the world, accounting for 74% of global mortality, according to the World Health Organization (“WHO”). Of note, 77% of the 41 million people who die from NCDs every year are from low or middle-income nations.

In Malaysia, an upper-middle income nation, the National Health and Morbidity Survey conducted in 2019 indicates that one in five adults has diabetes, one in three has hypertension (high blood pressure), and nearly half are either overweight or obese. The prevalence of such diseases not only places a strain on the country’s health system – and costs the economy more than RM9.65 billion a year – it also shortens life expectancy unnecessarily, as NCDs can be prevented and managed if detected and treated early. During the pandemic, moreover, those with NCDs were at greater risk of having more severe symptoms of COVID-19 and to die from the virus.

Our Response

- Duopharma Biotech has developed three franchises that guide our Ethical Specialty business – that for Diabetes, Cancer, and Renal Disease – all of which target NCDs whilst our Ethical Classic business offers generic drugs mainly serving various therapeutic classes, such as cardiovascular. To date, we have developed six generics and biosimilars targeted at these NCD categories.



Diabetes Care

- We have been supplying government healthcare centres with Insugen, a human insulin for the treatment of diabetes mellitus since 2016.
- The NPRA approval for Sitagliptin Hydrochloride (brand name: FORTREAS) was granted in October 2022, adding a new product portfolio to the franchise.
- Completed seven Dr. INVIVO product demonstrations in various public and private hospitals nationwide in 2022.



Renal Care

- We were the first in Malaysia to produce a biosimilar, ERYSAA®, an erythropoietin (“EPO”) which treats anaemia in patients with chronic kidney diseases. The erythropoietin is now being distributed not only in Malaysia but also the Philippines since January 2023.
- Product registration approval was granted for Ranofer in Brunei in April 2022.
- Product registration approval was granted for CAESEVA (sevelamer carbonate) by the Malaysian NPRA in October 2022.
- Established collaboration with RenalWorks Malaysia Sdn Bhd for RIMS2 software – a dialysis patient and clinic management platform. Renal Care Franchise will commercialise the software to targeted haemodialysis facilities in the private and public sectors nationwide. The software is expected to go live in Q3 2023.



Cancer Care

- Duopharma Biotech is the first to build a High Potent Active Pharmaceutical Ingredients (“HAPI”) facility in Malaysia, for the production of cancer molecules. To date, we have produced two molecules and have another 11 molecules in the pipeline. These generic products will substantially bring down the cost of treatment of cancer patients.
- Launch of Artesto (abiraterone) for prostate cancer and launch of Trexa (gefitinib) for non-small cell lung cancer in July 2022.
- In October 2022, NPRA approved the Change of Site registration for Trevive 100mg & 400mg (Imatinib), the second product in HAPI facility.
- Product registration approval was granted for LEBRETA in Brunei in February 2022.
- Product registration approval was granted for LEBRETA in Singapore in September 2022.

OUR OPERATING LANDSCAPE

3 DIGITALISATION

As with all other industries, the pharmaceutical sector is being revolutionised by digital technologies, both internally, in the way we manage our operations and make strategic decisions; and externally, in the products and services we offer to patients/consumers. Other than to allow for more efficient operations, advances in artificial intelligence as well as data and analytics are enabling researchers to explore and interpret increasing volumes of data more efficiently in order to guide product development. Further innovations in remote monitoring and care technology, as well as wearable technology, are revolutionising diagnosis, treatment planning, patient monitoring and communication with customers and patients.

With the increase in access to data and the Internet of Things, there is also growing concern surrounding data security, privacy and business interruption.



Our Response

- We migrated our Systems, Applications and Products (“SAP”) onto a private cloud in 2020, enhancing resilience of our IT systems and facilitating access to data for all employees.
- In January 2022, we operationalised a Track and Trace system which enables raw materials to be traced to source and will be able to cater to serialisation requirements when necessary. We further adopted digital technologies in our manufacturing plants including the roll out of manufacturing dashboards in all our facilities enabling the teams to make real-time, data-driven decisions and a Proof of Delivery system to enhance security and track the whereabouts of products being delivered to customers.
- We have ventured into digital therapeutics in collaboration with Naluri to offer a holistic health management programme for users through its personalised digital holistic healthcare application. A new wellness app developed by Naluri was later introduced internally to employees of Duopharma Biotech to promote physical and mental well-being.
- In 2021, we outlined a Digitalisation Strategy to identify more initiatives for our employees and introduced a new online learning platform, MyDuopharma Learning (“MDL”), which offers a range of programmes catering to soft and technical skills, as well as the induction sessions under our On-Boarding.

4 INNOVATION IN THERAPIES

Along with scientific breakthroughs, pharmaceutical companies have been able to produce increasingly more effective and targeted drugs/therapies for a wider range of diseases. A number of these cutting-edge drugs today are biologics, ie large, highly complex heterogeneous molecules derived from living cells or engineered using biotechnology in living cells. Unfortunately, like all innovator drugs, biologics are very expensive and beyond the means of most patients, especially in developing countries. To universalise access to these therapies, companies in emerging markets have been developing biosimilars. Given their efficacy and affordability, the biosimilar market has been growing, with sales topping USD15 billion in 2020, achieving a compound annual growth rate (“CAGR”) of 56% since 2015, according to a 2021 report by McKinsey & Company. The consultancy goes on to predict that the market will exceed USD30 billion by 2025 and USD60 billion by 2030.

In Malaysia, increasing use of biosimilars prompted the Ministry of Health (“MoH”) to issue a Guidance Document and Guidelines for Registration of Biosimilars in Malaysia in 2008, followed by Position Statements on the Use of Biosimilars in the Ministry of Health, Malaysia Healthcare Facilities in 2022. Implicit in these documents is the ministry’s acknowledgement that “biosimilars are an integral part of the effective biological therapies available in Malaysia and worldwide.”



Our Response

- Duopharma Biotech first made available biosimilars in the Malaysian market with the introduction of Zuhera and ERYSAA® in 2019. Today, there are no less than five biosimilars in our portfolio to manage diabetes, cancer and renal anaemia.
- Through ERYSAA®, we became the first Malaysian pharmaceutical company to fill and finish a biosimilar.
- We are now looking at utilising our existing fill & finish facility to establish a bulk biosimilars/vaccine manufacturing facility.
- The Ethical Specialty generics that we offer are on average 30% to 60% cheaper than their innovator versions. More generally, the availability of generics has prompted innovator drug manufacturers to lower their prices to remain competitive. In 2020, Duopharma Biotech was granted an MoH tender for our erythropoietin biosimilar ERYSAA® worth RM37.7 million, which provides RM10 million in savings to the government annually.
- While most of the generics/biosimilars in our portfolio are imported, we continue to develop many products in-house and partner with leading biotech companies to expand our manufacturing capabilities.

OUR OPERATING LANDSCAPE

5 HALAL PHARMACEUTICALS

The global halal pharmaceutical market grew by 6.5% in 2021 and is expected to grow by a further 6.7% in 2022 to USD106 billion, reaching USD129 billion in 2025 at a four-year CAGR of 6.7%, according to the State of Global Islamic Economy 2022 Report. This growth is driven by demand from Muslim populations as well as growing acceptance of halal products within the mainstream pharmaceuticals industry.

Malaysia has been a pioneer in developing the halal pharmaceutical sector, beginning with the introduction of the Malaysian Standard MS2424:2012 Halal Pharmaceutical Guidelines in 2012. Today, the country produces some 2,000 halal-registered pharmaceutical products that are not only marketed domestically but also exported to Singapore, Indonesia, Japan, China and Europe. Prior to the pandemic, the local industry was estimated to grow to USD375 million (RM1.6 billion) by 2025. Although this growth has been hampered by COVID-19, demand is expected to pick up now that supply chains are returning to normal. More positively, the pandemic has stirred interest in the manufacture of halal vaccines – for COVID-19 and other diseases more generally. In November 2021, the government launched a National Vaccine Development Roadmap together with the Malaysian Genome and Vaccine Institute (“MGVI”) as launchpads for Malaysia to lead in the development of vaccines within the region. Although the industry is growing steadily, there is still a general lack of awareness of halal pharmaceuticals. With greater awareness, growth would be even more pronounced.



Our Response

- Embracing the concept of halalan toyyiban, almost all the drugs manufactured at our plants carry the halal signature of being safe, effective, high quality and hygienic. A total of 335 out of 339 (or 98.8%) of our active products (97.8% in Bangi, 100% in Klang and 100% in Glenmarie) were halal certified as at 31 December 2022. The certification process for the remaining 1.2% products is ongoing.
- Recently, we became the first pharmaceutical company in the world to receive halal certification for a molecule to treat breast cancer, produced at our HAPI plant. Meanwhile, we are working towards the world’s first halal-certified biosimilar, for ERYSAA®. It is currently being reviewed by JAKIM for halal certification in Malaysia albeit being certified halal by the Korean Muslim Federation, a JAKIM recognised foreign halal certification body.
- We collaborate with agencies such as JAKIM and the Halal Development Corporation (“HDC”) to promote halal pharmaceuticals. We are a permanent member of the Sectoral Working Group Halal Pharmaceuticals established and managed by the HDC, under the Ministry of Investment, Trade and Industry; the Technical Committee and Working Group on Halal Pharmaceuticals as well as the Working Group on Halal Medical Devices managed by the Department of Standards Malaysia.
- We create greater awareness and knowledge about halal pharmaceuticals through our digital platform, halal4pharma.com
- We also foster relationship with various academic and research institutions on halal pharmaceuticals landscape. In 2022, we collaborated with the Faculty of Pharmacy, Universiti Kebangsaan Malaysia (“UKM”), on a study titled “Factors Influencing Consumers in Purchasing the Halal-Certified Pharmaceutical Products in Malaysia”.
- Our flagship industry event, Duopharma Biotech Halal Pharmaceutical Symposium brings together academia, government agencies, institutions, industry players, and business and professional associations to discuss key issues related to halal pharmaceuticals. The recent one was held on 15 June 2022 at Double Tree Hotel, Kuala Lumpur, attracting 218 participants (live and via webinar) from 15 countries.
- We support the development of halal entrepreneurs via the collaboration with UKM and Malaysian Pharmacists Society by developing a Halal Pharmapreneur Professional Certificate Programme with the first cohort of nine participants from local pharmacies starting in August 2022.

STAKEHOLDER ENGAGEMENT

Our key stakeholders are those who impact and/or are impacted by our operations. Because of their relationship with Duopharma Biotech, we seek to understand our stakeholders' expectations of us, and address their interests.



GOVERNMENT & REGULATORY AUTHORITIES



EMPLOYEES



CUSTOMERS

WHY THEY ARE IMPORTANT

The government and regulators establish the legal frameworks that shape our operations. By engaging with them, we are kept aware of changes in the regulatory environment and are better able to manage our compliance risk.

Our employees determine our productivity and ultimately our performance. They are also the 'face' of Duopharma Biotech, representing our values and what we stand for.

Our customers – hospitals, clinics and pharmacies are important channels through which we are able to reach patients/the general population.

HOW WE ENGAGE

- Formal dialogues & meetings
- Participation in trade councils & associations
- Communication via phone, emails, letters or fax
- On-site inspections

- Regular communication via email, townhalls, company intranet, Berita Farna Facebook, Instagram and MDL
- Face-to-face and online meetings
- Yearly performance appraisals & employee engagement surveys
- Activities such as festive celebrations, sports and Corporate Social Responsibility ("CSR") events

- Roadshows, seminars, exhibitions and events
- Continuous Medical Education ("CME") sessions
- Communication via e-mails, phone, digital, social media and online platforms
- Face-to-face meetings

AREAS OF INTEREST

- Regulatory compliance
- Equitable healthcare
- Achievement of national goals

- Competitive remuneration
- Career development
- General well-being
- Work-life balance

- Safe and efficacious products
- Quality service (including timely delivery)
- Competitive pricing

HOW WE ADDRESS THEIR INTERESTS




- Strict adherence to all regulatory requirements
- Ensure affordable and accessible medicines
- Support national agendas such as the Halal Agenda and Bumiputera Agenda

- Regular benefits benchmarking by Group Human Resources ("HR")
- Structured and customised training programmes; talent management and succession planning
- Emphasis on safety & health, targeting zero lost time injuries; campaigns on personal health; Employee Relief Fund
- Continuation of hybrid work structure; support to expecting mothers

- Up-to-date safety and quality certifications; compliance with relevant regulations
- Account managers engage regularly with key customers; continuous monitoring of on-time, in-full ("OTIF") performance
- Annual Voice of Customer surveys
- Development of generics and biosimilars; and cost management to maintain affordable prices

STAKEHOLDER ENGAGEMENT

This is integral to our value creation process. In the table below, we have prioritised our stakeholders according to feedback from our Sustainability Council members, described how they are important, how we engage with them, and how we seek to address their key concerns.

 <p>HEALTHCARE PROFESSIONALS</p>	 <p>FINANCIAL COMMUNITY</p>	 <p>LOCAL COMMUNITIES</p>
<p>Medical doctors, therapists and pharmacists are important because they decide which medications to prescribe to patients.</p>	<p>Banks, other financial institutions and investors provide us with capital to pursue our growth plans.</p>	<p>The community is an extension of our customer/consumer base. A robust community is important for the long-term sustainability of our operations.</p>
<ul style="list-style-type: none"> • CME sessions for medical fraternity • Roadshows, seminars, exhibitions and get-together events • Journal publications 	<ul style="list-style-type: none"> • Meetings, presentations and dialogue • Annual general meetings • Assessments • Analyst briefings 	<ul style="list-style-type: none"> • Roadshows, seminars, exhibitions and get-together events • Halal workshops and symposiums • Community programmes • Philanthropy and donations • Regular communication via Duopharma Biotech's official Facebook page
<ul style="list-style-type: none"> • Quality management • Compliance status • Portfolio expansion to treat a wider range of ailments 	<ul style="list-style-type: none"> • Group's financial stability • Growth prospects & returns on investment • Strong and effective leadership • ESG commitments and performance 	<ul style="list-style-type: none"> • Safe and efficacious products and services • Affordable and accessible products • Community development and enrichment • Environmental impacts
<ul style="list-style-type: none"> • Pharmacovigilance unit keeps track of adverse drug reactions • Compliance with all relevant pharmaceutical industry regulations • Partnership with science-based pharma companies to introduce cutting-edge therapies in Malaysia/region 	<ul style="list-style-type: none"> • Sound financial management • Business strategy outlining growth; product innovation • Leadership training & succession planning • Focus on ESG and ESG Strategy 	<ul style="list-style-type: none"> • Adherence to relevant quality standards • Development of generics and biosimilars; and cost management to maintain affordable prices • CSR programmes focusing on social equity and humanitarian relief efforts • Proper management of climate change and environmental impacts

STAKEHOLDER ENGAGEMENT


**SUPPLIERS & OTHER
BUSINESS PARTNERS**

MEDIA

SHAREHOLDERS
WHY THEY ARE IMPORTANT

Our suppliers are critical to our operations as they provide us with raw materials and services that enable production. Meanwhile, we collaborate with business partners on expansion of our product portfolio.

The media delivers corporate news to all our stakeholders, creating visibility and public confidence in our brand.

Shareholders provide us with financial capital through their investment in the company. Their trust in Duopharma Biotech is indicative of our market reputation.

HOW WE ENGAGE

- Periodic meetings
- Annual Vendor Performance Evaluation (“VPE”)
- Knowledge sharing and transfer of technology

- Media briefings on financial results
- One-on-one interviews
- Press conferences and events

- Announcements to Bursa Malaysia & corporate website
- Investor roadshows, updates & briefings for fund managers
- Meetings of Members
- Annual General Meetings (“AGMs”)
- Annual Reports and Corporate Governance Reports
- Phone calls and emails to address enquiries

AREAS OF INTEREST

- Fair and transparent procurement procedures
- Supplier development
- Technical capabilities, market reputation and integrity

- Regular updates on performance
- Transparent & timely response to enquiries
- Responsible practices

- Financial performance
- Business direction
- Key corporate developments
- Sustainability initiatives
- ESG aspects of the Company

HOW WE ADDRESS THEIR INTERESTS

- Group procurement policy and procurement system; and implementation of e-bidding system
- Bumiputera Vendor Development Programme
- Maintenance of good governance

- Our corporate communications team maintains close relationships with the different media houses
- Our GMD & other Senior Management are available for interviews
- Increasing focus on ESG

- Development & review of corporate strategy
- Continuous capacity expansion & business growth
- Development of sustainability strategy and roadmap
- Maintaining good governance practices and disclosures, compliance with Main Market Listing Requirements, Malaysian Code on Corporate Governance, Suruhanjaya Syarikat Malaysia, and recommendations by the Securities Commission Malaysia
- Maintaining listing in Bursa Malaysia’s FTSE4Good Index

STAKEHOLDER ENGAGEMENT



INDUSTRY ASSOCIATIONS

Industry associations such as the Malaysian Organisation of Pharmaceutical Industries (“MOPI”) and Halal Development Corporation (“HDC”) provide us platforms to keep updated on relevant developments, as well as important networking opportunities.

- Industry forums, conferences, dialogues, exhibitions
- Local and international networking events

- Industry-relevant developments
- Promotion of the Malaysian pharma industry regionally and internationally

- Knowledge sharing with members of industry associations
- Active participation in industry events
- Growing network of regional and international partners



SCIENTIFIC COMMUNITY

Scientists and researchers support our R&D and innovation.

- Talks/events on pharmaceutical research
- Joint research
- Journal publications
- Patent filing and trademark registration
- Online conferences

- Scientific advancement in pharmaceuticals
- The ability to partner with industry players in joint research

- Research collaboration based on medicines, vaccines and halal pharmaceuticals
- Group Intellectual Property Policy and Manual



NON-GOVERNMENTAL ORGANISATIONS (“NGOs”)

NGOs are ESG guardians and serve as watchdogs as well as advisers to companies seeking to enhance our ESG practices.

- Programmes and events

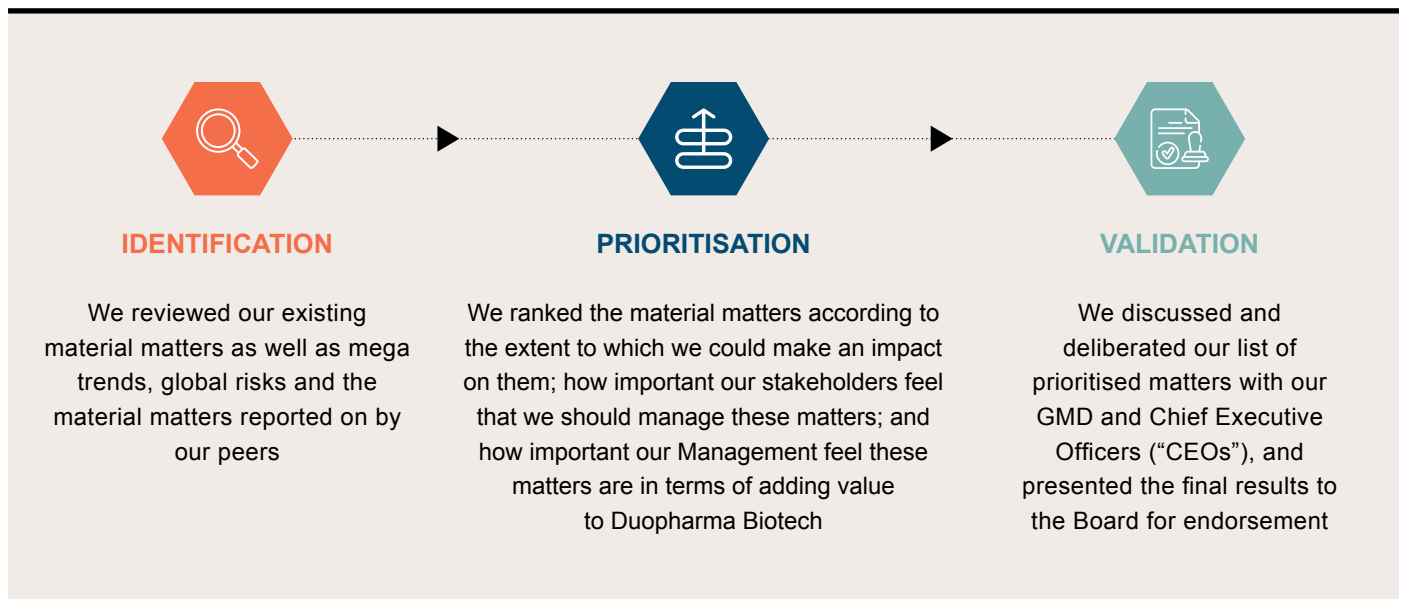
- Access to healthcare
- Affordable healthcare
- Public healthcare education

- Ensure affordable and accessible medicines
- Participation in public healthcare forums
- Organise CME sessions for medical fraternity
- Corporate subscription to Minority Shareholders Watch Group (“MSWG”)

OUR MATERIAL MATTERS

Material matters are matters that are material to the sustainability of our operations as they help us meet the expectations of key stakeholders while managing risks posed by our changing landscape. It is important to ascertain our material matters in order to operate in a manner that is optimally conducive to the well-being of our stakeholders, the environment and, ultimately, Duopharma Biotech itself. We carried out our first materiality assessment in 2018 involving both internal and external stakeholders. We then reviewed our material matters annually to determine their continued relevance.

Given significant changes in our operating landscape, in 2022 we conducted a comprehensive review of our previous materiality assessment involving 80 external stakeholders and 105 employees and management. To ensure our material matters are relevant both to the sustainability of society and the environment (external), as well as to our own business (internal), this year we adopted certain elements of the Double Materiality assessment. The assessment followed the following three steps:



The materiality assessment resulted in significant changes to our material matters, and especially their ranking. In addition, we changed the names for some of our material matters for better alignment with Bursa Malaysia Securities Berhad’s Common Sustainability Matters, as highlighted in its Enhanced Sustainability Framework. These changes are indicated in the table below:

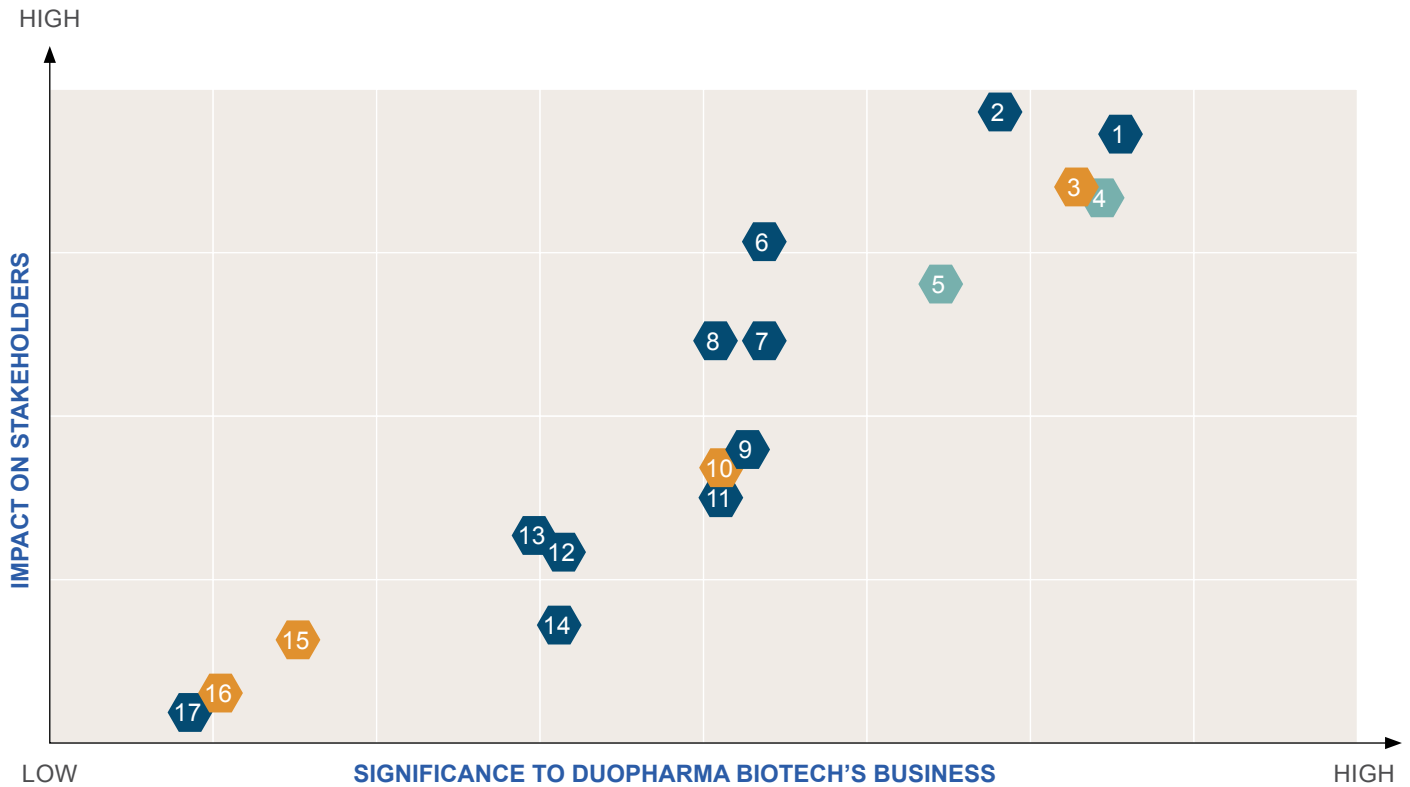
RANK	2021 MATERIAL MATTERS	CHANGES	2022 MATERIAL MATTERS	RANK
1	Compliance	‘Compliance’ and ‘Clinical Studies & Pharmacovigilance’ have been merged into ‘Product Quality, Safety and Responsibility’	Product Quality, Safety and Responsibility	1
2	Ethics & Integrity	‘Ethics and Integrity’ has been renamed ‘Anti-Corruption’	Anti-Corruption	2
3	Employee Learning & Development	‘Employee Learning & Development’ and ‘Talent Recruitment & Retention’ have been merged into ‘Labour Practices and Standards’	Labour Practices and Standards	10

OUR MATERIAL MATTERS

RANK	2021 MATERIAL MATTERS	CHANGES	2022 MATERIAL MATTERS	RANK
4	Occupational Safety & Health	'Occupational Safety & Health' was been renamed 'Health and Safety'	Health and Safety	3
5	Manufacturing & Supply Chain Management	'Manufacturing & Supply Chain Management' was renamed 'Supply Chain Management'	Supply Chain Management	9
6	Clinical Studies & Pharmacovigilance	'Clinical Studies & Pharmacovigilance' and 'Compliance' were merged into 'Product Quality, Safety and Responsibility'	Product Quality, Safety and Responsibility	1
7	Waste Reduction & Management	'Waste Reduction & Management' was renamed 'Waste and Material Management'	Waste and Material Management	4
8	Halal Commitment	-	Halal Commitment	13
9	Talent Recruitment & Retention	'Talent Recruitment & Retention' and 'Employee Learning & Development' were merged into 'Labour Practices and Standards'	Labour Practices and Standards	10
10	Research & Development	-	Research & Development	12
11	Product Portfolio	'Product Portfolio' was merged into 'Accessibility of Medicines'	Accessibility of Medicines	7
12	Business Innovation and model	-	Business Innovation and Model	14
13	Community Outreach	-	Community Outreach	16
14	Carbon Footprint	'Carbon Footprint' was merged with 'Energy Consumption' and 'Water Scarcity' into 'Climate Risk'	Climate Risk	5
15	Competitive Pricing	'Competitive Pricing' was renamed 'Affordability & Pricing'	Affordability & Pricing	6
16	Water Scarcity	'Water Scarcity' was merged with 'Carbon Footprint' and 'Energy Consumption' into 'Climate Risk'	Climate Risk	4
17	Accessibility of Medicines	-	Accessibility of Medicines	7
18	Fair Employment Practices	'Fair Employment Practices' was renamed 'Diversity and Inclusion'	Diversity & Inclusion	15
19	Energy Consumption	'Energy Consumption' was merged with 'Carbon Footprint' and 'Water Scarcity' into 'Climate Risk'	Climate Risk	5
20	Counterfeit Medicines & Adulteration	-	Counterfeit Medicines & Adulteration	11

With the merger of some material matters and the addition of two new material matters i.e., 'Data Privacy & Security' and 'Digitalisation' – we now have a total of 17 material matters, compared to 20 previously.

OUR MATERIAL MATTERS



GOVERNANCE/ECONOMIC			
1 Product Quality, Safety & Responsibility	2 Anti-Corruption	6 Affordability & Pricing	7 Accessibility of Medicines
8 Data Privacy & Security	9 Supply Chain Management	11 Counterfeit Medicines & Adulteration	12 Research & Development
13 Halal Commitment	14 Business Innovation & Model	17 Digitalisation	
SOCIAL			
3 Health & Safety	10 Labour Practices & Standards	15 Diversity & Inclusion	16 Community Outreach
ENVIRONMENT			
4 Waste & Material Management	5 Climate Risk		

Note:
 1. ● refers to sustainability matters under the **Governance & Economic** categories
 2. ● refers to sustainability matters under the **Social** category
 3. ● refers to sustainability matters under the **Environment** category

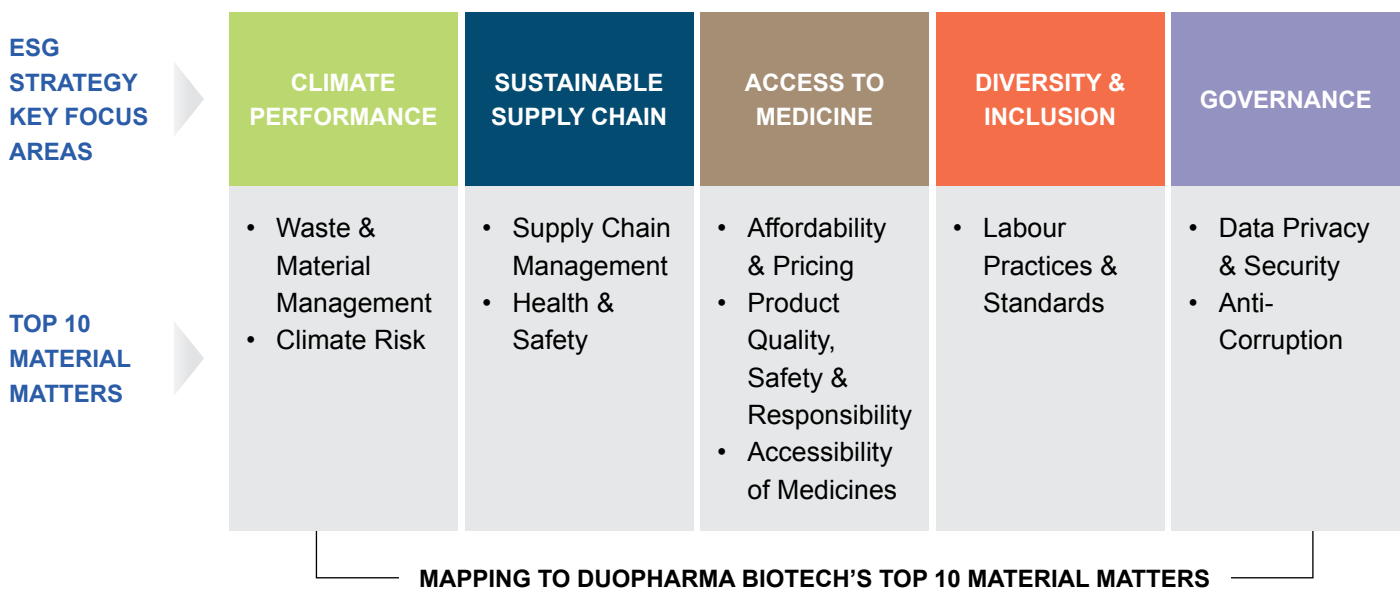
OUR MATERIAL MATTERS

Also significant are changes to our top 10 material matters. Most pertinently, 'Climate Risk' is a top five priority whereas in the previous materiality assessment process, 'Carbon Footprint' and 'Energy Consumption' were ranked 14th and 19th – reflecting the urgency to mitigate climate change. 'Affordability and Pricing' and 'Accessibility of Medicines' are now ranked 6th and 7th, from being 15th and 17th previously, indicating increasing importance placed on ensuring the public have access to affordable and authentic medicines. This is something that will guide our decisions and strategies in the near future. 'Data Privacy & Security', a new material matter, is ranked 8th.



ABOUT OUR MATERIAL MATTERS

Following our materiality assessment, we mapped our material matters, including the top 10 material matters according to the five ESG Strategy Key Focus Areas, ensuring that initiatives planned under our ESG Strategy are in line with matters that are important to both Duopharma Biotech and our stakeholders.









OUR MATERIAL MATTERS

In the table below, we provide a summary of Duopharma Biotech's performance for each of our ESG Key Focus Areas by highlighting the relevant material matters under each Key Focus Areas, and progress made to meet the strategy.

	MATERIAL MATTER	DEFINITION	WHY IT IS IMPORTANT
CLIMATE PERFORMANCE	4 Waste & Material Management	Procedures to encourage the responsible use of materials and resources such as water; recycling to avoid unnecessary waste generation; and treatment of effluents to minimise pollution.	Natural resources are easily depleted, while the exponential increase in waste has led to overflowing landfills and generation of methane. Untreated effluents, meanwhile, pollute waterways potentially causing health hazards.
	5 Climate Risk	Efforts to support the transition to a low-carbon economy by using energy responsibly and reducing our emissions in order to avert potentially catastrophic climate events: as well as to prepare for extreme weather events to protect business operations.	Uncontrolled carbon emissions will cause further warming of the Earth, and if the global temperature increases by 2°C relative to preindustrial times, there could be catastrophic economic and social consequences. As a result, most nations have pledged to reduce their carbon emissions, with Malaysia committing to having net zero GHG emissions by 2050.
SUSTAINABLE SUPPLY CHAIN	3 Health & Safety	Protection of employees in the workplace from accidents, injuries and exposure to harmful substances as we ensure their holistic well-being.	It is important to keep our employees safe for their well-being, as well as to safeguard our productivity, our assets and reputation.
	9 Supply Chain Management ("SCM")	SCM is the management of the flow of goods/services and includes all processes that transform raw materials into end products. It also encompasses our relationship with suppliers.	Efficient SCM ensures the reliability of supply of raw materials/ingredients and optimal plant operations, even during crises such as pandemics. Through responsible supplier management, we are also able to support local vendors and ensure that our vendors observe ESG principles, thus promote sustainability across our supply chain.
ACCESS TO MEDICINE	1 Product Quality, Safety & Responsibility	Ensuring our products satisfy consumers' and patients' needs while meeting all relevant pharmaceutical safety, quality and efficacy standards.	Maintaining safety, quality and efficacy standards safeguards our market reputation and increases the trust of consumers as well as customers – namely public and private healthcare providers.
	6 Affordability & Pricing	Making sure that everyone is able to afford quality medication by keeping prices within the means of the average Malaysian.	Costly medicines are a growing challenge for national budgets as well as for individual patients. It is vital for us to ensure patients have the access to affordable medicines and that health systems remain financially sustainable.







OUR MATERIAL MATTERS

OUR RESPONSE	STAKEHOLDER GROUPS IMPACTED/ INTEREST
<ul style="list-style-type: none"> Continual Improvement programmes to reduce material consumption Efforts to go paperless; and recycling of paper, plastic and glass items Target to reduce scheduled waste by 3% annually Compliance with relevant environmental laws, such as Malaysia’s Environmental Quality Act, 1974 <p> Refer to pages 38 to 41 in Sustainability Report 2022 for more information</p>	<ul style="list-style-type: none"> Employees Suppliers & Other Business Partners Shareholders Local Communities
<ul style="list-style-type: none"> Continuously monitor our energy consumption, and review our mechanisms to track and report greenhouse gas (“GHG”) emissions Implement energy-saving initiatives, and explore renewable energy opportunities Moving towards a carbon-neutral pathway through initiatives to reduce our emissions, such as replacing or retrofitting old electrical systems with energy-efficient alternatives In 2022, we performed high-level assessment of Duopharma Biotech’s climate-related risks, especially the physical risks to our plants in Malaysia. Moving forward, the assessment will be extended to the rest of our business within and outside Malaysia <p> Refer to pages 30 to 37 in Sustainability Report 2022 for more information</p>	<ul style="list-style-type: none"> Employees Shareholders Suppliers & Other Business Partner Local Communities
<ul style="list-style-type: none"> Have in place preventive controls and safety measures to reduce the risk of incidents Compliance with all relevant laws in the countries where we operate Implementation of continuous training programmes to instil a safety mindset among employees <p> Refer to pages 47 to 49 in Sustainability Report 2022 for more information</p>	<ul style="list-style-type: none"> Employees Shareholders
<ul style="list-style-type: none"> Increase our pool of approved suppliers to avoid any supply bottlenecks Engage our vendors and business partners in sustainable supply chain practices Conduct audits to ensure our vendors/suppliers meet Good Manufacturing Practices (“GMP”) standards Adopt Lean Concept and Methodology to enhance operational efficiencies <p> Refer to pages 44 to 47 in Sustainability Report 2022 for more information</p>	<ul style="list-style-type: none"> Employees Suppliers & Other Business Partners
<ul style="list-style-type: none"> Adherence to pharmaceutical and medical devices acts, regulations and standards including: <ul style="list-style-type: none"> current Good Manufacturing Practice (“cGMP”) for pharmaceutical products ISO13485 for Medical Device Manufacturing Good Distribution Practice (“GDP”) for pharmaceutical products and medical devices Drug Registration Guidance Documents and Pharmaceutical Products Compendia Malaysian Good Pharmacovigilance Guidelines (“GVP”) Relevant United States (“US”) and European Union (“EU”) standards on testing of incoming raw materials and outgoing finished product specifications Conduct bioequivalence studies in accordance with Good Clinical Practice (“GCP”) <p> Refer to pages 52 to 55 in Sustainability Report 2022 for more information</p>	<ul style="list-style-type: none"> Employees Customers Healthcare Professionals Local Communities
<ul style="list-style-type: none"> All our medicines are generic, which are more affordable than the original drugs We have one biosimilar and are working on more We work closely with industry organisations and governmental agencies on keeping prices affordable <p> Refer to page 52 in Sustainability Report 2022 for more information</p>	<ul style="list-style-type: none"> Government & Regulatory Authorities Local Communities Non-Governmental Organisations (“NGOs”) Healthcare Professionals

OUR MATERIAL MATTERS

	MATERIAL MATTER	DEFINITION	WHY IT IS IMPORTANT
ACCESS TO MEDICINE	7 Accessibility of Medicines	Availability of quality medicines for the public in the event of sickness and to prevent, treat and control diseases.	Access to medicines is integral to the basic right to good health.
	11 Counterfeit Medicines & Adulteration	Ensuring that all therapeutic products carrying the Duopharma Biotech logo have been produced by us under strict guidelines, adhering to all relevant regulatory standards.	Counterfeit drugs would impact medicine's efficacy, purity and safety.
	12 Research & Development ("R&D")	Investment into science-based methodologies to develop new or bioequivalent products at affordable pricing.	R&D provides powerful knowledge and insights, enhances process efficiency, and reduces costs. It also allows businesses to develop new products and services to thrive in competitive markets.
	13 Halal Commitment	Our commitment to ensuring that all our products are halal, meaning that they have been manufactured in accordance with the hygienic and wholesome principles of Shariah guidelines.	Halal certification gives consumers the assurance that products are clean, hygienic, environmentally-friendly, and have been produced respecting animal welfare. By offering halal products, moreover, we are respecting the rights of Muslims to consume healthcare products in accordance with their religious principles.
	14 Business Innovation & Model	The incorporation of innovation into our entire value chain, from product development to our business focus and direction.	Achieving organisational and economic growth through innovation is key to staying relevant in today's highly competitive world.
	17 Digitalisation	Investment into the latest digital technologies to increase our operational and marketing efficiencies as well as to venture into digital healthcare.	Digitalisation helps to improve process efficiency, key internal business functions and product quality, while enabling greater access to our products and enhancing the customer experience.






OUR MATERIAL MATTERS

OUR RESPONSE	STAKEHOLDER GROUPS IMPACTED/ INTEREST
<ul style="list-style-type: none"> Aim to universalise access to medicines for different needs by expanding our product portfolios and forging new partnerships Continuously expand our patient and consumer reach through public and private hospitals/clinics as well as pharmacies <p> Refer to pages 55 to 59 in Sustainability Report 2022 for more information</p>	<ul style="list-style-type: none"> Local Communities Healthcare Professionals Customers Government & Regulatory Authorities
<ul style="list-style-type: none"> Work closely with organisations such as MOPI to protect consumers from counterfeit products and adulteration Use of holograms to enable customers to validate our products' authenticity <p> Refer to pages 52, 53 & 55 in Sustainability Report 2022 for more information</p>	<ul style="list-style-type: none"> Customers Healthcare Professionals Local Communities Government & Regulatory Authorities
<ul style="list-style-type: none"> Duopharma Innovation Sdn Bhd, Duopharma Biotech's wholly-owned subsidiary company, has developed a number of first-of-their-kind consumer healthcare ("CHC") products under the brands Flavettes® and CHAMPS®, among others The team's focus is on achieving first-generic-to-market for a wide range of therapeutic groups and formulation formats at affordable pricing We also collaborate with innovator partners such as Natco Pharma Limited, China National Pharmaceutical Group Corporation ("Sinopharm"), AZTherapies, Inc., and PanGen Biotech Inc. to produce cutting-edge therapies Our R&D team is led by highly qualified scientists for whom we have put in place succession plans <p> Refer to pages 54, 56 & 57 in Sustainability Report 2022 for more information</p>	<ul style="list-style-type: none"> Scientific Community
<ul style="list-style-type: none"> Contributed to development of the world's first halal standard, MS2424:2019, Halal pharmaceuticals – General requirements (First revision) Developed the first halal cancer drug at our HAPI plant Participate in initiatives to further develop a well-governed halal economy Support the development of halal entrepreneurs via the Duopharma Biotech Halal Pharmapreneur ("DBHP") programme Create greater awareness and knowledge about halal pharmaceuticals through Halal4pharma.com and other forums <p> Refer to pages 54, 58 & 59 in Sustainability Report 2022 for more information</p>	<ul style="list-style-type: none"> Customers Suppliers & Other Business Partners Industry Associations
<ul style="list-style-type: none"> Committed to ensuring relevance of business based on efficient strategy. It helps us to identify opportunities and trends that can inform decisions for the future <p> Refer to pages 56 to 57 in Sustainability Report 2022 for more information</p>	<ul style="list-style-type: none"> Suppliers & Other Business Partners Financial Community Shareholders
<ul style="list-style-type: none"> Outlined a Digital Strategy in 2021 to tap into the digital health space Rolled out manufacturing dashboards in all our facilities Invested in a Track and Trace system which enables product tracking Invested in a Proof of Delivery system to enhance security and track the whereabouts of products being delivered to customers <p> Refer to page 45 in Sustainability Report 2022 for more information</p>	<ul style="list-style-type: none"> Customers Media Suppliers & Other Business Partners

OUR MATERIAL MATTERS

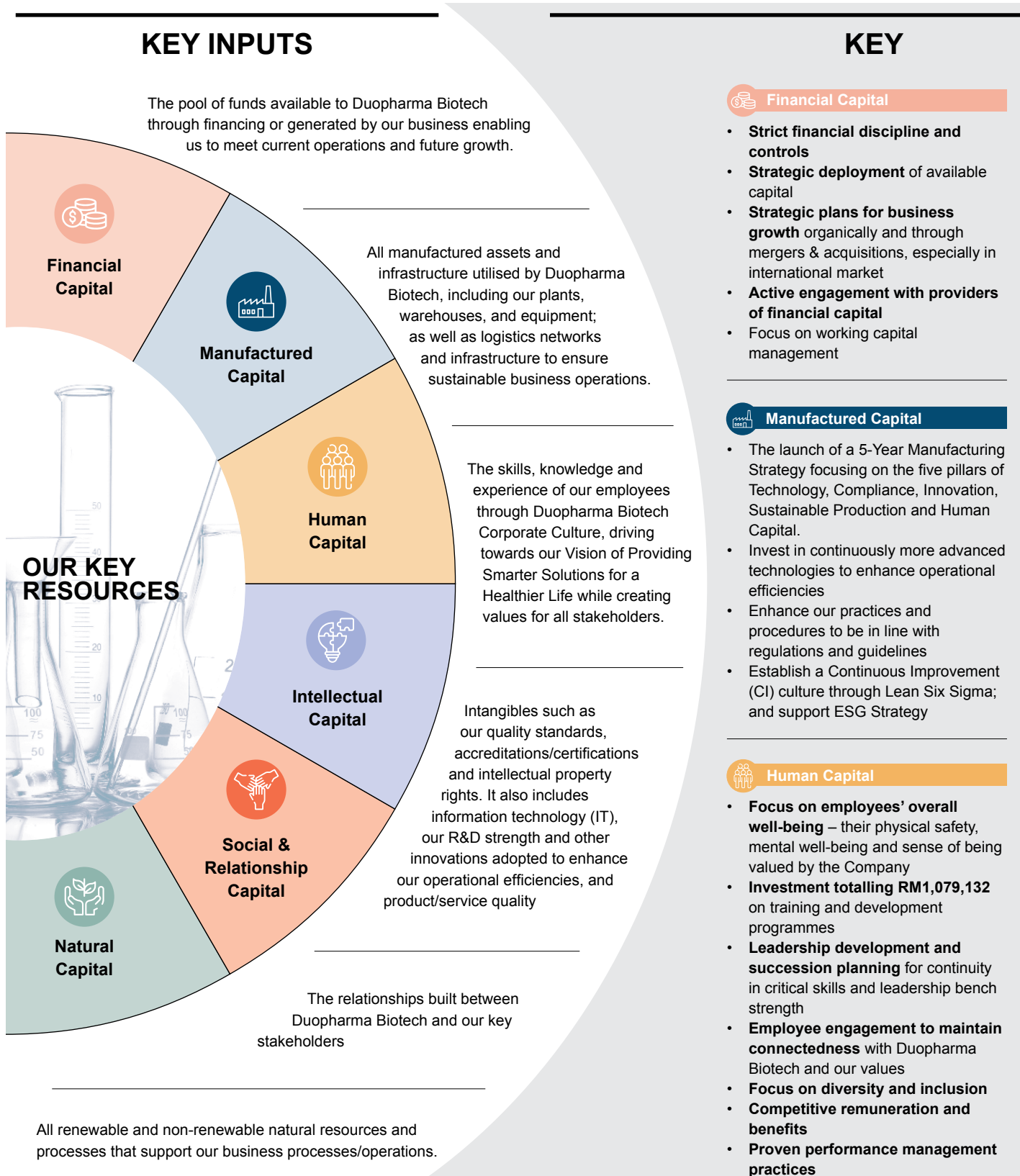
	MATERIAL MATTER	DEFINITION	WHY IT IS IMPORTANT
DIVERSITY & INCLUSION	10 Labour Practices & Standards	Governance of our approach to employee hiring, promotion and turnover, remuneration, learning and development, as well as protecting employees' rights.	It is important to have robust HR policies and procedures to enhance our reputation as an employer of choice, and to attract the best talent.
	15 Diversity & Inclusion	Creation of an environment that attracts and enables a diverse range of employees, regardless of gender, age and race, among others.	By bringing together a diverse workforce, we are able to enhance our organisational perspective for better and more effective decision-making.
	16 Community Outreach	Addressing the needs of local communities, underprivileged and underserved groups.	Social inequities exist throughout the world, including here in Malaysia. It is important to bridge these gaps to nurture harmonious and just societies.
GOVERNANCE	2 Anti-Corruption	Undertaking ethical operations as we adhere to guidelines to mitigate corruption-related risks.	Transparency and integrity are important in establishing and maintaining stakeholders' trust in Duopharma Biotech.
	8 Data Privacy & Security	Actions taken to protect our business from internal and external cyber security threats.	As we digitalise more and more of our operations, it is imperative to protect our data, as well as data of our customers and partners.

OUR MATERIAL MATTERS

OUR RESPONSE	STAKEHOLDER GROUPS IMPACTED/ INTEREST
<ul style="list-style-type: none"> Comprehensive employee retention programme to attract and retain key employees, and to minimise turnover Learning and development programmes to enhance employees’ knowledge/skills for continuous growth and job satisfaction Compliance with relevant labour laws and regulations <p> Refer to pages 62 to 69 in Sustainability Report 2022 for more information</p>	<ul style="list-style-type: none"> Employees Shareholders
<ul style="list-style-type: none"> Diversity Policy for the Board of Directors and Senior Management Diverse and inclusive work culture, affording every employee equal opportunities for career enhancement, supported by newly-launched Diversity, Anti-Discrimination and Anti-Harassment Policy Constantly encourage and motivate employees to perform to the best of their ability <p> Refer to pages 69 to 70 in Sustainability Report 2022 for more information</p>	<ul style="list-style-type: none"> Employees Shareholders
<ul style="list-style-type: none"> We provide financial and non-financial contributions to uplift the lives of the underprivileged; enhance quality education for all; and provide humanitarian relief <p> Refer to page 71 in Sustainability Report 2022 for more information</p>	<ul style="list-style-type: none"> Local Communities Employees NGO
<ul style="list-style-type: none"> Developed and enforce our Anti-Bribery and Anti-Corruption (“ABAC”) Policy and Anti-Bribery Management System (“ABMS”) All our employees are expected to adhere to our Code of Conduct We have whistleblowing procedures to deal with any corrupt or unethical incident <p> Refer to pages 75 to 79 in Sustainability Report 2022 for more information</p>	<ul style="list-style-type: none"> Government & Regulatory Authorities Employees Shareholders Suppliers & Other Business Partners
<ul style="list-style-type: none"> Proactive measures, such as Secure Sockets Layer (“SSL”) 256bit security encryption and Fsecure antivirus, have been implemented to mitigate risks related to cybersecurity and data security Compliance with regulations on data privacy to protect customers’ and business partners’ data <p> Refer to page 74 in Sustainability Report 2022 for more information</p>	<ul style="list-style-type: none"> Government & Regulatory Authorities Employees Customers Suppliers & Other Business Partners

OUR VALUE CREATION BUSINESS MODEL

We rely on our six capitals – Financial, Manufactured, Human, Intellectual, Social & Relationship and Natural – to drive our operations and create value for Duopharma Biotech as well as our stakeholders. In the table below, we indicate how we



OUR VALUE CREATION BUSINESS MODEL

optimise our capitals for the best financial and non-financial outcomes. In allocating funds for the different capitals, we are conscious of the fact that these play off each other, hence we strive to balance our asset allocation for optimum outcomes.

INITIATIVES



Intellectual Capital

- Focus on developing/making available effective and affordable products that cater to the healthcare needs of the region
- R&D team continues to enhance our portfolio of generics and CHC products; and conduct clinical studies
- Collaboration with local & international research institutions
- Collaboration with partners on new therapies
- Maintenance of efficient and compliant regulatory, pharmacovigilance, procurement and supply chain systems
- Outlined a Digital Strategy to continue to enhance our digital systems
- Strengthening our IT governance and cybersecurity



Social & Relationship Capital

- Ongoing engagement with key stakeholders to manage their expectations
- Investments into better healthcare for the community
- Promotion of halal pharmaceuticals to cater to needs of consumers worldwide
- Supporting Bumiputera vendors and halal pharmapreneurs
- Initiatives aimed at greater social equity
- Enhancement of disclosures guided by GRI, SASB and TCFD



Natural Capital

- Added emphasis on carbon emissions reduction, with pledge to become carbon neutral by 2030, Net Zero Carbon by 2050, and replace 50% of single-use plastics with biodegradable plastics within our operations by 2026
- Continual Improvement programmes to enhance our environmental performance and improve our productivity/cost
- Water and waste management initiatives to reduce our impact on the environment

OUTCOMES

- Economic value creation for shareholders, employees, customers, providers of capital, business partners & governments
 - Total dividends payout of **RM21.71 million** to shareholders in 2022. Total dividends declared for Financial Year Ended 2022 is **RM21.90 million**
 - Net profit of **RM70.11 million**
 - **9.0% growth** in revenue to **RM696.72 million**
 - **10.70%** return on equity
 - EBITDA **RM129.1 million** (6.95% growth from FYE2021)
-
- Completed the development of a new seven-storey high-tech oral solid dosage facility to operationalise by the second quarter of 2023
 - Invested in a biologics facility in Klang which is expected to be completed by 2025/2026
 - Completed 43 CI projects, which contributed to RM5.95 million in savings, exceeding our target of RM4.0 million
-
- **1,810** employees trained by SHE department
 - Increase in total training hours (2022: 35,444 hours, 2021: 34,837 hours) and the average per employee (2022: 24 hours, 2021: 24 hours)
 - Budget allocated for training in 2022: **RM890,000**
 - **46** talents enrolled in Succession Planning programme
 - **47.6%** women employees in total workforce (47.2% in 2021)
 - The launch of new Corporate Culture
 - The launch of a new online learning platform, MyDuopharma Learning
-
- A total of **335** out of 339 (or 98.8%) of our active products (97.8% in Bangi, 100% in Klang and 100% in Glenmarie) were halal certified
 - Strict compliance to the MS2424:2019, Halal pharmaceuticals – General requirements (First revision)
 - Rolled out digitalisation initiatives by investing in manufacturing dashboards, Proof of Delivery and Track and Trace system
 - Offer digital therapeutics and developed virtual engagement platform in collaboration with Naluri
 - Operationalised a Track and Trace system for products
-
- Customer satisfaction index (“CSI”) increased from an already high 98% in 2021 to **98.4%**
 - Became the first in the world to obtain halal certification for a cancer drug, when JAKIM certified LEBRETA, produced at HAPI.
 - Established a total of **11 policies** to strengthen integrity across the Group
-
- Established GHG Scope 3 Roadmap and identified 8 categories of Scope 3 for reporting
 - A total of **4.52** tonnes of scheduled waste recycled in 2022
 - Reduced total treated effluents discharged from 13.46 ML in 2021 to **11.17 ML** in 2022

TRADE-OFFS

We use our financial capital to increase our manufactured and intellectual capitals. While this reduces our financial capital in the short term, it adds to the strength of our business and therefore our financial capital in the longer term.

Developments related to our production capacity and capabilities reduce our financial capital. However, these will increase our output and financial capital in the long term.

Investment in our employees reduces our financial capital but adds to our human, intellectual, and social & relationship capitals.

As we build our systems and R&D strength, we will attract higher calibre talent (human capital), produce better quality products, and enhance our brand value (intellectual capital).

Meeting the needs of our stakeholders not only strengthens their trust in Duopharma Biotech, but also strengthens their various contributions to our operations in the short and long term, positively impacting our financial and intellectual capitals.

Unlike our other capitals, we seek to reduce the stock of our natural capital through more efficient operations (manufacturing & human capitals) and systems (intellectual & financial capital), guided by experts (social & relationship capital).

RISKS AND OPPORTUNITIES

In delivering sustainable value to our customers, employees, business partners, communities and shareholders, Duopharma Biotech undertakes a comprehensive process to identify risks faced across the Group in order to manage them effectively. The process of managing and mitigating both existing as well as potential risks is central to the Group's business operations and decision-making processes.



OPERATIONAL RISK

Risk Context

Short or delayed supply of raw materials by suppliers may disrupt our production process, subsequently impacting our ability to meet customer demand and our contract obligations.

Mitigation Measures

- Engage periodically with relevant suppliers to ensure potential risks are addressed and mitigation steps are considered.
- Closely monitor stocks ensuring sufficient capacity for a certain period to cover any production disruption.
- Identify alternative suppliers or consider designing alternative business model.

Opportunities

- Building good rapport with suppliers would further strengthen our business continuity with effective plans and controls to manage risks.
- Strengthen Duopharma Biotech's credibility as an organisation that is committed to fulfilling our deliverables, even during a crisis.
- Enhance effectiveness in supply chain management.



FINANCIAL RISK

Risk Context

The Group is exposed to the potential of cost overruns due to higher operational costs stemming from the increase in material costs, material consumption, maintenance costs, etc.

Mitigation Measures

- Negotiate with existing suppliers for within-tolerance pricing strategy. Otherwise, source for alternative suppliers who can offer lower price but similar material quality.
- Analyse possibilities to reduce operating expenses including maintenance.
- Ration production consumables.

Opportunities

- Demonstrate capabilities in strategising and managing costs effectively.
- Upskilling negotiation skills.
- Continuous effort and commitment to enhancing operational activities which sustain the business.

RISKS AND OPPORTUNITIES

PROJECT RISK

Risk Context

Various factors could derail the smooth implementation of operational and/or business projects, increasing Duopharma Biotech's financial costs.

Mitigation Measures

- Thorough assessment of potential risks is conducted for projects, including due diligence on new business partners.
- Worst case scenarios are quantified to ensure the risk is within our risk appetite before any decision is made on embarking on new projects.

Opportunities

- Leverage lessons learnt from previous projects to guide relevant stakeholders to be extra careful and objective when assessing risks.
- Strengthened ability of Management to strategise to overcome potential surprises.

EMERGING RISK

Risk Context

Changes in government policy upon the appointment of new government may result in loss of certain advantages or even non-compliance, requiring a relook of Duopharma Biotech's business strategy.

Mitigation Measures

- Close engagement with decision makers involved in developing government incentives and programmes.
- Outline a National Pharmaceutical Development Policy (NPDP) paper for presentation to the government.

Opportunities

- Ability to make better business strategy decisions in tandem with the new rulings.
- To lead the market should our NPDP proposal be accepted.

STRATEGIC RISK

Risk Context

Ability to make sound judgements in investments, including potential mergers and acquisitions, to sustain business growth and meet our strategic business targets.

Mitigation Measures

- Seek assistance from reliable consultants or subject matter experts in seeking good business engagement prospects.
- Undertake thorough assessment of funding strategy.

Opportunities

- Ability to understand market offerings better, hence, able to explore and secure strategic business targets.
- Effective financial strategy in tandem with risk appetite, exposure and management.

SEC

04

OUR PERFORMANCE REVIEW



- Consumer Healthcare
 - Ethical Classic Business
 - Ethical Specialty Business
 - International Business
 - Manufacturing
-

- Climate Performance
 - Strengthening Our Supply Chain
 - Access to Medicine
 - Diversity and Inclusion
 - Governance
-



OPERATIONAL REVIEW

Duopharma Biotech has three core business segments – Consumer Healthcare (“CHC”), Ethical Classic Business (“ECB”) and Ethical Specialty Business (“ESB”) – each with a different portfolio of products. In parallel, we are building our International Business through regional marketing offices and direct exports managed by our International Business division based in Malaysia.



Under CHC, we manufacture, market and distribute over-the-counter products – such as vitamins and supplements, analgesics, eyecare and antacids – to the domestic, regional and international markets. We have a number of well-known brands including Flavettes®, CHAMPS®, Uphamol and Eye Glo.

OVERVIEW OF THE YEAR

The CHC business maintained the momentum it has enjoyed over the last few years, registering healthy growth versus the pre-pandemic period. While demand for general wellness and immunity products such as vitamin C started to recede along with the pandemic, this was more than compensated for by heightened demand for other products, particularly Uphamol and Eye Glo.

KEY ACHIEVEMENTS

During the year, we signed a Collaboration Agreement with US-based Live Green Co, to explore the use of plant ingredients and technology to replace animal, synthetic and ultra-processed ingredients in wellness foods and plant-based pharmaceuticals. The collaboration will involve research and development using Live

Green Co’s proprietary technology, CharakaTM, to create a new range of plant-only functional foods catering to demand for more sustainable wellness foods and pharmaceuticals, as well as those who have special dietary requirements.

We also signed a Product Distribution Agreement with our South Korean partner, SCM Lifescience, Inc (“SCM Lifescience”) to distribute its range of Iroro halal-certified hair growth products using stem cell technology in Malaysia.

CHC also continued to garner recognition for its brands. Flavettes® was awarded a Gold at the Putra Aria Brand Awards in the Health category, while continuing to be the leader in Adults Vitamin C category based on IQVIA Retail Audit data in 2022. Meanwhile, CHAMPS® was recognised by the Sin Chew Group for Best CSR efforts based on its ongoing collaboration with the National Autism Society of Malaysia (“NASOM”).

KEY CHALLENGES	OUR RESPONSE
Reduced demand for health supplements post pandemic	Continue to intensify brand promotions via advertisements to ensure top of mind awareness among consumers.
Encroachment of brands from food category offering similar benefits to health supplements via strong marketing claims.	Strengthen CHC brands communication highlighting that the brands are owned by Duopharma Biotech which has a strong reputation in the pharmaceuticals industry, hence the products are certified halal, safe and with the highest quality as approved by Ministry of Health.

OUTLOOK

In response to trends established in 2022, we seek to strengthen our OTC brand presence, especially in the lower trade business, increasing sales force efficiencies in this channel. At the same time, partnering the Ethical Classic team, we aim to start distributing CHC products in clinics.

OPERATIONAL REVIEW

WE ARE
DUOPHARMA BIOTECH

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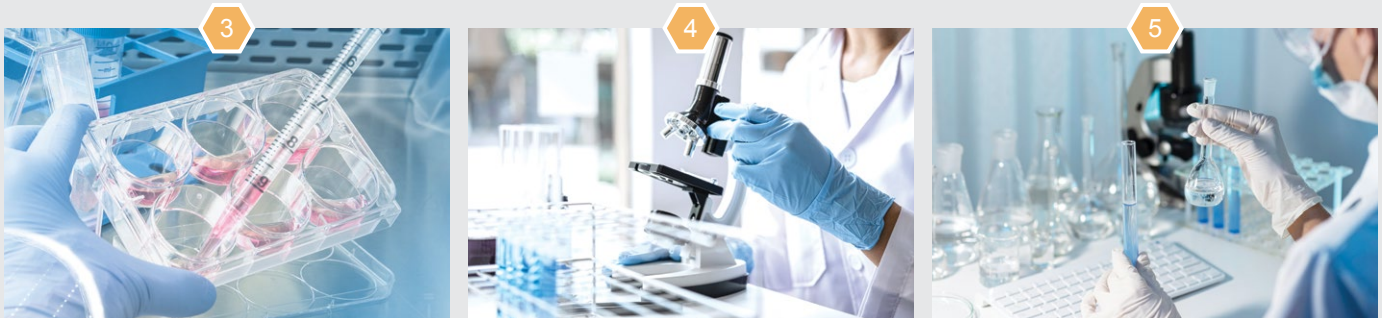
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ETHICAL CLASSIC BUSINESS

Our ECB portfolio comprises more than 300 generic drugs manufactured by Duopharma Biotech and distributed in the domestic public and private channels as well as international markets. These drugs treat a range of ailments affecting the heart, skin, hormones, respiratory, sensory or nervous systems, the musculo-skeletal system, and more.

OVERVIEW OF THE YEAR

ECB saw a double-digit increase in sales in 2022 along with greater demand for its products as more Malaysians started returning to their healthcare practitioners. Evidence of lingering COVID-19 was seen in increased demand for respiratory therapeutics and anti-infectives (anti-bacterials, antivirals, antifungals and antiparasitic medications). An outbreak of influenza in the middle of the year also contributed to significantly enhanced uptake of influenza treatments such as Omiflu. The business ended the year with a 19.6% increase in sales year on year to RM394.1 million.

KEY ACHIEVEMENTS

Following an optimisation exercise carried out in 2021, the ECB was able to reap the benefits of an improved structure and new processes for the full year in 2022, which contributed to its strong growth performance. To further grow its business, the team is in advanced discussions with several principals on the sales and marketing of medical devices and other technologies which would complement Duopharma Biotech's existing pharmaceutical range. At the same time, ECB launched an interactive dashboarding system and is optimising its Customer Relationship Management ("CRM") system for enhanced operational and commercial efficiencies.

KEY CHALLENGES	OUR RESPONSE
Unexpected surge in demand for a broad range of products led to a shortage of stock, affecting our ability to meet customers' needs.	ECB is managing the situation by engaging with the customers in projecting and forecasting forward better while offering alternative substitute options to the customers.
Rapid increase in cost, as a result of API shortage and supply chain disruptions, put pressure on holding our selling price.	We are exploring price increases on selected affected products when needed to remain commercially viable.

OUTLOOK

While building our operational efficiencies to meet a continued increase in demand for our products and therapies, we will start preparing to commercialise our products online with the expectation of launching a digital sales platform in 2023/2024. We are also looking to leverage big data to provide valuable commercial as well as possible clinical analytics in the coming years.

OPERATIONAL REVIEW

ETHICAL SPECIALTY BUSINESS

Through ESB, we focus on drugs for targeted conditions, as well as medical devices and consumables. Our therapies are manufactured by a growing network of international partners; and are distributed domestically and in the international market by Duopharma Biotech. We are committed to continuously building our technical capabilities to undertake production of a greater range of these therapies at our own plants in the Klang Valley. Our products serve patients with conditions such as diabetes, cancer and kidney-related diseases, among others.



OVERVIEW OF THE YEAR

Demand for kidney disease, cancer and diabetes treatments has been growing by a compound annual growth rate (“CAGR”) of 9% in the last five years, despite a discernible slowdown during the pandemic when patients were reluctant to go to hospitals and clinics. However, as visits to healthcare practitioners returned to pre-pandemic levels, demand suddenly surged leading to a shortage of drugs. Overall, the business achieved RM123.44 million in sales, with growth of 9% in the private sector versus 2021.

KEY ACHIEVEMENTS

A main achievement during the year was entering into a tripartite agreement with the Ministry of Health (“MoH”) together with Biocon Sdn Bhd to supply Insugen to MoH facilities for a period of three years from 29 April 2022 – 28 April 2025. Under the RM375 million contract, Biocon will manufacture the human insulin while Duopharma Biotech will commercialise and distribute it to MoH facilities.

We also made significant advances in our Cancer Care Franchise with the launch of two new cancer drugs – Artesto (Abitaterone) and Trexa (Gefitinib) – the former for prostate cancer and the latter for lung cancers. In addition, we began production of our second drug molecule, Trevive (Imatinib), at our HAPI facility. Trevive is used to treat chronic myeloid leukaemia.

Meanwhile, the first cancer drug manufactured at HAPI, LEBRETA, is gaining traction overseas. It was approved by the Health Sciences Authority (“HSA”) of Singapore in September 2022, as well as the drug authorities in Cambodia in December 2022. In addition, ERYSAA®, our erythropoietin biosimilar, gained approval from the Food and Drugs Administration (“FDA”) in the Philippines in August 2022. We expect to launch LEBRETA and ERYSAA® in these new markets in Q1 2023. In December 2022, two more of our Renal products, Unihepa and Ranofer, gained approval in Laos.

During the pandemic, we had expanded our business to include medical devices, specifically COVID-19 test kits. This new franchise has now added Dr. INVIVO 4D/2D Bioprinters, manufactured by Korea-based biotech company Rokit Healthcare, to its portfolio. The cutting-edge technology uses patients’ adipose (fatty) tissue – containing proteins, growth factors and cytokines – to accelerate wound healing among diabetic patients with foot ulcers.

KEY CHALLENGES	OUR RESPONSE
Increase in raw material prices combined with price war resulting in predatory prices by MNCs.	<ul style="list-style-type: none"> Sourced alternative suppliers to offer more cost-effective raw materials. Educate customers on the quality of our products, striking a balance between cost and quality.
Long supply lead time.	<ul style="list-style-type: none"> Constant engagement with partners and suppliers for their commitment to expediting supply.

OUTLOOK

Along with increasing demand, Ethical Specialty will focus on further expansion of our product portfolio as well as our geographical presence. Besides adding more products to build our existing business units, we seek to diversify into focus areas such as autoimmune diseases. In 2023, as we channel time and resources to develop our new 4D2D Bioprinter business, we will also expand our presence in the private sector and in neighbouring markets within ASEAN.



INTERNATIONAL BUSINESS

Our International Business comprises sales and marketing offices in Singapore, the Philippines and Indonesia, combined with the Group's export business.

OVERVIEW OF THE YEAR

Our Singapore operations performed well in 2022 with the award of two government tenders, while business has been picking up in the Philippines. Our Philippines market recorded a revenue growth of +10% versus 2021 with +147% PBT growth in 2022 and remained stable in Indonesia. Conversely, exports were challenging as many of our markets were still recovering from COVID-19 due to low vaccination rates, unfavourable currency exchange rates against the US dollar, and persistently high freight costs. Economic and/or political instability further exacerbated the situation in markets such as Myanmar, Sri Lanka and Sudan. Meanwhile, China's zero-COVID policy and intermittent shutdowns contributed to longer production lead-time to meet customers' orders.

KEY ACHIEVEMENTS

Efforts to participate more aggressively in selected Singapore Government tenders bore results, with the team winning two substantial tenders in the early part of the year, securing our position as a key supplier. The tenders were for Enoxin and Glyprin, worth a total of SGD4 million over a period of two years. We also expect to achieve more sales from the private sector as Singapore has lifted most of its COVID-19 restrictions.

In terms of direct exports, we gained approvals from regional markets for sales of respective products:

- ERYSAA® was approved in the Philippines in August 2022, and expected to be launched in Q1 2023.
- LEBRETA was approved in Singapore in September 2022, and expected to be launched in Q1 2023.
- LEBRETA was approved in Cambodia in December 2022 and expected to be launched in Q1 2023.
- Product registration approval was granted for both LEBRETA and Ranofer in Brunei in February 2022.

International Business also took advantage of the pandemic in the early part of 2022 by engaging in opportunistic sales, trading third-party examination gloves and rapid test kits ("RTK") into Myanmar and Papua New Guinea.

KEY CHALLENGE	OUR RESPONSE
Reduced demand from export markets, primarily due to price	Ensure healthy cash flow and cost containment via revision of trade terms.

OUTLOOK

The outlook for Singapore is positive as we have secured a new two-year tender for Glyprin, with supply commencing in 2023. We are also in the process of submitting more new product registrations with the HSA. Performance of our direct export markets will depend on factors such as the currency exchange rates and the global economic outlook. Nevertheless, we will continue to register new products overseas, especially those from our Specialty portfolio.

OPERATIONAL REVIEW



MANUFACTURING

A central function at Duopharma Biotech, and one of our key differentiators, is Manufacturing. We are the largest manufacturer of generics in Malaysia and the only local pharmaceutical company to produce cancer drugs as well as biologics. These are rolled out at our state-of-the-art HAPI facility in Glenmarie. Our total manufacturing capacity is as indicated below, with plans for further expansion.

MANUFACTURING FACILITY	DOSAGE FORM	CAPACITY
Klang	Small volume injectables (incl. of ampoules and vials)	52 million units
	Tablets	1 billion units
	Capsules	192 million units
	Granules	144,000 kg
	Eye Drops	60,000 litres
	Pre-Filled Syringes	8 million units

MANUFACTURING FACILITY	DOSAGE FORM	CAPACITY
Bangi	Creams & Ointments	108,000 kg
	Tablets	2 billion units
	Capsules	326 million units
	Soft Gels	144 million units
	Granules	144,000 kg
	Liquids	1.8 million litres

MANUFACTURING FACILITY	DOSAGE FORM	CAPACITY
Glenmarie (HAPI)	Tablets	8.8 million units

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We also pride ourselves on the fact that our manufacturing facilities are not only current Good Manufacturing Practice (“cGMP”)-compliant, they also adhere to MS2424:2019, Halal pharmaceuticals – General requirements (First revision). As we seek to grow our presence regionally and beyond, our objective is to increase our production capacity and capabilities while gaining international quality standards, such as the cGMP by the relevant authorities in all our international markets.

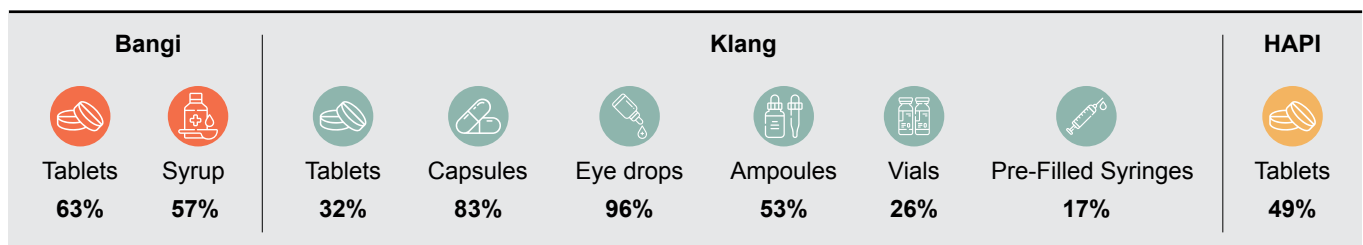
In 2022, we launched a 5-Year Manufacturing Strategy focused on five strategic pillars which include Technology, Compliance, Innovation, Sustainable Production and Human

Capital. In essence, this strategy is to complement and support our corporate goals of growing our core businesses while expanding into bioterapeutics such as biosimilars and regenerative medicines, and ensuring all our products are halal.

OPERATIONAL PERFORMANCE

Despite various challenges such as supply chain disruptions impacting API supply and a labour shortage affecting productivity, we have sought continuously to debottleneck our processes in order to support growing demand. This has resulted in an overall production increase of 53% year on year.

Increase in production output in 2022:



OPERATIONAL REVIEW

We are also completing various capex projects outlined under our Manufacturing Optimising Strategy (“MOS”). Achievements in 2022 include:

- Completion of the Dry Packing Relocation project in a record three months in Bangi plant. Now, all dry packing production is carried out at our state-of-art plant in Bangi 2, which has increased our packaging capacity. We have also enhanced our GMP compliance by improving the manufacturing process flow.
- Ongoing assessments of critical utilities in the new high-tech Oral Solid Dosage manufacturing facility in Klang 3, with the expectation of gaining National Pharmacy Regulatory Agency (“NPR”) certification by Q2 2023.
- Good progress in the biologics plant in Klang 5 which is expected to be completed in 2025.

STRATEGIC ACHIEVEMENTS

OBJECTIVE	WHAT WE ACHIEVED IN 2022
Technology - Invest in continuously more advanced technologies to enhance operational efficiencies	<ul style="list-style-type: none"> • Rolled out manufacturing dashboards in all our facilities enabling the teams to make real-time, data-driven decisions. • Invested in a Track and Trace system which enables product tracking and will be able to cater to serialisation requirements when necessary. • Invested in a Proof of Delivery system to enhance security and track the whereabouts of products being delivered to customers.
Compliance - Enhance our practices and procedures to be in line with regulations and guidelines	<ul style="list-style-type: none"> • Rolled out an Electronic Quality Management System (“EQMS”) which enables the team to centrally manage and monitor various compliance processes. It would help to create, maintain and report on key quality data throughout product lifecycles. • Creating a culture of compliance via greater engagement with shopfloor staff, and the establishment of a Compliance Strategy Squad (“CSS”), which will look into developing a compliance culture supporting our belief that “compliance is everyone’s responsibility”. • Working to incorporate the latest international Annex 1 guidelines published by the European Commission on the manufacture of sterile products. • Embarked on a contamination control strategy throughout the organisation.
Innovation - Look for opportunities to venture into new modalities	<ul style="list-style-type: none"> • Progressing on our biologics facility in Klang, which will be able to manufacture ERYSAA® and other biosimilar products, and are still in discussion with potential partners. • Obtained conditional approval from the regulators to develop this as the first hybrid biologics facility in Malaysia incorporating a vaccine line to ensure the country’s preparedness for any future pandemic. • Moving from conventional tablets, we are exploring bilayer tablet technology, with products currently in the R&D pipeline. We have invested in a new tableting machine with an exclusive bilayer technology, which will be installed and commissioned in the new K3 manufacturing facility in Klang by Q1 2023.

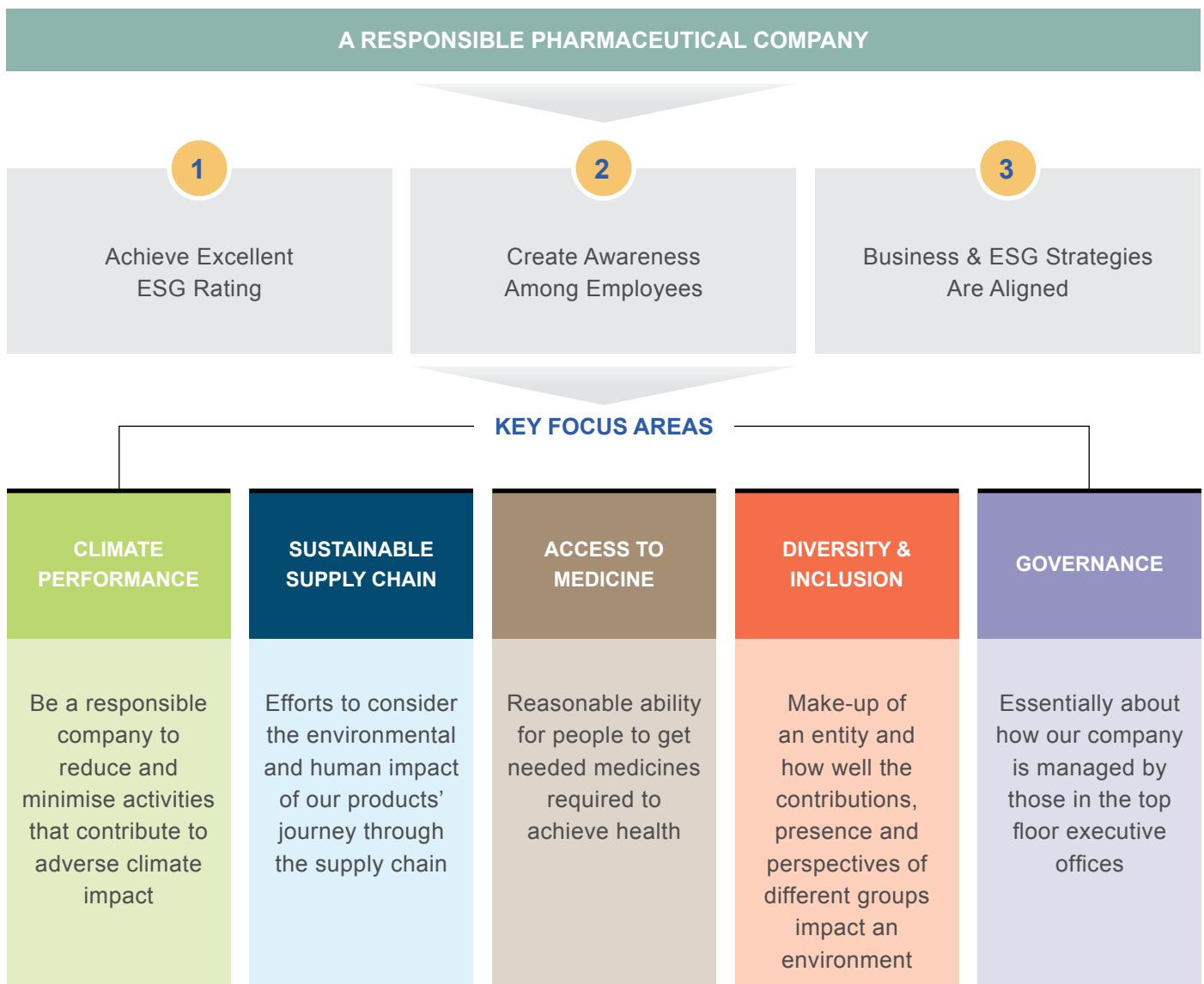
OPERATIONAL REVIEW

OBJECTIVE	WHAT WE ACHIEVED IN 2022
<p>Human Capital - Develop Subject Matter Experts at different manufacturing modalities; and raise shop floor standards via continuous training</p>	<ul style="list-style-type: none"> • Set up learning centres in our production shopfloors to encourage greater use of the MyDuopharma online learning platform. • Continuous training and development programmes are provided for staff at all levels. • SMEs are placed under our talent programme and undergo intensive training in areas such as GMP while receiving comprehensive on-the-job training. • Embarked on ESG awareness and training programmes to ensure staff at all levels are aware of the importance of ESG initiatives carried out.
<p>Sustainable Production - Establish a Continuous Improvement culture through Lean Six Sigma; and support ESG Strategy</p>	<ul style="list-style-type: none"> • Established a Lean Six Sigma Framework emphasising the importance of operational excellence within manufacturing to drive down costs. • Identified candidates will be completing their black belt certification in three years' time. • Minimising and reducing the environmental and climate-related impacts of our operations through the management of emissions and energy, waste, water and materials. <p>Progress made in 2022 includes:</p> <ul style="list-style-type: none"> - Emissions and energy management: Conducted an energy audit, followed by energy reduction and efficiency initiatives across our sites. These will support the reduction of our Scope 1 and 2 greenhouse gas ("GHG") emissions. We have also established a Scope 3 roadmap that defines relevant Scope 3 categories that will be reported from 2023 onwards. - Water management: Conducted a water audit and implemented water efficiency initiatives across our sites. We are also reducing our dependence on municipal water supply through water recycling and rainwater harvesting. - Waste management: Established baseline and SOPs at our sites in Klang and Bangi to drive recycling of non-scheduled waste. We also installed a waste thermal reduction system, Asher, in Q4 2022 which converts waste into ash thus reducing the volume of scheduled waste sent to landfills and our Scope 3 emissions. - Material management: We have set a year-on-year target to replace single-use plastics with biodegradable plastics by 10%. A baseline for single-use plastics usage has been established, and we are expanding the use of biodegradable plastics throughout our manufacturing processes.

SUSTAINABILITY STATEMENT

Conscious of our impact on our stakeholders as well as the environment, Duopharma Biotech has always sought to operate in a manner that is optimally responsible. Nevertheless, the year 2022 marked a turning point in our sustainability journey, with the establishment of our five-year Environmental, Social and Governance (“ESG”) Strategy (“ESG Strategy”). This was inspired by the growing urgency for nations, corporations, and individuals to take decisive actions in managing global issues of concern.

Through our ESG Strategy, we will focus on five key areas where we can make the most significant difference in managing our key sustainability matters. These five areas are: Climate Performance, Sustainable Supply Chain, Access to Medicines, Diversity and Inclusion, and Governance.



SUSTAINABILITY STATEMENT

SUSTAINABILITY FRAMEWORK

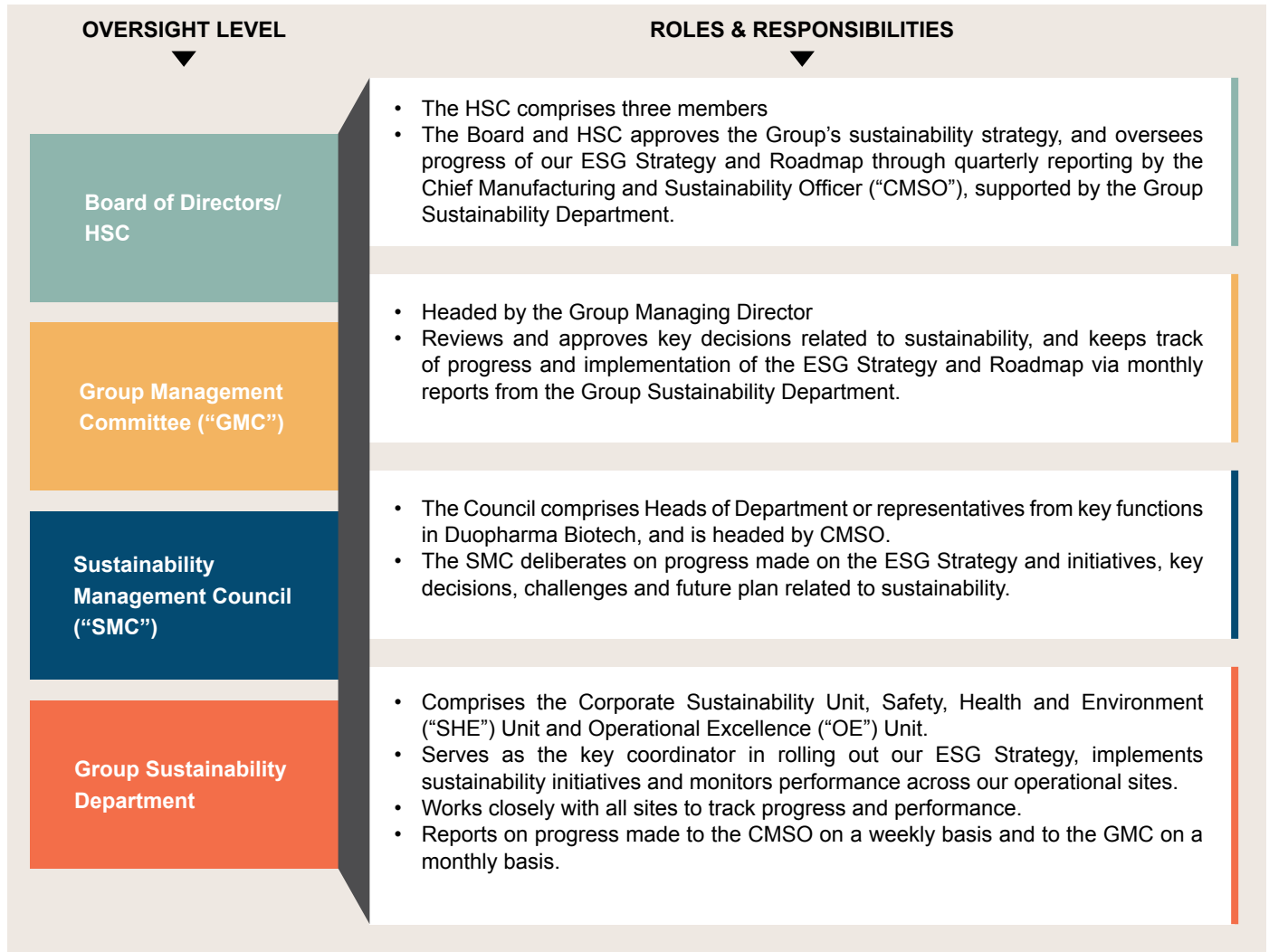
In supporting our sustainability purpose and objectives, we have established a sustainability framework that is defined by our Sustainability Policy, governed by different levels within the organisation, guided by our ESG Strategy and Roadmap, and supported by various other policies and guidelines. Our Sustainability Policy comprises three elements:



SUSTAINABILITY STATEMENT

GOVERNANCE BY THE BOARD

Sustainability at Duopharma Biotech is governed by the highest level in our organisation, namely our Board of Directors (“the Board”). As of 1 July 2022, along with the Board Committees review, the Halal Committee has taken on oversight of sustainability matters, resulting in a renaming the Halal Committee to Halal and Sustainability Committee (“HSC”). The HSC is supported by our Group Management Committee, Sustainability Management Council (“SMC”), Group Sustainability Department, Halal Monitoring Committee and Halal Strategy Committee.



In addition, as of 2022 we have incorporated ESG-related key performance indicators (“KPIs”) as part of a balanced scorecard to evaluate some of the senior management’s performance and, ultimately, their remuneration. Moving forward, we are looking to expand the scope to cover all our senior management’s performance and remuneration.

CLIMATE PERFORMANCE



Along with the establishment of our five-year ESG Strategy and Roadmap in March 2022, we made a pledge underscoring our commitment to contributing towards the most pressing sustainability issue today, namely climate change. In support of the Government’s environmental targets, we have pledged to:

- 1 becoming carbon neutral by 2030;
- 2 achieving net zero carbon emissions by 2050; and
- 3 replacing 50% of single-use plastics throughout our operations with biodegradable plastics by 2026.

In efforts to become a net zero carbon organisation, we have strengthened various initiatives to reduce our Greenhouse Gas (“GHG”) Scope 1 and 2 emissions while concurrently begun our journey to measure, monitor and reduce our Scope 3 emissions. Realising the challenges in establishing and managing Scope 3 emissions, especially from our extended supply chain, this year we have established a Scope 3 Roadmap to guide and initiate the process. To date, internal workshops have been organised with key departments to screen and determine the most important Scope 3 categories for Duopharma Biotech.

Through this Scope 3 materiality assessment process we have identified 8 categories (out of 15 categories of Scope 3) deemed relevant to Duopharma Biotech, namely: business travel, employee commuting, waste generated in operations, purchased goods & services, upstream transportation & distribution, end-of-life treatment of solid products, capital good and investments. Moving forward, we will embark on the Carbon Footprint Assessment (“CFA”) process on these 8 categories of Scope 3 and establish the data collection framework and baseline data for reporting.

SUSTAINABILITY STATEMENT

At the same time, recognising the importance of managing climate-related risks and impacts, we have further strengthened our efforts to adopt the TCFD recommendations. In 2022, we started the process of assessing physical and transitional climate-related risks that may impact our operations, guided by our Enterprise Risk Management (“ERM”) process. Although we are still in the initial stages of climate risks assessment, we will continuously intensify the process for mitigation, adaptation, and reporting purposes. This will see Duopharma Biotech invest in the right tools, analytics, and systems in order to develop a more comprehensive risk assessment capability and establish a robust framework in terms of our strategic decision, governance structure as well as metrics and targets. We also anticipate meeting Bursa Malaysia’s deadline for Main Market listed companies to include TCFD disclosures in our sustainability reports by the year 2026.



KEY ACHIEVEMENTS IN 2022

Implemented carbon and energy reduction initiatives through Operational Excellence projects:

CARBON AND ENERGY INITIATIVE	SAVINGS ACHIEVED IN 2022			
	ELECTRICITY SAVED (kWh)	CARBON EMISSIONS REDUCED (tCO ₂ -e)	ENERGY SAVED (GJ)	COST SAVED (RM)
Removal of AHU heater	521,280.00	304.95	1,876.61	145,944.64
Reduced air-conditioning usage at Engineering office	299,557.92	175.24	1,078.41	37,894.15
Reduced electricity consumption for Heating, Ventilation, and Air Conditioning (“HVAC”) (Dry Packing area)	210,816.00	123.33	758.94	62,893.44
Reduced electricity consumption for HVAC (Packaging Material Store 2)	64,416.00	37.68	231.90	8,148.62
Reduced electricity consumption for HVAC (Encapsulation, Melter & Store area)	651,801.60	381.30	2,346.49	194,454.14
Optimisation of compressed air operation	289,128.50	169.14	1,040.86	65,337.17
Replacement of fluorescent lights with LED	22,956.00	13.43	82.64	43,124.91
Total Saving Achieved in 2022	1,538,676.02	900.13	5,539.23	557,797.07

SUSTAINABILITY STATEMENT

Implemented water efficiency initiatives:

NO	WATER EFFICIENCY INITIATIVE	ESTIMATED WATER SAVING PER YEAR (ML)	ESTIMATED COST SAVING PER YEAR (RM)
1	Disabled two urinal flushes which connected to one tank, and installed manual flushing	3.984	9,083
2	Reduced toilet flush tank water level by 10%	0.197	449 for each toilet flush tank
3	Fixed leakage in K1 washroom urinal flush pipe	0.262	599
4	Fixed leakage in water pipe from portable chiller room 3	0.788	1,796
5	Replaced leaking taps near Engineering office	0.262	599
6	Increased the cycle of concentration of cooling towers by adjusting the drain flow	1.129	2,574

Implemented material and waste reduction initiatives:

NO	INITIATIVES	TYPE OF INITIATIVE	COST SAVING ACHIEVED IN 2022 (RM)
1	Reduction of paper usage in return procedure	Paper Saving	197.34
2	Files for Purchase Order (PO)	Paper Saving	1,107.80
3	Removal of Poison Sign Order (PSO) from medical devices	Paper Saving	841.62
4	Minimise write-off quantity for packaging material	Material Management	263,976.21
5	Recycling of plastic bottles to reduce waste disposal	Recycling	3,284.00
6	Reuse of wooden pallets at Packing (Production) department	Recycling	7,115.00
Total Saving Achieved in 2022			276,521.97

Details of our environmental performance data and trends are available in our Sustainability Report 2022, under the 'Climate Performance' section (pages 30 to 41).

SUSTAINABILITY STATEMENT

STRENGTHENING OUR SUPPLY CHAIN

Our supply chain encompasses the entire process of sourcing and obtaining raw materials and packaging materials to manufacturing our products, storing them and then distributing them to our customers. We seek to manage our supply chain effectively as it forms the core of our business. At the supply end, we ensure a steady source of raw materials; on our manufacturing floors, we look into optimising efficiencies for enhanced productivity whilst ensuring the health and safety of our employees and operations; and at the distribution end, we strive to meet all our commitments to our customers.

Key Achievements in 2022

Enhanced vendor performance, as reflected in our Vendor Performance Evaluation:

VPE scores, 2020-2022

	2020	2021	2022
Bangi	98.72	98.96	99.02
Klang	99.04	98.77	99.59

Disclaimer: In last year's Sustainability Report, the 2021 data for Bangi and Klang operations were reversed. This has been rectified in the table above.

Enhanced manufacturing efficiencies from Continual Improvement and digital technologies:

INITIATIVE	OUTCOMES
Continual Improvement ("CI") activities led by employees to enhance operational excellence	<ul style="list-style-type: none"> Completed 43 CI projects, contributing to RM5.95 million in savings. 28% of the projects were related to enhancing our environmental performance while the rest on the improvement of our productivity/cost.
Adoption of digital technologies to enhance efficiencies in our manufacturing plants	Installed the following at our plants: <ul style="list-style-type: none"> Manufacturing dashboards enabling the teams to make real-time data-driven decisions. Track and Trace system for finished goods and Proof of Delivery system to enhance security and track the whereabouts of products being delivered to customers.

Enhanced customer service from on-time delivery:

OTIF performance for the company and warehouse, 2020-2022

	2020	2021	2022	Target
Company	88.9%	85.9%	91.6%	85%
Warehouse	98.4%	98.8%	99.5%	97%

Maintained customer returns within acceptable range:

Return value against sales

	2020	2021	2022	Target
CHC	2.2%	1.4%	2.3%	<5%
Ethical Business	0.4%	0.3%	0.3%	<1%

Details of our 'Sustainable Supply Chain' activities, performance and initiatives are available in our Sustainability Report 2022 (pages 44 to 49).

ACCESS TO MEDICINE

Access to quality and affordable medicines is one of the key concerns in low and middle-income countries where innovator drugs can be beyond the means of the average citizen. As an advocate of the universal right to healthcare, Duopharma Biotech strives to make available drugs people need at prices they can afford. Our commitment towards this end has seen the Group become a leading generics producer in Malaysia with a focus on non-communicable diseases that are prevalent, namely kidney disease, cancer, and diabetes.

We also recognise the importance of providing access to medicines that satisfy religious requirements, such as Shariah compliance for Muslims. This has prompted us to become a pioneer in halal medicine and to work together with various stakeholders to build a robust halal sector.

Key Achievements in 2022

INITIATIVE	OUTCOMES
Conduct bioequivalence (“BE”) studies and other research on generics to attain National Pharmaceutical Regulatory Agency (“NPRA”) registration	<ul style="list-style-type: none"> Five BE studies were conducted, of which two were successfully completed and the results were submitted to NPRA. A study on ‘The effect of iron (III) hydroxide sucrose complex (Ranofer) and other iron preparations on body iron store in long-term hemodialysis patients’ initiated in 2021 was completed and submitted to a scientific journal for publication.
Enhance the practice of pharmacovigilance in Malaysia	<ul style="list-style-type: none"> Duopharma Biotech was selected to participate in the Good Pharmacovigilance Practice Inspection carried out by NPRA, enabling us to benchmark our practices against NPRA’s newly-introduced Malaysian Guidelines on Good Pharmacovigilance Practices for Product Registration Holders.
Local production of cancer generics	<ul style="list-style-type: none"> In October 2022, we obtained Change of Site (“COS”) approval from NPRA to manufacture Trevive 100mg and Trevive 400mg tablets at HAPI. In December 2022, Process Validation for the first batch of the two tablets was completed, and we expect to start commercial production of Trevive, our second locally manufactured cancer drug, in 2023.
Halal certification for generics	<ul style="list-style-type: none"> In September, JAKIM granted halal status for LEBRETA, our pioneering cancer molecule at HAPI, which is used in the treatment of postmenopausal women with breast cancer.

Details of our ‘Access to Medicine’ activities, performance and initiatives are available in our Sustainability Report 2022 (pages 52 to 59).

SUSTAINABILITY STATEMENT

DIVERSITY AND INCLUSION

We seek to create an engaging, inclusive, and safe and healthy working environment in which all employees are motivated to achieve their full potential and to share our values as well as corporate culture. At the same time, we believe in contributing to society in ways that are meaningful and that help to create better quality of life for everyone.



Key Achievements in 2022

INITIATIVE	OUTCOMES
Promote continuous learning to support the development of a high-performance culture	<ul style="list-style-type: none"> • Launch of online MyDuopharma Learning (“MDL”) platform, which attracted a total of 1,648 registrations by employees and PROTÉGÉ participants, with approximately 800 users a month. • Total expenditure on training (RM1,079,132) exceeded that in 2021 (RM982,402) as well as our budget (RM890,000). • Average expenditure on training per employee of RM743.20 exceeded that in 2021 of RM680.81.
Provide employment opportunities for graduates and young talents	<ul style="list-style-type: none"> • Revived our Graduate Training Programme, ProGrad, and recruited six talents from the programme who will now be groomed to take on leadership roles. • Offered full-time employment to 36 participants of the PROTÉGÉ programme.
Create an inclusive, highly-charged corporate culture	<ul style="list-style-type: none"> • Women make up 47.6% of our total workforce at end 2022, as compared with 47.2% at end 2021. • Launched Corporate Culture, encapsulating four practices and culture: Performance Driven, ESG Compliance, Innovation and Global Mindset.
Enhance our social citizenry	<ul style="list-style-type: none"> • Contributed RM351,638 in terms of donations and sponsorships to non-governmental organisations and various entities to support better access to healthcare and education, enhancing the environment and helping the underprivileged and underserved.

Details of our ‘Diversity and Inclusion’ activities, performance and initiatives are available in our Sustainability Report 2022 (pages 62 to 71).

GOVERNANCE

We seek to maintain our reputation as a company that consistently upholds the principles of integrity. Highly valuing our stakeholders’ trust, we are also committed to operating in a manner that protects their interests. Both objectives are assured via good governance which promotes transparency, objectivity and the ability to do what is right all the time.

Additionally, in the materiality assessment carried out in 2022, Data Privacy and Security was identified as a Top 10 material matter. We have therefore stepped-up measures to govern our data privacy and security, putting in place systems and processes to protect our data as well as that of our stakeholders.

Key Achievements in 2022

INITIATIVE	OUTCOMES
Build up data privacy and security infrastructure and protocols	<ul style="list-style-type: none"> Conducted annual Cybersecurity Penetration Test to identify vulnerabilities in the network platform and systems. Successfully performed disaster recovery exercise to ensure the ability to protect data in the event of system shutdown. Performed annual IT internal and external audits.
Strengthen a culture of integrity within Duopharma Biotech and our supply chain	<ul style="list-style-type: none"> Rolled out 34 initiatives under our Organisational Integrity and Anti-Corruption Plan 2021–2023 (“OIACP”), completing 31 of the initiatives. Completed due diligence on 323 new business associates. Conducting background checks with MACC on new employees and directors. Established due diligence procedures for new customers to be registered in the SAP system. 27 agents are participating in a pilot Integrity and Anti-Corruption programme and pledged to integrity, ethics and anti-corruption.
Identification of corruption/bribery risks for better management and mitigation	<ul style="list-style-type: none"> 116 corruption risks identified across business units were integrated into our Enterprise Risk Management (“ERM”) Framework, 40 of which were categorised as ‘High’.
Encourage employees to speak up against unethical behaviour	<ul style="list-style-type: none"> Received three reports through Speak-Up-Pharma of which one was categorised as a whistleblowing case and two were grievances.

Continuous efforts to reinforce integrity resulted in Duopharma Biotech achieving zero Non-Conformance Reports over the last three years. Further, the ISO 37001 Anti-Bribery Management System Surveillance Audit 2022 found zero Opportunities For Improvement (“OFI”) for all subsidiary companies under the Group.

Details of our ‘Governance’ activities, performance and initiatives are available in our Sustainability Report 2022 (pages 74 to 79).

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OUR GOVERNANCE



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BOARD OF DIRECTORS' PROFILE

1 **TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SH BAKIR**
(Non-Independent, Non-Executive Chairman)

4 **DATUK MOHD RADZIF BIN MOHD YUNUS**
(Non-Independent, Non-Executive Director)

2 **DATO' MOHAMAD KAMARUDIN BIN HASSAN**
(Senior Independent, Non-Executive Director)

5 **DATO' EISAH BINTI A. RAHMAN**
(Independent, Non-Executive Director)

3 **DATUK NIK MOUSTPHA BIN HJ NIK HASSAN**
(Independent, Non-Executive Director)



BOARD OF DIRECTORS' PROFILE

6 **LEONARD ARIFF BIN ABDUL SHATAR**
(Group Managing Director, Executive Director)

7 **RAZALEE BIN AMIN**
(Independent, Non-Executive Director)

8 **ZAITON BINTI JAMALUDDIN**
(Independent, Non-Executive Director)

9 **DATO' DR. ZAKI MORAD BIN MOHAMAD ZAHER**
(Independent, Non-Executive Director)

10 **AMIZAR BINTI MIZUAR**
(Non-Independent, Non-Executive Director)



BOARD OF DIRECTORS' PROFILE


**TAN SRI DATIN PADUKA SITI
SA'DIAH BINTI SH BAKIR**
Non-Independent, Non-Executive Chairman

70

Date of Appointment to the Board
5 April 2016

F


Length of Service
6 years 11 months

Date of Last Re-Election
17 June 2020

**Number of Board
meetings attended in
2022:**
**Directorship in Public Companies and Other
Listed Issuers:**

- Lotte Chemical Titan Holding Berhad
- Awqaf Holdings Berhad

Membership of Board Committees:

None

**Family Relationship with Any Director and/or
Major Shareholder:**

None

**Details of Any Interest in the Securities of the
Company or Its Subsidiaries:**

None

**Conflict of Interest or Potential Conflict of
Interest, Including Interest in Any Competing
Business with the Company or Its Subsidiaries:**

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

Academic/Professional Qualification/Membership(s):

- Honorary Doctor of Philosophy (Corporate Management), Universiti Utara Malaysia, Malaysia
- Honorary Doctor of Letters, University of Reading, United Kingdom
- Master of Business Administration, Henley Business School, University of Reading, United Kingdom
- Bachelor in Economics, University of Malaya, Malaysia
- Member of the Institute of Corporate Directors Malaysia (ICDM)
- CEO of the Year 2009 by the New Straits Times Press and American Express

Past Appointments/Experiences:

- Planning Officer/Department Manager, Johor Corporation from 1974 to 1978
- Manager, Healthcare Division, Johor Corporation from 1979 to 1988
- Chief Executive, Kumpulan Perubatan (Johor) Sdn Bhd (KPJSB) from 1989 to 1993
- Managing Director, KPJ Healthcare Berhad ("KPJ") from 1993 to 2012
- Corporate Advisor, KPJ from 2013 to 2014
- Independent Non-Executive Director, KPJ from 2015 to 2020
- Chairman, KPJ Healthcare University College ("KPJUC") from 2011 to 2016
- Pro-Chancellor, KPJUC from 2011 to 2018
- Chancellor, KPJUC from 2019 to 2022
- Independent Non-Executive Director, Bursa Malaysia from 2004 to 2012
- Board Member, Malaysia External Trade Development Corporation (MATRADE) from 1999 to 2012
- Independent Non-Executive Director, Chemical Company of Malaysia Berhad from 2016 to 2017
- Senior Independent Director, Duopharma Biotech Berhad from 2016 to 2017
- Director, Kulim (M) Berhad from 2005 to 2016
- Director, KFC Holdings Malaysia Bhd from 2010 to 2013
- Director, QSR Brands (M) Holdings Bhd from 2010 to 2013
- President, Malaysian Society for Quality in Health (MSQH) from 1997 to 2018
- Member of the Leadership Development Committee, Razak School of Government from 2013 to 2018
- Chairman, Universiti Utara Malaysia from 2016 to 2018
- Independent Non-Executive Director, OSK Holdings Berhad from 2016 to 2021
- Pro-Chancellor, University Teknologi Malaysia from 2016 to 2021

Other Current Appointment(s):

- Founder, Women Leadership Foundation
- Strategy Board, Henley Business School, University of Reading

BOARD OF DIRECTORS' PROFILE



**LEONARD ARIFF
BIN ABDUL SHATAR**

Group Managing Director, Executive Director

58

Date of Appointment to the Board
28 December 2017

M



Length of Service
5 years 3 months

Date of Last Re-Election
17 June 2020

Number of Board meetings attended in 2022:



Directorship in Public Companies and Other Listed Issuers:

- PanGen Biotech Inc. (Korea)
- SCM Lifescience Inc. (Korea)

Membership of Board Committees:

None

Family Relationship with Any Director and/or Major Shareholder:

None

Details of Any Interest in the Securities of the Company or Its Subsidiaries:

None

Conflict of Interest or Potential Conflict of Interest, Including Interest in Any Competing Business with the Company or Its Subsidiaries:

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

Academic/Professional Qualification/Membership(s):

- Bachelor of Laws (LLB), Monash University, Melbourne, Australia
- Bachelor of Economics, Monash University, Melbourne, Australia
- A Qualified Risk Director and a Member of the Institute of Enterprise Risk Practitioners (IERP)
- Member of the Institute of Corporate Directors Malaysia (ICDM)

Past Appointments/Experiences:

- Chambering Student at Shearn Delamore & Co in 1988
- Legal Advisor, Petronas subsidiary companies from 1988 to 1991
- Legal Executive, ICI Malaysia from 1991 to 1995
- Business Manager, CCM Chemicals Sdn Bhd from 1996 to 2001
- Managing Director, Usaha Pharma (M) Sdn Bhd from 2000 to 2003
- General Manager, ICI Paints Malaysia Sdn Bhd from 2003 to 2005
- Managing Director, ICI Paints Malaysia Sdn Bhd from 2005 to 2008
- Chief Executive Officer, CCM Duopharma Biotech Berhad from 2008 to 2017
- President, Malaysian Organisation of Pharmaceutical Industries from 2009 to 2014
- Director, Chemical Company of Malaysia ("CCM") Berhad (Chemicals Division) from 2014 to 2015
- Group Managing Director, CCM Berhad from 2015 to 2017

Other Current Appointment(s):

- Member of the Board of Trustees, National Institutes of Biotechnology Malaysia
- Director, Monash University Malaysia Sdn Bhd
- Advisory Committee, Monash University Malaysia Business School
- Adjunct Professor of the Faculty of Pharmacy, Universiti Kebangsaan Malaysia (UKM)
- Council Member, Action Group for Entrepreneurship (AGE Council) of Universiti Malaysia Kelantan
- Director, MyDIGITAL Corporation
- CEO@Faculty, Universiti Sains Malaysia (USM)
- Chairman of Duopharma Biotech's Group Management Committee

BOARD OF DIRECTORS' PROFILE



DATO' MOHAMAD KAMARUDIN BIN HASSAN
Senior Independent, Non-Executive Director

67

M

 Length of Service
9 years 2 months

Date of Appointment to the Board
2 January 2014

Date of Last Re-Election
28 May 2021

Number of Board meetings attended in 2022:

12 / 12

Directorship in Public Companies and Other Listed Issuers:

- ManagePay Systems Berhad
- Malaysian Pacific Industries Berhad
- Muhibbah Engineering (M) Bhd

Membership of Board Committees:

- Chairman, Nomination and Remuneration Committee
- Member, Risk Management Committee

Family Relationship with Any Director and/or Major Shareholder:

None

Details of Any Interest in the Securities of the Company or Its Subsidiaries:

None

Conflict of Interest or Potential Conflict of Interest, Including Interest in Any Competing Business with the Company or Its Subsidiaries:

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

Academic/Professional Qualification/Membership(s):

- Master of Business Administration (Majoring in Finance), Oklahoma City University, United States of America
- Bachelor of Economics (Majoring in Business Administration), University of Malaya
- Fellow Member of the Institute of Corporate Directors Malaysia (ICDM)

Past Appointments/Experiences:

- Economic/financial advisor, Administrative and Diplomatic Service from 1979 to 2013
- Various roles within the Macro-Economic Division, Economic Planning Unit in the Prime Minister's Department from 1979 to 1985
- Various roles within the Ministry of International Trade and Industry ("MITI") from 1987 to 2013
- Economic Counsellor, Malaysian Embassy in Washington DC from 1992 to 1994
- Deputy Chief Executive Officer, Malaysia External Trade Development Corporation (MATRADE) from 2006 to 2013
- Independent Non-Executive Director, Lion Diversified Holdings Bhd from December 2014 to April 2018

Other Current Appointment(s):

- Director, Rema Tip Top Sdn Bhd
- Director, DWA Advisory Sdn Bhd

BOARD OF DIRECTORS' PROFILE



RAZALEE BIN AMIN

Independent, Non-Executive Director

69

M



Date of Appointment to the Board
1 June 2016

Length of Service
6 years 9 months

Date of Last Re-Election
21 June 2022

Number of Board meetings attended in 2022:



Directorship in Public Companies and Other Listed Issuers:

- UMW Holdings Berhad
- Heitech Padu Berhad

Membership of Board Committees:

- Chairman, Audit Committee

Family Relationship with Any Director and/or Major Shareholder:

None

Details of Any Interest in the Securities of the Company or Its Subsidiaries:

None

Conflict of Interest or Potential Conflict of Interest, Including Interest in Any Competing Business with the Company or Its Subsidiaries:

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

Academic/Professional Qualification/Membership(s):

- Bachelor of Economics (Hons) in Accounting, University of Malaya, Malaysia
- Postgraduate Diploma in Accounting, University of Malaya, Malaysia
- Chartered Accountant, Malaysian Institute of Accountants
- Certified Public Accountants, Malaysian Institute of Certified Public Accountants
- Certified Financial Planner, Financial Planning Association of Malaysia
- Fellow Member of the Institute of Corporate Directors Malaysia (ICDM)

Past Appointments/Experiences:

- Chartered Accountant, Messrs. Hanafiah Raslan & Mohamad from 1977 to 1983
- Group Financial Controller, Sateras Resources (Malaysia) Berhad from 1983 to 1987
- Senior Vice President, Investment and Acquisition Division, MBF Finance Berhad from 1987 to 1994
- Senior General Manager, Damansara Realty Berhad from 1994 to 1996

Other Current Appointment(s):

- Managing Partner, Razalee & Co.
- Director, RCO Management & Consulting Services Sdn Bhd
- Director, Channel Professional Advisory Sdn Bhd
- Director, MP Capital Advisory Sdn Bhd
- Director, SKMN Tax Accountants Sdn Bhd
- Director, SKMN Insolvency Sdn Bhd
- Partner, SKMN PLT

BOARD OF DIRECTORS' PROFILE



ZAITON BINTI JAMALUDDIN
Independent, Non-Executive Director

63

F



Date of Appointment to the Board
1 September 2016

Length of Service
6 years 6 months

Date of Last Re-Election
17 June 2020

Number of Board meetings attended in 2022:



Directorship in Public Companies and Other Listed Issuers:

None

Membership of Board Committees:

- Member, Audit Committee
- Member, Risk Management Committee

Family Relationship with Any Director and/or Major Shareholder:

None

Details of Any Interest in the Securities of the Company or Its Subsidiaries:

None

Conflict of Interest or Potential Conflict of Interest, Including Interest in Any Competing Business with the Company or Its Subsidiaries:

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

Academic/Professional Qualification/Membership(s):

- Master of Business Administration, Keele University, United Kingdom
- Bachelor of Pharmacy, Western Australia Institute of Technology, Australia
- Diploma in Management, Malaysian Institute of Management, Malaysia
- Member of the MARA Council (2000 - 2002)
- Member of the Institute of Corporate Directors Malaysia (ICDM)

Past Appointments/Experiences:

- Pharmacist, Ministry of Health Malaysia from 1982 to 1984
- Sales and Marketing, United Italian Trading Corporation from 1984 to 1985
- Assistant Medical Information Manager, South East Asia Regional Office, Novo Industri A/S from 1985 to 1989
- Business Development Manager (Malaysia), Novo Nordisk A/S from 1989 to 1993
- Country Manager (Malaysia), Novo Nordisk A/S from 1993 to 1997
- General Manager, Novo Nordisk Pharma (M) Sdn Bhd from 1997 to 2007
- Director, Malaysian Biotechnology Corporation Sdn Bhd from 2006 to 2008
- President, Pharmaceutical Association of Malaysia from 2005 to 2007

Other Current Appointment(s):

- None

BOARD OF DIRECTORS' PROFILE



**DATO' EISAH BINTI
A. RAHMAN**

Independent, Non-Executive Director

67

F



Date of Appointment to the Board
16 November 2016

Length of Service
6 years 4 months

Date of Last Re-Election
17 June 2020

Number of Board meetings attended in 2022:



Directorship in Public Companies and Other Listed Issuers:
None

Membership of Board Committees:

- Member, Nomination and Remuneration Committee
- Member, Medical and Research Committee

Family Relationship with Any Director and/or Major Shareholder:
None

Details of Any Interest in the Securities of the Company or Its Subsidiaries:
None

Conflict of Interest or Potential Conflict of Interest, Including Interest in Any Competing Business with the Company or Its Subsidiaries:
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

Academic/Professional Qualification/Membership(s):

- Master of Science in Pharmaceutical Analysis, University of Manchester, United Kingdom
- Bachelor's in Pharmacy, Curtin University of Technology, Western Australia, Australia
- Postgraduate Diploma in Medical Microbiology, Institute for Medical Research, Kuala Lumpur, Malaysia
- Patron/Adviser to ISPE Malaysia Affiliate
- Member of the Institute of Corporate Directors Malaysia (ICDM)
- Life Member of Malaysian Pharmacist Society

Past Appointments/Experiences:

- Pharmacist, National Pharmaceutical Control Laboratory ("NPCL") from 1979 to 1992
- Head, Microbiology Laboratory, NPCL from 1992 to 1997
- Head, GMP & Licensing, National Pharmaceutical Control Bureau ("NPCB") from 1997 to 2001
- Kelantan State Pharmacist, Ministry of Health Malaysia ("MoH") from 2001 to 2002
- Deputy Director, Product Evaluation & Safety Division, NPCB from 2002 to 2005
- Secretary, Drug Control Authority (DCA), NPCB from 2002 to 2005
- Member, Malaysian Advertisement Board (MAB), MoH from 2002 to 2006
- Chairman, Malaysian Adverse Drug Reactions Advisory Committee (MADRAC) from 2005 to 2006
- Director, NPCB now known as the National Pharmaceutical Regulatory Agency (NPRA) from 2005 to 2006
- Director, Pharmacy Enforcement of Pharmaceutical Services Division, MoH from 2007 to 2008
- Secretary, Malaysian Poison Board, MoH from 2007 to 2008
- Senior Director, Pharmaceutical Services, MoH from 2008 to 2016
- Alternate Chairman, DCA and MAB, MoH from 2008 to 2016
- Registrar, Malaysian Pharmacy Board, MoH from 2008 to 2016
- Member/Alternate Chairman, MoH Drug Formulary from 2005 to 2016
- Chairman, ASEAN Consultative Committee for Standards & Quality (ACCSQ) Pharmaceutical Product Working Group (PPWG) from 2008 to 2016

Other Current Appointment(s):

- None


BOARD OF DIRECTORS' PROFILE



**DATUK NIK MOUSTPHA BIN
HJ NIK HASSAN**
Independent, Non-Executive Director

69

M

 **Length of Service**
5 years 3 months

Date of Appointment to the Board
28 December 2017

Date of Last Re-Election
28 May 2021

Number of Board meetings attended in 2022:

12 / 12

Directorship in Public Companies and Other Listed Issuers:

None

Membership of Board Committees:

- Chairman, Halal and Sustainability Committee
- Member, Audit Committee

Family Relationship with Any Director and/or Major Shareholder:

None

Details of Any Interest in the Securities of the Company or Its Subsidiaries:

None

Conflict of Interest or Potential Conflict of Interest, Including Interest in Any Competing Business with the Company or Its Subsidiaries:

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

Academic/Professional Qualification/Membership(s):

- Master in Economics, Ohio University, Ohio, United States of America
- Degree in Business Administration, Ohio University, Ohio, United States of America
- Member of the Institute of Corporate Directors Malaysia (ICDM)

Past Appointments/Experiences:

- Lecturer, Faculty of Economics and Agribusiness, Agricultural University of Malaysia from 1979 to 1983
- Lecturer, Faculty of Economics and Management of International Islamic University Malaysia from 1983 to 1987
- Dean, Faculty of Economics and Management of International Islamic University Malaysia from 1987 to 1989
- Associate Professor, Faculty of Economics and Management of International Islamic University Malaysia from 1988 to 1992
- Visiting Fellow, Oxford Centre for Islamic Studies, University of Oxford from 1989 to 1990
- Dean, Postgraduate Faculty of International Islamic University Malaysia from 1991 to 1992
- Senior Fellow, Institute of Islamic Understanding Malaysia (IKIM) from 1992 to 2003
- Deputy Director General, IKIM from 2003 to 2009
- Director General, IKIM from 2009 to 2015
- Adjunct Professor, Universiti Pertahanan Malaysia from 2015 to 2017
- Member of Group Shariah Committee, MNRB Holdings Berhad from 2015 to 2020
- Adjunct Professor, Faculty of Economics and Management, Universiti Kebangsaan Malaysia from 2017 to 2019
- Adviser to the Faculty of Business and Accounting at University of Malaya from 2016 to 2021
- Independent Non-Executive Director, Chemical Company of Malaysia Berhad from 2016 to 2017
- Independent Non-Executive Director, Takaful Ikhlas Berhad from 2016 to 2018
- Independent Non-Executive Director, Takaful Ikhlas General Berhad from 2018 to 2021

Other Current Appointment(s):

- None

BOARD OF DIRECTORS' PROFILE



**DATUK MOHD RADZIF
BIN MOHD YUNUS**

Non-Independent, Non-Executive Director

64

Date of Appointment to the Board
8 March 2018

M



Length of Service
5 years

Date of Last Re-Election
28 May 2021

Number of Board meetings attended in 2022:



Directorship in Public Companies and Other Listed Issuers:

- HeiTech Padu Berhad
- Amanah Raya Berhad

Membership of Board Committees:

- Chairman, Risk Management Committee
- Member, Halal and Sustainability Committee

Family Relationship with Any Director and/or Major Shareholder:

None

Details of Any Interest in the Securities of the Company or Its Subsidiaries:

Duopharma Biotech Berhad - 25,293 shares (0.002%)

Conflict of Interest or Potential Conflict of Interest, Including Interest in Any Competing Business with the Company or Its Subsidiaries:

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

Academic/Professional Qualification/Membership(s):

- Bachelor in Applied Science Property Resource Management with Finance, University of South Australia, Australia
- Diploma in Land Survey, Universiti Teknologi Malaysia, Malaysia
- Registered Valuer Real Estate Professional and Property Manager, Board of Valuers Malaysia
- Certified Risk Director by Institute Enterprise Risk Management
- Fellow Member of the Institute of Corporate Directors Malaysia (ICDM)

Past Appointments/Experiences:

- Managerial positions in Perwira Affin Bank from 1988 to October 1992
- Chief Executive Officer ("CEO"), Shapadu Properties Sdn Bhd from November 1992 to April 1996
- Consultant, Ruang Properties Consultant Sdn Bhd from May 1996 to January 2002
- Director, Core Resources Sdn Bhd from May 1996 to January 2002
- CEO, TH Properties Sdn Bhd from January 2002 to August 2003
- CEO, TH NSTC Sdn Bhd from May 2002 to August 2003
- CEO, Institut Jantung Negara Sdn Bhd from August 2003 to October 2009
- Group Managing Director, IJN Holdings Sdn Bhd from May 2006 to March 2010
- CEO, IJN College Sdn Bhd from January 2007 to March 2010
- Group Managing Director, Small Medium Enterprise Development Bank Malaysia (SME Bank) from July 2010 to June 2017
- Chairman, Association of Development Finance Institutions of Malaysia (ADFIM) from 2011 to 2017
- Vice Chairman, Association of National Development Finance Institutions in Member Countries of The Islamic Development Bank ("ADFIMI") from 2013 to 2017
- Board member of the Association of Development Financing Institutions in Asia and the Pacific ("ADFIAP") from 2013 to 2017
- Independent Non-Executive Director, Bina Darulaman Berhad from November 2017 to September 2020
- Independent Non-Executive Director, SMRT Holdings Berhad from September 2019 to July 2020

Other Current Appointment(s):

- Member of Perbadanan Pembangunan Kampong Bharu
- Chairman, Board of Trustees of Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM)
- Independent Non-Executive Chairman, UM Holdings Sdn Bhd
- Non-Independent Non-Executive Chairman, Amanah Raya Kenedix REIT Managers Sdn Bhd

BOARD OF DIRECTORS' PROFILE



DATO' DR. ZAKI MORAD BIN MOHAMAD ZAHER
Independent, Non-Executive Director

72

M

 Length of Service
3 years 6 months

Date of Appointment to the Board
6 September 2019

Date of Last Re-Election
17 June 2020

Number of Board meetings attended in 2022:

12 / 12

Directorship in Public Companies and Other Listed Issuers:

None

Membership of Board Committees:

- Chairman, Medical and Research Committee

Family Relationship with Any Director and/or Major Shareholder:

None

Details of Any Interest in the Securities of the Company or Its Subsidiaries:

None

Conflict of Interest or Potential Conflict of Interest, Including Interest in Any Competing Business with the Company or Its Subsidiaries:

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

Academic/Professional Qualification/Membership(s):

- Bachelor of Medicine and Bachelor of Surgery (MBBS), University of Malaya, Malaysia
- Postgraduate training in Nephrology – Royal Hallamshire Hospital, Sheffield, United Kingdom; Guys Hospital, London, United Kingdom; General Hospital Kuala Lumpur, Malaysia
- Member of the Royal College of Physicians, United Kingdom
- Fellow of the Royal College of Physicians, Edinburgh
- Fellow of the Academy of Medicine of Malaysia
- Member of the Institute of Corporate Directors Malaysia (ICDM)

Past Appointments/Experiences:

- Consultant, Department of Nephrology, Hospital Kuala Lumpur from 1982 to 1987
- Head, Department of Nephrology, Hospital Kuala Lumpur from 1987 to 2006
- National Advisor and Head of Service for Nephrology, Ministry of Health Malaysia ("MoH") from 1987 to 2006
- Director of the Clinical Research Unit, MoH from 2000 to 2006
- President, Malaysian Society of Nephrology from 1990 to 1992
- Chairman, National Renal Registry from 2008 to 2010
- Independent Non-Executive Director, KPJ Healthcare Berhad from 2017 to 2020

Other Current Appointment(s):

- Chairman, National Kidney Foundation
- Resident Consultant Nephrologist, KPJ Ampang Puteri Specialist Hospital

BOARD OF DIRECTORS' PROFILE



AMIZAR BINTI MIZUAR

Non-Independent, Non-Executive Director

52

F



Date of Appointment to the Board
9 July 2021

Length of Service
1 year 8 months

Date of Last Re-Election
21 June 2022

Number of Board meetings attended in 2022:



Directorship in Public Companies and Other Listed Issuers:
None

Membership of Board Committees:

- Member, Nomination and Remuneration Committee
- Member, Halal and Sustainability Committee

Family Relationship with Any Director and/or Major Shareholder:
None

Details of Any Interest in the Securities of the Company or Its Subsidiaries:
None

Conflict of Interest or Potential Conflict of Interest, Including Interest in Any Competing Business with the Company or Its Subsidiaries:
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

Academic/Professional Qualification/Membership(s):

- Master of Business Administration (Applied Finance & Investment), Universiti Kebangsaan Malaysia, Malaysia
- Bachelor of Business Administration (Hons), Universiti Utara Malaysia, Malaysia
- Graduate Diploma of Applied Finance & Investment, Securities Institute of Australia, Australia
- Executive Diploma in Investment Analysis, Institut Teknologi MARA, Malaysia
- Diploma in Banking Studies, Institut Teknologi MARA, Malaysia
- Capital Markets Services Representative's Licence, Securities Commission Malaysia, Malaysia
- Leadership Transition Programme, INSEAD, Fontainebleau, France
- Member of the Institute of Corporate Directors Malaysia (ICDM)

Past Appointments/Experiences:

- Served Permodalan Nasional Berhad ("PNB") in various capacities for over 20 years, primarily in the areas of investment management and corporate finance, including mergers and acquisitions, corporate restructuring, and investment analysis, before being appointed as the Head of the Financial Institution, Strategic Investments Division of PNB in 2019.
- Non-Independent Non-Executive Director, HeiTech Padu Berhad from January 2018 to December 2019
- Non-Independent Non-Executive Director, Chemical Company of Malaysia Berhad from September 2018 to December 2020.

Other Current Appointment(s):

- Head of the Financial Institution, Strategic Investments Division of PNB

SENIOR MANAGEMENT TEAM'S PROFILE

1 **LEONARD ARIFF BIN ABDUL SHATAR**
Group Managing Director, Executive Director
The full profile is available on page 73 of the Integrated Annual Report 2022

3 **IBRAHIM HUSSIN SALLEH**
Chief Legal Officer and
Group Company Secretary

2 **WAN AMIR-JEFFERY BIN WAN ABDUL MAJID**
Chief Executive Officer - Commercial

4 **SHAMSUL IDHAM BIN A.IAHAD**
Chief Executive Officer,
Duopharma Consumer Healthcare Sdn Bhd



SENIOR MANAGEMENT TEAM'S PROFILE

5 **DATO' DR ANAS BIN ALAM FAIZLI**
Chief Executive Officer - Corporate

7 **NG SU YEE**
Chief Technical Officer

6 **CHEK WU KONG**
Chief Financial Officer

8 **KRISNAKUMARA-REDDI A/L KESAVA-REDDI**
Chief Manufacturing & Sustainability Officer



SENIOR MANAGEMENT TEAM'S PROFILE

**Directorship in Public Companies and Other Listed Issuers:**

None

Family Relationship with Any Director and/or Major Shareholder:

None

Conflict of Interest or Potential Conflict of Interest, Including Interest in Any Competing Business with the Company or Its Subsidiaries:

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

Details of Any Interest in the Securities of the Company or Its Subsidiaries:

None

Academic/Professional Qualification/Membership(s):

- Bachelor of Business Administration – International Trade, University of Central Arkansas, United States of America
- Senior Management Development Program, Harvard Business School, United States of America
- Qualified Risk Director (QRD) programme
- Member of the Institute of Corporate Directors Malaysia (ICDM)

Past Appointments/Experiences:

- Executive Director, Resources Management (SRM) Sdn Bhd from 1997 to 2007
- Lead Business Analyst, Biomedical Business Development and Investment Division, Malaysian Biotechnology Corporation (BiotechCorp) Sdn Bhd from 2007 to 2008
- Vice President, Biomedical Business Development and Investment Division, Malaysian Biotechnology Corporation (BiotechCorp) Sdn Bhd from 2008 to 2013
- Chief Executive Officer, Johor Biotechnology & Biodiversity Corporation and J-Biotech Holdings Sdn. Bhd from 2013 to 2016
- Chief Strategy Officer, Duopharma Biotech Berhad from 2016 to 2018
- Chief Operating Officer, Duopharma Biotech Berhad from 2018 to 2020
- Chief Commercial Officer, Duopharma Biotech Berhad from 2020 to 2022

Other Current Appointment(s):

- Member of Duopharma Biotech's Group Management Committee

SENIOR MANAGEMENT TEAM'S PROFILE



**DATO' DR ANAS
BIN ALAM FAIZLI**

Chief Executive Officer - Corporate

42 M 

Date of Appointment to
Current Position:
6 October 2022

Directorship in Public Companies and Other Listed Issuers:

None

Family Relationship with Any Director and/or Major Shareholder:

None

Conflict of Interest or Potential Conflict of Interest, Including Interest in Any Competing Business with the Company or Its Subsidiaries:

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

Details of Any Interest in the Securities of the Company or Its Subsidiaries:

None

Academic/Professional Qualification/Membership(s):

- Bachelor of Science, Universiti Teknologi Malaysia, Malaysia
- Master of Project Management, Open University Malaysia, Malaysia
- Doctor of Business Administration, Open University Malaysia, Malaysia
- Certified Project Management Professional by Project Management Institute, United States of America
- Certified Industrialised Building System (IBS) Professional by the Construction Industry Development Board (CIDB), Malaysia
- Certified Oil & Gas Expert by the Ministry of Human Resource, Malaysia
- Member of the Project Management Institute Malaysia
- Member of the Institute of Corporate Directors Malaysia (ICDM)

Past Appointments/Experiences:

- Assistant Project Manager, Sime Semcorp Engineering Sdn Bhd from 2002 to 2004
- Senior Project Controller, Petronas Carigali Sdn Bhd from 2004 to 2005
- Development Lead, Talisman Malaysia Limited from 2005 to 2015
- Director, Business Development & Special Projects, Eversendai Corporation Berhad from 2015 to 2017
- Assistant Secretary, Malaysian Oil and Gas Services Council (MOGSC) from 2016 to 2017
- Head, North-South Expressway Operations, UEM Edgenta Berhad from 2017 to 2020
- Treasurer, Malaysian Asset and Project Management Association (MAPMA) from 2019 to 2021
- Chief Executive Officer, ProtectHealth Corporation Sdn Bhd from 2020 to 2022

Other Current Appointment(s):

- Advisor, UN Global Compact Network Malaysia & Brunei (UNGCMYB)
- Member of Duopharma Biotech's Group Management Committee

SENIOR MANAGEMENT TEAM'S PROFILE

**CHEK WU KONG**

Chief Financial Officer



Date of Appointment to
Current Position:
1 July 2012

Directorship in Public Companies and Other Listed Issuers:

None

Family Relationship with Any Director and/or Major Shareholder:

None

Conflict of Interest or Potential Conflict of Interest, Including Interest in Any Competing Business with the Company or Its Subsidiaries:

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

Details of Any Interest in the Securities of the Company or Its Subsidiaries:

None

Academic/Professional Qualification/Membership(s):

- Bachelor of Accounting (Hons), University of Malaya, Malaysia
- Chartered Accountant, Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants (MICPA)
- Senior Management Development Program, Harvard Business School, United States of America
- ICAEW Qualified Person Responsible for Training (QPRT)
- Member of the Institute of Corporate Directors Malaysia (ICDM)

Past Appointments/Experiences:

- Joined Deloitte Malaysia tax/audit from 1990 to 1994
- Accountant, Komarkcorp Berhad from 1994 to 1995
- Group Finance Manager, Komarkcorp Berhad from 1995 to 1996
- Group Financial Controller, Komarkcorp Berhad from 1996 to 2000
- Financial Controller, Duopharma Biotech Berhad from 2000 to 2012

Other Current Appointment(s):

- Member of Duopharma Biotech's Group Management Committee

SENIOR MANAGEMENT TEAM'S PROFILE



NG SU YEE
Chief Technical Officer

55 F 

Date of Appointment to Current Position:
1 January 2012

Directorship in Public Companies and Other Listed Issuers:

None

Family Relationship with Any Director and/or Major Shareholder:

None

Conflict of Interest or Potential Conflict of Interest, Including Interest in Any Competing Business with the Company or Its Subsidiaries:

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

Details of Any Interest in the Securities of the Company or Its Subsidiaries:

None

Academic/Professional Qualification/Membership(s):

- Bachelor of Pharmacy (Hons), University of London, United Kingdom
- Senior Management Development Program, Harvard Business School, United States of America
- Qualified Risk Director Program, Institute of Enterprise Risk Practitioners
- Member of the Royal Pharmaceutical Society of Great Britain
- Member of the Malaysian Pharmacists Society
- Member of the Malaysian Affiliate of the International Society for Pharmaceutical Engineering
- Member of the Institute of Corporate Directors Malaysia (ICDM)

Past Appointments/Experiences:

- Pre-registration pharmacist, CE Harrod Chemist, London from 1990 to 1991
- Pharmacist, Ekim Trading Sdn Bhd from 1992 to 1993
- Production Pharmacist, Glaxo Malaysia from 1993 to 1995
- Section Manager, Production, Glaxo Wellcome Malaysia from 1996 to 1997
- Manager, Hoham Medical Co Sdn Bhd, Chemical Company of Malaysia ("CCM") Berhad Group of Companies from 1997 to 1998
- Production Manager, Upha Pharmaceutical Manufacturing (M) Sdn Bhd ("Upha") [now known as Duopharma Manufacturing (Bangi) Sdn Bhd], CCM Berhad Group of Companies from 1999 to 2005
- Operations Manager, Upha from 2005 to 2006
- Senior Operations Manager, Upha from 2006 to 2008
- General Manager, Technical Support & Development, CCM Berhad's Pharmaceuticals Division from 2008 to 2011
- Chief Manufacturing & Technical Officer, CCM Berhad's Pharmaceuticals Division from 2012 to 2016
- Member of the Pharmacy Course Advisory & Stakeholder Group of Monash University Malaysia from 2016 to 2021
- Member of the Pharmacy Stakeholder Group of International Medical University (IMU) from 2019 to 2021
- Member of the Industry Advisory Panel in the School of Pharmacy of Taylor's University from 2019 to 2021

Other Current Appointment(s):

- Member of the Medicine Advertisements Board appointed by the Health Minister
- Member of the Executive Council of the Malaysian Organisation of Pharmaceutical Industries (MOPI)
- Treasurer of the Malaysian Affiliate of the International Society for Pharmaceutical Engineering (ISPE)
- Industry Advisor to ISPE Student Chapter of SEGi University
- Member of Duopharma Biotech's Group Management Committee
- Member of the National Drug Policy Technical Committee
- Member of Biosimilars Committee of International Generic and Biosimilar Medicines Association (IGBA)

SENIOR MANAGEMENT TEAM'S PROFILE



**KRISNAKUMARA-REDDI
A/L KESAVA-REDDI**
Chief Manufacturing & Sustainability Officer

53 M 

Date of Appointment to
Current Position:
6 October 2022

Directorship in Public Companies and Other Listed Issuers:

None

Family Relationship with Any Director and/or Major Shareholder:

None

Conflict of Interest or Potential Conflict of Interest, Including Interest in Any Competing Business with the Company or Its Subsidiaries:

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

Details of Any Interest in the Securities of the Company or Its Subsidiaries:

None

Academic/Professional Qualification/Membership(s):

- Bachelor of Pharmacy (Hons), University of Science Malaysia
- Senior Management Development Program, Harvard Business School, United States of America
- Certified Lean Six Sigma – Black Belt

Past Appointments/Experiences:

- Housemanship, Biro Pengawasan Farmaseutikal Kebangsaan (BPFK) now known as the National Pharmaceutical Regulatory Agency (NPRA) from 1994 to 1995
- Hospital Sales Representative. Bristol-Myers Squibb from 1995 to 1996
- Production Pharmacist, Sterling Health Manufacturing from 1996 to 1997
- Production Pharmacist, UPHA Pharmaceutical Manufacturing (M) Sdn Bhd now known as Duopharma Manufacturing (Bangi) Sdn Bhd from 1997 to 1998
- Production Pharmacist/Sterile Production Manager, Duopharma (M) Sdn Bhd from 1998 to 2006
- Senior Quality Assurance Manager, Duopharma (M) Sendirian Berhad from 2006 to 2008
- Senior Manager II, Production, Duopharma (M) Sendirian Berhad from 2008 to 2010
- Senior Manager I, Operations, Duopharma (M) Sendirian Berhad from 2010 to 2013
- General Manager, Operations CCM Pharmaceuticals Sdn Bhd from 2013 to 2016
- Chief Manufacturing Officer, Duopharma Biotech Berhad from 2016 to 2022

Other Current Appointment(s):

- Member of Duopharma Biotech's Group Management Committee

SENIOR MANAGEMENT TEAM'S PROFILE



**IBRAHIM HUSSIN
SALLEH**

*Chief Legal Officer and
Group Company Secretary*

55 M 

* Permanent Resident of Malaysia

**Date of Appointment to
Current Position:**
28 December 2017

Directorship in Public Companies and Other Listed Issuers:

None

Family Relationship with Any Director and/or Major Shareholder:

None

Conflict of Interest or Potential Conflict of Interest, Including Interest in Any Competing Business with the Company or Its Subsidiaries:

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

Details of Any Interest in the Securities of the Company or Its Subsidiaries:

None

Academic/Professional Qualification/Membership(s):

- Bachelor of Laws (LL.B) (Hons.), International Islamic University Malaysia, Malaysia
- Master of Laws (LL.M), University of Malaya, Malaysia
- Advocate & Solicitor of the High Court of Malaya (Non-Practising)
- Company Secretary License, Companies Commission of Malaysia
- Qualified Risk Director (QRD) Program, Institute of Enterprise Risk Practitioners
- Senior Management Development Program, Harvard Business School, United States of America
- Affiliate Member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)
- Member of the Inns of Court Malaysia
- Member of the Association of Muslim Lawyers of Malaysia
- Member of the Institute of Enterprise Risk Practitioners (IERP)
- Associate Member of the Harvard Business School Alumni Club of Malaysia


Past Appointments/Experiences:

- Practised as an Advocate and Solicitor from 1993 to 2002, gaining experience in banking, conveyancing, corporate and litigation matters
- Head of Legal & Secretarial Department of a public listed property development company from 2002 to 2006
- Legal Manager cum Joint Company Secretary, Chemical Company of Malaysia Berhad from 2006 to 2008
- General Manager, Legal cum Joint Company Secretary, Chemical Company of Malaysia Berhad from 2008 to 2017


Other Current Appointment(s):

- Member of Duopharma Biotech's Group Management Committee

SENIOR MANAGEMENT TEAM'S PROFILE



**SHAMSUL IDHAM
BIN A.IAHAD**
*Chief Executive Officer,
Duopharma Consumer Healthcare Sdn Bhd*

50 M 

Date of Appointment to
Current Position:
1 January 2020

Directorship in Public Companies and Other Listed Issuers:

None

Family Relationship with Any Director and/or Major Shareholder:

None

Conflict of Interest or Potential Conflict of Interest, Including Interest in Any Competing Business with the Company or Its Subsidiaries:

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

Details of Any Interest in the Securities of the Company or Its Subsidiaries:

None

Academic/Professional Qualification/Membership(s):

- Diploma in Business Studies, MARA Institute of Technology, Malaysia
- Bachelor of Science (Marketing), University of Bridgeport, Connecticut, United States of America
- Managerial Finance from the London School of Economics and Political Science, United Kingdom


Past Appointments/Experiences:

- Sales & Marketing Manager, Sanofi-Aventis (Malaysia) Sdn Bhd from 2009 to 2011
- Senior Manager, Over-the-counter ("OTC") Marketing Department, and the Events & Promotions Department, CCM Pharmaceuticals Sdn Bhd from 2012 to 2017
- General Manager, CCM Pharmaceuticals Sdn Bhd (now known as Duopharma Marketing Sdn Bhd) from 2017 to 2020


Other Current Appointment(s):

- Member of Duopharma Biotech's Group Management Committee

OTHER KEY MANAGEMENT TEAM'S PROFILE



ANITA BINTI ESA
Head, Group Risk Management

56 F 

Date of Appointment to Senior Management Position:
 28 December 2017

* Anita Binti Esa retired from Duopharma Biotech Berhad on 28 February 2023 after serving the company for 16 years.

Directorship in Public Companies and Other Listed Issuers:

None

Family Relationship with Any Director and/or Major Shareholder:

None

Conflict of Interest or Potential Conflict of Interest, Including Interest in Any Competing Business with the Company or Its Subsidiaries:

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

Details of Any Interest in the Securities of the Company or Its Subsidiaries:

None

Academic/Professional Qualification/Membership(s):

- Bachelor of Science (Hons), University of Science Malaysia
- Master of Business Administration, MARA University of Technology, Malaysia
- Enterprise Risk Manager Professional Certification, Institute of Enterprise Risk Practitioners ("IERP")
- Sustainability Reporting Specialist, Institute of Certified Sustainability Practitioners
- Faculty Member of IERP


Past Appointments/Experience:

- Sales Representative, Eisai (M) Sdn Bhd (1991)
- Sales Executive, ZENECA Pharma Malaysia from 1991 to 1996
- Product Manager, ZENECA Pharma Malaysia from 1996 to 1999
- Product Manager, Novartis Corporation (Malaysia) Sdn Bhd (1999)
- Product Manager, Novo Nordisk Pharma (Malaysia) Sdn Bhd from 1999 to 2000
- Senior Product Manager, Bayer (Malaysia) Sdn Bhd from 2000 to 2006
- National Sales Manager, Bayer (Malaysia) Sdn Bhd (2006)
- Senior Manager Marketing, Chemical Company of Malaysia Berhad from 2006 to 2013
- Senior Business Strategy (Business Analyst), Chemical Company of Malaysia Berhad from 2013 to 2015
- Senior Manager Project Management, Chemical Company of Malaysia Berhad (2016)
- Head, Group Risk Management, Chemical Company of Malaysia Berhad from 2016 to 2019
- Head, Group Risk Management, Duopharma Biotech Berhad from 2019 to 2023*

Other Current Appointment(s):

- None

OTHER KEY MANAGEMENT TEAM'S PROFILE



RAMA SOCKALINGAM A/L NAGAPPAN

Head, Group Internal Audit & Integrity

38 M 

Date of Appointment to Senior Management Position:
28 December 2017

Directorship in Public Companies and Other Listed Issuers:

None

Family Relationship with Any Director and/or Major Shareholder:

None

Conflict of Interest or Potential Conflict of Interest, Including Interest in Any Competing Business with the Company or Its Subsidiaries:

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

Details of Any Interest in the Securities of the Company or Its Subsidiaries:

None

Academic/Professional Qualification/Membership(s):

- Bachelor of Business (Accounting & Management), La Trobe University, Australia
- Certified Practising Accountant (CPA), Australia
- Certified Internal Auditor (CIA)
- Chartered Member, Institute of Internal Auditors Malaysia
- Certified Integrity Officer (CeIO), Malaysian Anti-Corruption Academy
- ISO 37001 (Anti-Bribery Management System) Lead Implementer Certification from Professional Evaluation and Certification Board (PECB), Canada
- ISO 37001 Lead Auditor Certification from Exemplar Global, Australia

Past Appointments/Experiences:

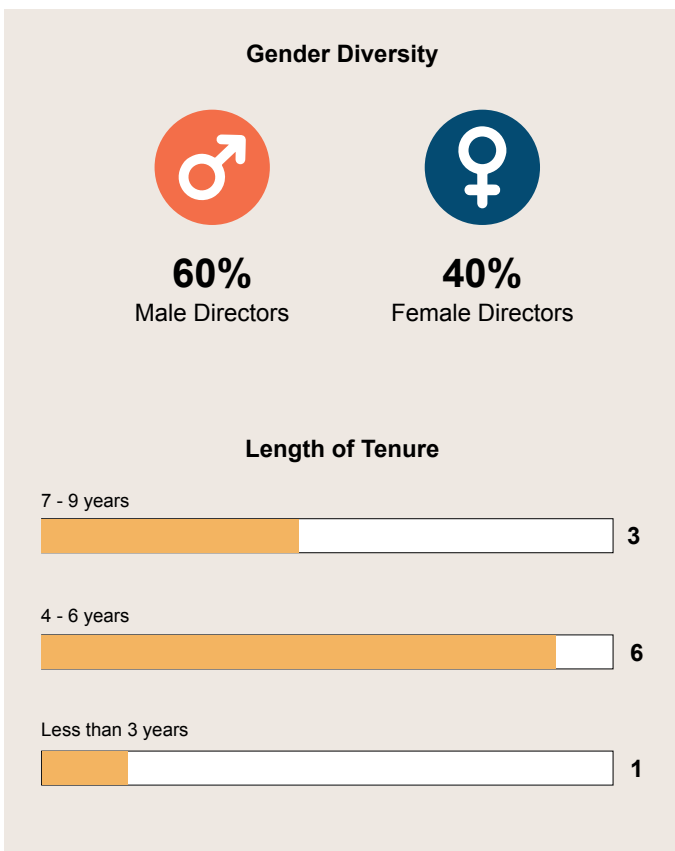
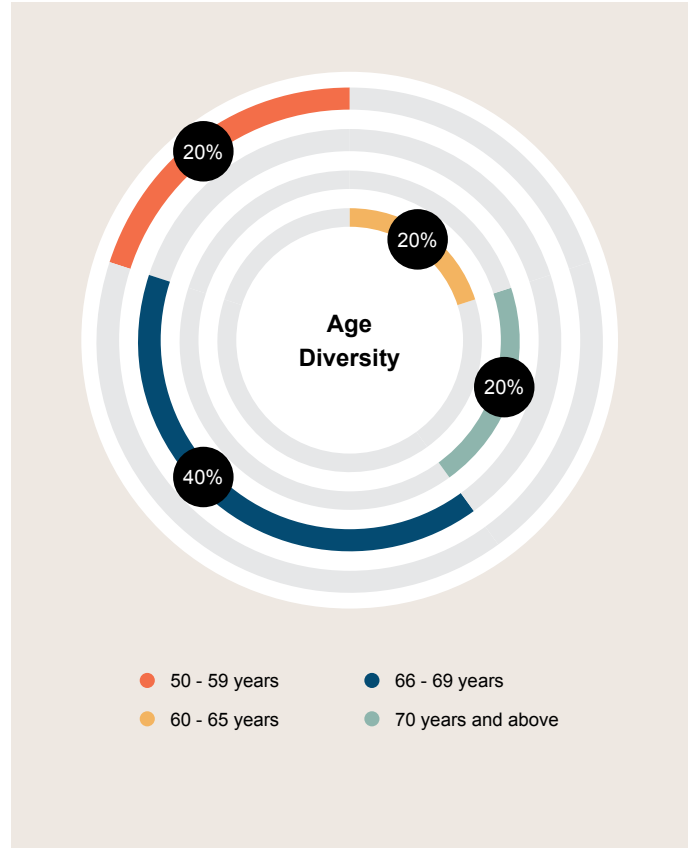
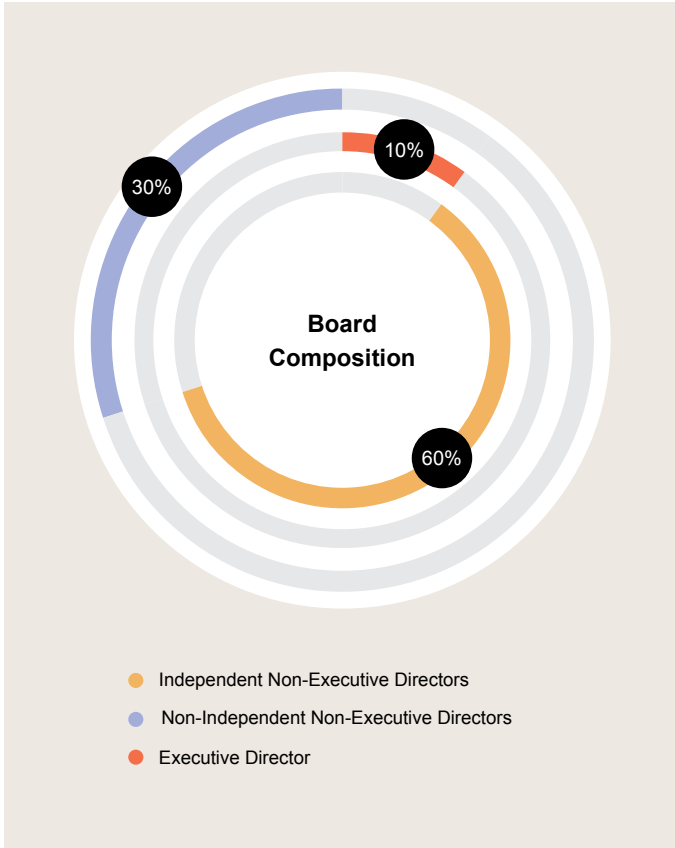
- Senior Audit Assistant, Crowe Horwath from 2006 to 2008
- Assistant Manager Group Internal Audit, United Engineers Malaysia Group Berhad from 2008 to 2012
- Senior Manager, Group Integrity & Assurance, Chemical Company of Malaysia Berhad from 2012 to 2017

Other Current Appointment(s):

- Treasurer, Association of Anti-Bribery Management System Practitioners Malaysia
- Appointed Member of the Malaysian Institute of Integrity (INTEGRITI)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

OUR BOARD AT A GLANCE



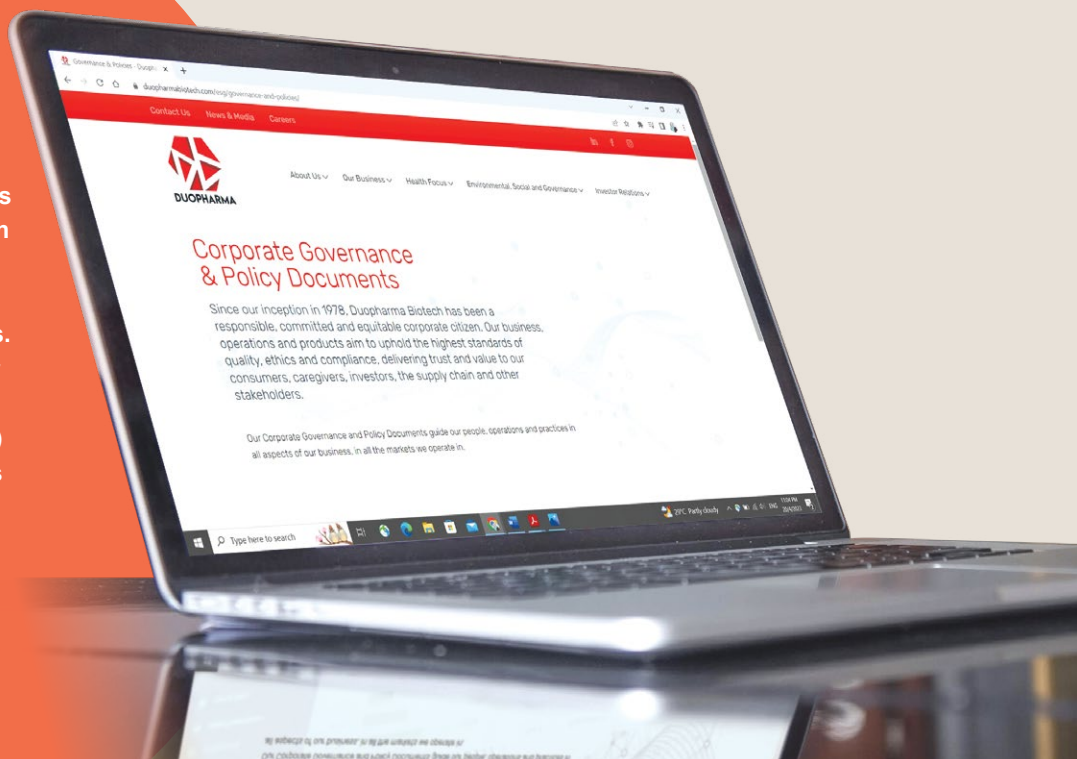
CORPORATE GOVERNANCE OVERVIEW STATEMENT

PUSHING FORWARD FOR SUSTAINABLE GROWTH

This Corporate Governance Overview Statement (“CGOS”) outlines the corporate governance framework of Duopharma Biotech Berhad (“Duopharma Biotech” or the “Company”) and its subsidiaries (collectively referred to as the “Group”), including a summary of its corporate governance practices with reference to the Malaysian Code on Corporate Governance (“MCCG”), key focus areas and future priorities. Cognisant of the heightened call for transparency in the marketplace, the Board of Directors (the “Board”) endeavours to provide stakeholders with forthcoming and detailed disclosure of the Group’s corporate governance practices through Integrated Reporting during the financial year under review.

In order to enrich its disclosure tapestry and in line with preceding years, Duopharma Biotech continues to take heed of the observations on disclosure practices as availed by Securities Commission Malaysia in its Corporate Governance Monitor 2022 as well as the expectations set out by Bursa Securities to listed issuers through its letter.

This CGOS should also be read in tandem with the other statements in this Integrated Annual Report (e.g. Statement on Risk Management and Internal Control, Audit Committee Report, Nomination and Remuneration Committee Report, Risk Management Committee Report, Halal and Sustainability Committee Report, as well as Medical and Research Committee Report) and Duopharma Biotech’s standalone Sustainability Report for a more holistic and granular understanding of the Group’s corporate governance framework and practices which may be better explained in the context of the respective statements and reports.



The Board endeavours to provide stakeholders with an informational and comprehensive disclosure of how corporate governance better practices are infused into the fabric of the Group’s overall decision-making process. The Board recognises the importance of governance and plays an active role in administering and reviewing the Group’s governance practices and framework to ensure its relevance and ability to meet future challenges, as it strives to put in place a strong and effective corporate governance system throughout the Group. The disclosure on corporate governance looks to expound on the governance practices in supporting the creation, preservation, or erosion of value in the short, medium, and long term.

In line with Duopharma Biotech’s intent to enhance its corporate governance disclosure, this CGOS is complemented with a Corporate Governance Report, based on the prescribed format by Bursa

Malaysia Securities Berhad (“Bursa Securities”) which details down the application of each Practice set out in the Malaysian Code on Corporate Governance (“MCCG”). The Corporate Governance Report is made available on Duopharma Biotech’s corporate website, <https://duopharmabiotech.com/investor-relations/shareholders-meeting-and-reports/> together with an announcement of the same on the website of Bursa Securities.

The CGOS and the Corporate Governance Report are made pursuant to paragraph 15.25 of the Main Market Listing Requirements by Bursa Securities (“MMLR”) and are narrated with reference to the guidance provided in Practice Note 9 of the MMLR of Bursa Securities and the Corporate Governance Guide (4th Edition) published by Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

OUR CORPORATE GOVERNANCE APPROACH

In 2022, Duopharma Biotech takes its first leap to incorporate integrated reporting as guided by International Integrated Reporting (IR) Framework published by the International Integrated Reporting Council (IIRC). The Board is cognisant that the Group’s value creation lies at the heart of integrated reporting. The value creation process hinges on the architecture of the Group’s governance construct and the attendant implementation modalities.

Duopharma Biotech’s approach to corporate governance explores the six (6) categories of capitals as identified by the IIRC and how governance has shaped and benefited the Group in transforming inputs and business activities into outputs and outcomes as well as further driving value for stakeholders. Duopharma Biotech’s governance modalities deployed under the six (6) capitals and its linkages to the Group’s six (6) core values are explored below:

SIX CORE VALUES

- P **Passion**
- E **Excellence**
- T **Teamwork**
- I **Integrity**
- R **Responsible**
- R **Respect**

FINANCIAL CAPITAL



- There were several projects, investments, budgets, and operating plans including mergers and acquisitions that were proposed and discussed at the Risk Management Committee. This promotes business growth, expansion, increase in customer base and revenues within the Group.
- Duopharma Biotech has in place a whistleblowing program for employees and stakeholders to report any wrongdoings. During the financial year, whistleblowing reports were low in numbers. Through whistleblowing channels, this has reduced erosion of the Group’s financial capital by way of minimising or completely averting fraud cases and/or enforcement cases brought against the Group.
- Overseen by the Risk Management Committee, stringent due diligence assessments of all potential investments and acquisitions are carried out by the Group to identify any probable risks that may affect Duopharma Biotech. By undertaking such processes, the Group is able to reduce instances of making poor investment decisions.

MANUFACTURED CAPITAL



- The Halal and Sustainability Committee undertook to oversee the implementation of the Company’s 5-year Manufacturing Strategy for the years 2022 to 2026, which is aimed at upgrading and increasing the capacity of its manufacturing facilities to meet national and international standards whilst catering to the ever-growing demands of the market.

INTELLECTUAL CAPITAL



- As a source of pride and being the pioneer of Halal certification in Malaysia for pharmaceuticals, the Halal and Sustainability Committee continuously places heightened oversight on the Group’s Halal certification for its products. Duopharma Biotech maintains its unique position as a thought and market leader in the Halal front. This position will drive business growth by way of increased sales and revenue as the certification acts as a signpost of high-quality and Muslim-friendly products.
- Board Committees of Duopharma Biotech are known to go through stringent deliberations prior to making recommendations to the Board for approval. The thorough review by the Board Committees allows for the Board to make informed decisions and approve matters expediently. This allows the Group to quickly respond to changes in the industry as well as seismic shifts of the regulatory environment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

HUMAN CAPITAL



- By investing in automated and digital tools for its Group Human Resources Department, Duopharma Biotech rolled out e-learning platforms in its training programme to increase capacity building. The employees of the Group were able to upskill themselves and expand their capabilities.
- Duopharma Biotech continues to strengthen its corporate culture within the Group with the new Corporate Culture launched in July 2022 embodying being performance driven, ESG compliant, innovative, and having a global mindset and was awarded the Gold Award at the Anugerah Integriti, Governans dan Anti-Rasuah (“AIGA”) 2022 by the Malaysian Institute of Integrity (“INTEGRITI”). These measures were a testament to its commitment and responsibility in promoting the culture and practice of integrity, governance, and anti-corruption activities. This in turn improves employees’ well-being and employees’ morale, thus increasing efficiency.

SOCIAL AND RELATIONSHIP CAPITAL



- The Group holds investor briefing sessions and General Meetings as a means to communicate and share information about Duopharma Biotech to its stakeholders. The Group is committed to enhancing its external stakeholder awareness on halal-related matters. Through regional and international outreach programmes, of which is overseen by the Halal and Sustainability Committee, Duopharma Biotech has cemented its position of trust within the community. This enables the Group to foster a good relationship with the community to drive brand loyalty and maintain a long-term customer base.

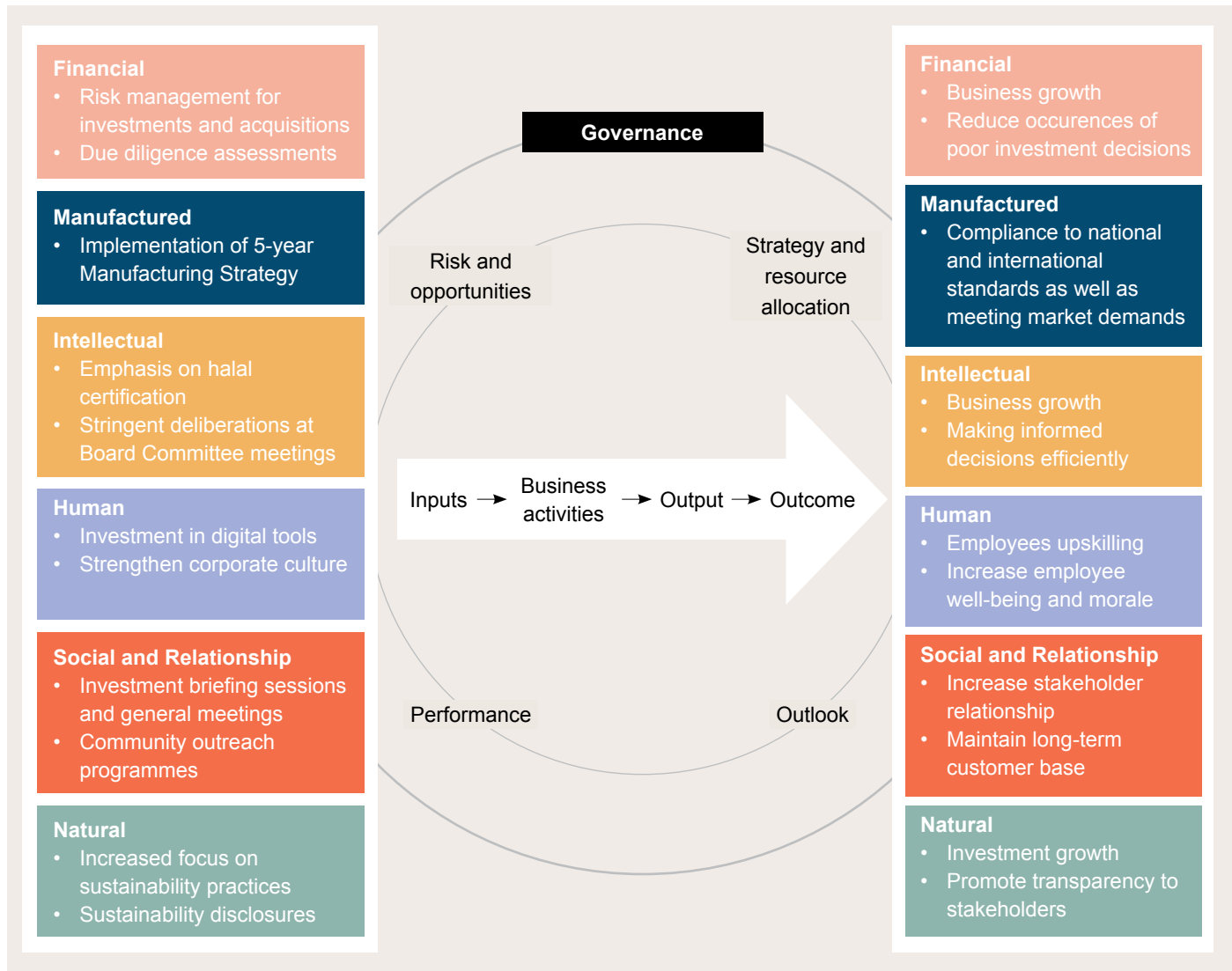
NATURAL CAPITAL



- Duopharma Biotech further drives value through monitoring the Group’s sustainability commitment, especially our ESG Key Focus Area of ‘Climate Performance’. We have implemented various initiatives in the areas of carbon, energy, water and waste management that will bring Duopharma Biotech closer to its environmental goals, and manage our impact to the Natural Capital. This would in turn result in higher ratings when being evaluated by independent ratings agencies. The reputation of the Group will continue to grow in which would drive investments from shareholders in the long run.
- In promoting transparency to stakeholders, disclosures on sustainability practices in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance are also unveiled in Duopharma Biotech’s Corporate Governance Report, the Report of the Halal and Sustainability Committee on pages 123 to 124 as well as Duopharma Biotech’s Sustainability Report 2022.

An overarching summary of how Duopharma Biotech transformed inputs and business activities into outputs and outcomes across the six (6) capitals to provide value creation in the short, medium and long term, is depicted in the IIRC chart in the ensuing page. In driving these business activities, we strive to ensure the ESG-lens are applied in every decision and process, as guided by our five-year ESG Strategy and Key Focus Areas of Climate Performance, Sustainable Supply Chain, Access to Medicine, Diversity and Inclusion, and Governance. Recognising the criticality of climate risks, we have also started to assess climate-related risks and the potential mitigation and adaptation measures to strengthen our business strategy and increase business resilience. This process is also part of our efforts to align with the Task Force on Climate-Related Financial Disclosures (“TCFD”) recommendations, an area that we anticipate to strengthen further in the near future.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



SUMMARY OF CORPORATE GOVERNANCE PRACTICES

Duopharma Biotech has applied all the Practices encapsulated in the MCCG for the financial year ended 31 December 2022. In addition to the standard Practices encapsulated within the MCCG and as a higher order practice, the Group has adopted the following Step-Up Practices exceeding the predetermined legal requirements:

Step Up 4.5 (Designated management personnel overseeing sustainability matters)	Step Up 5.4 (Nine-year tenure limit for Independent Directors)
Step Up 9.4 (Audit Committee comprising solely of Independent Directors)	Step Up 10.3 (Board establishes a Risk Management Committee)

Additional details on Duopharma Biotech’s application of each individual Practice vis-à-vis the MCCG are available within the Corporate Governance Report which is published on Duopharma Biotech’s corporate website as well as via an announcement on the website of Bursa Securities.

A summary of Duopharma Biotech’s corporate governance practices with reference to the MCCG is outlined below and in the ensuing pages of this CGOS.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



PRINCIPLE A | Board Leadership and Effectiveness

Board Responsibilities

The Board Charter entrenches the principal responsibilities of Duopharma Biotech, namely, to set the Group's strategic direction, oversee risk management and internal control systems, guide succession planning, ensure effective communication with stakeholders, align strategies with sustainability and stakeholder concerns as well as monitor financial and other forms of reporting. It further sets out the roles and responsibilities of the Board, the Chairman, GMD and Senior Independent Director. The Board Charter is periodically reviewed to ensure it reflects the direction of the Group.

Matters deliberated by the Board and Board Committees during the financial year under review include:

STRATEGY

- Duopharma Biotech's 5-Year Manufacturing Strategy for the years 2022-2026
- Investment framework for Duopharma Biotech Group
- Duopharma Biotech Group performance and report for year 2022
- Participation of Duopharma Biotech in the Public Listed Companies Transformation (PLCT) Programme
- Duopharma Biotech 2022 Strategy Review
- Renal Malaysia Project
- Updates on Duopharma Biotech Consumer Healthcare Strategy

GOVERNANCE

- Revision of Limits of Authority ("LOA") for Duopharma Biotech and its subsidiary companies
- Structure and job grading for the Head of Group Risk Management and Head of Group Internal Audit and Integrity
- Proposed adoption of new constitution for subsidiary companies of Duopharma Biotech in Malaysia and Singapore
- Updates on the outcome of the Post 21st Annual General Meeting Survey and matters arising from the proceedings of the 21st Annual General Meeting
- Revision of the Board Charter, Terms of Reference ("ToR") of the Board Committees and the Remuneration Policy and Procedures for the Board of Directors and Senior Management
- Annual review of the Board of Directors of Duopharma Biotech's subsidiary companies
- Adoption of Succession Planning Policy by the Board
- Deliberation and endorsement of the Succession Plan Framework by the Nomination and Remuneration Committee
- Update of succession planning for Management
- Organisation structure for Duopharma Leadership Team
- Proposed mandate for Union Collective Bargaining process

RISK AND COMPLIANCE

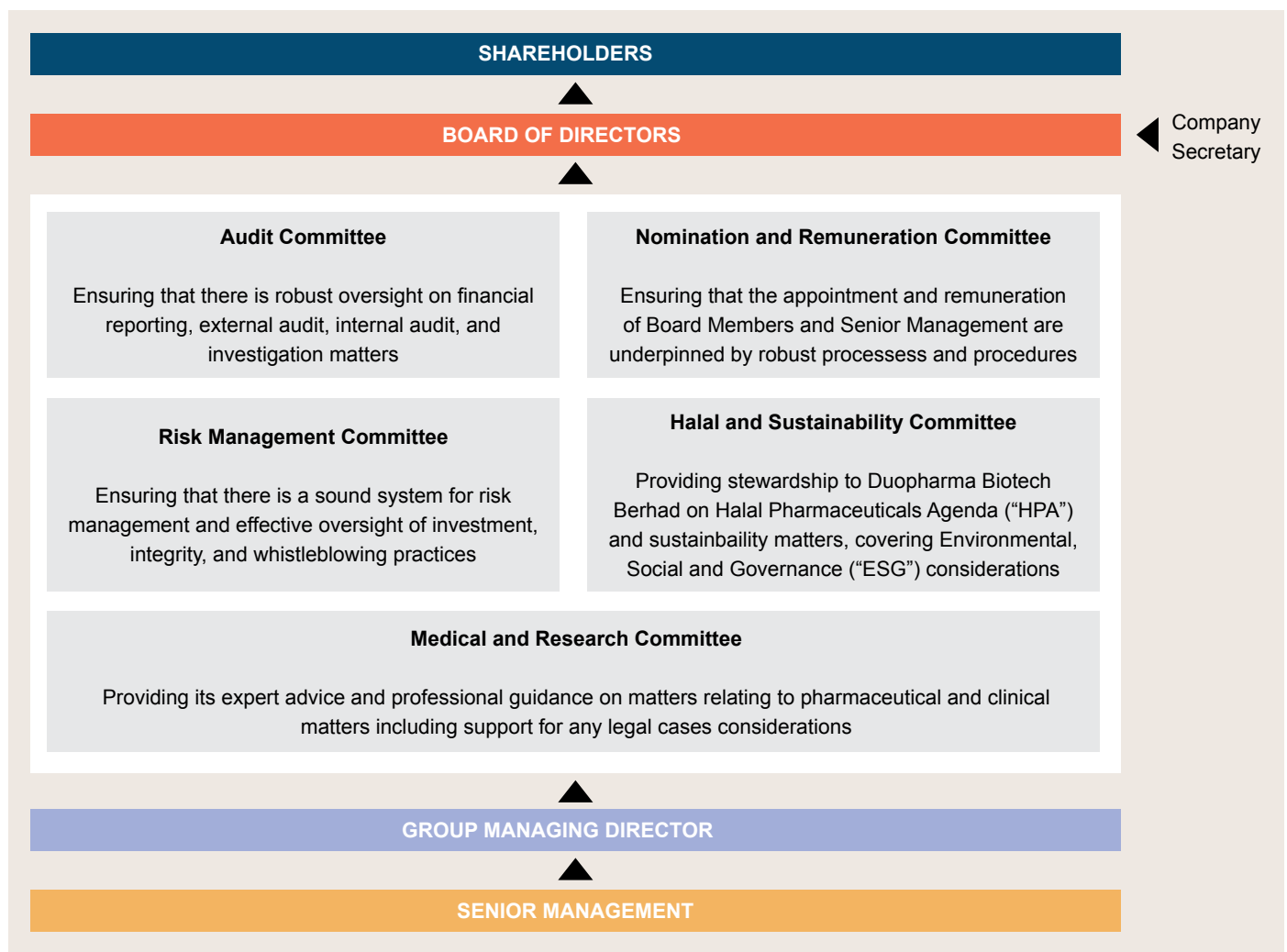
- Updates on Duopharma Biotech Cybersecurity Protection for Network Infrastructure
- Proposed Risk Appetite 2023
- Proposed amendments to the Risk Categorisation
- Proposed incorporation of a subsidiary company in Indonesia
- Revision of the Whistleblowing Policy to be in accordance with the ISO 37002 Whistleblowing Management Systems Guidelines

CORPORATE GOVERNANCE OVERVIEW STATEMENT



PRINCIPLE A | Board Leadership and Effectiveness

In order to assist in the oversight function with respect to specific responsibility areas, the Board has established five (5) Board Committees, namely, the Audit Committee (“AC”), the Nomination and Remuneration Committee (“NRC”), the Risk Management Committee (“RMC”), the Halal and Sustainability Committee (“HSC”) and the Medical and Research Committee (“MRC”). This current structure is as a result of the gap analysis and benchmarking undertaken during the year under review that saw to changes with regard to the Board Committees. Specifically, the Audit and Integrity Committee (“AIC”) which was re-delineated to the AC which saw the transfer of the integrity function to the Risk Management and Sustainability Committee (“RMSC”), now known as the RMC. The Halal Committee on the other hand has taken over the RMSC’s oversight of sustainability matters, as such has been re-delineated to the HSC. The Board retains collective oversight over the Board Committees and is regularly apprised on the proceedings of these Committees through downloads from the Board Committee Chairmen. Any recommendations would be subsequently reported to the Board for approval. The governance architecture in place is illustrated below:



In order to avert instances of excessive self-review threats, the Board Chairman does not occupy membership in any of the Board Committees. Application of this practice is reflective of the Group’s unwavering commitment to ensuring effective check and balance safeguards are in place and that Board-level deliberations, including those of the Board Committees are premised on the central tenets of independence and objectivity.

In fulfilling its duties and responsibilities as stewards of the Company, the Board maintains a direct line of communication with the GMD and has unrestricted access to information pertaining to the Group’s business affairs. The GMD, Leonard Ariff Bin Abdul Shatar, is tasked with managing the day-to-day operations of the Company’s business and is responsible for implementing the policies, strategies and decisions as guided by the Board. The Board Charter calls for the role of the Chairman of the Board and the Company’s GMD to be distinct with the former playing a pivotal role in developing and maintaining conditions for the Board to function at its optimal level of effectiveness.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



PRINCIPLE A | Board Leadership and Effectiveness

The Senior Management, assists the Board and the GMD in ensuring its strategies, plans and policies, budgets, decisions and procedures, and matters approved by the Board are implemented and monitored efficiently.

The Board and Board Committees are supported by a qualified and experienced Company Secretary, namely Encik Ibrahim Hussin Salleh who provides the Board with periodic updates on the latest regulatory developments. Encik Ibrahim is a non-practising Advocate and Solicitor of the High Court of Malaya, a company secretary licensed by the Companies Commission of Malaysia and an affiliate member of the Malaysian Institute of Chartered Secretaries & Administrators (“MAICSA”). Encik Ibrahim also advises and supports the Board in upholding high standards of corporate governance and facilitates the two-way information flow between Senior Management and the Board.

The roles, responsibilities and authorities of the Board, Board Committees, individual Directors, and the Company Secretary are clearly outlined in the Board Charter, which serves as an authoritative governance document and induction literature. The Board Charter is made available on Duopharma Biotech’s corporate website at <https://duopharmabiotech.com/esg/governance-and-policies/>. The Board Charter and the Terms of Reference of the

respective Board Committees are periodically reviewed and revised to integrate the variations to the Companies Act 2016, MMLR, MCGG and other authoritative promulgations to ensure acquiescence to mandatory requirements and aspirational practices.

Board Meetings

During the financial year under review, all Directors have dedicated adequate time and effort to attend Board and Board Committee meetings held to deliberate on matters under their purview. All the Directors recorded 100% attendance across the twelve (12) Board meetings held during the financial year ended 31 December 2022. At every Board meeting, the Chairmen of the respective Board Committees provide summaries of the reports, deliberations and recommendations made at their respective meetings for the Board’s further deliberation and recommend matters that require decisions by the Board. As an extension of the aforementioned, respective committees along with Chairmen of the relevant committees tabled to the Board the respective meeting minutes that have been affirmed to be a true and correct record of proceedings for the Board’s notation.

The meeting attendance of Directors during the financial year under review is shown below:

Director	Board Meeting	Annual General Meeting	Independent Directors Meeting	Non-Executive Directors Meeting	AC Meeting	NRC Meeting	RMC Meeting	HSC Meeting	MRC Meeting
Non-Independent Non-Executive Directors									
Tan Sri Datin Paduka Siti Sa’diah Binti Sh Bakir (Chairman)	12/12	1/1		1/1					
Datuk Mohd Radzif Bin Mohd Yunus	12/12	1/1		1/1			9/9	5/5	
Amizar Binti Mizuar	12/12	1/1		1/1		5/5		5/5	
Senior Independent Non-Executive Director									
Dato’ Mohamad Kamarudin Bin Hassan	12/12	1/1	1/1	1/1		5/5	9/9		
Independent Non-Executive Directors									
Razalee Bin Amin	12/12	1/1	1/1	1/1	5/5				
Zaiton Binti Jamaluddin	12/12	1/1	1/1	1/1	4/5*		8/9*		
Dato’ Eisah Binti A. Rahman	12/12	1/1	1/1	1/1		5/5			2/2
Datuk Nik Moustpha Bin Hj. Nik Hassan	12/12	1/1	1/1	1/1	5/5			5/5	
Dato’ Dr. Zaki Morad Bin Mohamad Zaher	12/12	1/1	1/1	1/1					2/2
Executive Director									
Leonard Ariff Bin Abdul Shatar**	12/12	1/1							

Note:

* Absent due to performing Hajj pilgrimage

** Leonard Ariff Bin Abdul Shatar is the Group Managing Director

CORPORATE GOVERNANCE
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PRINCIPLE A | Board Leadership and Effectiveness

An annual meeting calendar is prepared and shared by the Company Secretary with the Board prior to the commencement of the financial year. Additional meetings may be convened as special Board meetings, as and when necessary. In the intervening period, administrative matters necessitating the Board's urgent approval may be sought via circular resolutions supported with all the relevant information and explanations required for informed decision-making (with the same applying to the Board Committees).

In addition to the scheduled meetings, the Non-Executive Directors have a framework and forum in place to meet separately to discuss specific matters without any executives present. During the year under review, the Non-Executive Directors conducted a separate meeting without the Executive Director or members of Senior Management to deliberate on issues of concern. A separate meeting of the Independent Non-Executive Directors was also held during the year without the presence of the Non-Independent Non-Executive Directors, the Executive Director and the Senior Management.

The primary responsibility of an Independent Non-Executive Director is to act as a safeguard to the interests of minority shareholders and other stakeholders. As such, the Independent Directors play a fundamental role in ensuring transparency and preserving accountability. This is further fortified by the placement of Independent Directors as Chairmen of four (4) out of the five (5) Board Committees which serves to infuse greater impartiality in the Board's decision-making process. The presence of Non-Independent Non-Executive Directors on the other hand also plays a crucial role in their responsibilities for strategy and business performance.

As the Board is the epitome of a good governance culture, it continuously strives to set the "tone at the top" and cascade ethical values and standards across every level of the Group. In this regard, the Board has adopted a Code of Conduct (the "Code"), which serves as an authoritative document that governs the conduct of Directors and employees of the Group. As an additional measure to promote ethical conduct, the Board has formalised the Whistle-Blowing Policy to enable stakeholders to escalate legitimate ethical concerns without fear and risk of reprisal. Both the Code and Whistle-Blowing Policy are publicly available on Duopharma Biotech's corporate website.

Board Composition

The Board comprises market and industry leaders, cutting across multiple fields, who accordingly serve as Independent Non-Executive Directors, Non-Independent Non-Executive Directors and an Executive Director. For more details on the Directors' background and experience, refer to pages 70 to 81 of the Integrated Annual Report.

Independent Directors are responsible for protecting the interests of minority shareholders and other stakeholders by infusing the element of detached impartiality. Duopharma Biotech believes that independent judgement serves to promote greater accountability and balance in the Board, thus enhancing the decision-making process. In 2022, the Board comprised ten (10) Directors, of whom 60% (6 out of 10) were Independent Directors.

The appointment of Directors to the Board is conducted through a formal and transparent process overseen by the NRC. Likewise, the re-election of existing Directors is subjected to due process, in line with the Company's Constitution, which calls for one-third (1/3) of the Directors to retire and offer themselves for re-election, where eligible. For the year under review, the following Directors had offered themselves for re-election at the 21st Annual General Meeting:

- Encik Razalee Bin Amin;
- YBhg. Dato' Eisah Binti A. Rahman; and
- YBhg. Dato' Dr. Zaki Morad Bin Mohamad Zaher.

The Senior Independent Director, namely Dato' Mohamad Kamarudin Bin Hassan, acts as a sounding board for the Chairman and as an intermediary for Independent Directors. Additionally, he is tasked with the instrumental role of serving as a contact point for shareholders and stakeholders to raise any matters pertaining to Duopharma Biotech.

The balance between the six (6) Independent Non-Executive Directors, three (3) Non-Independent Non-Executive Directors and one (1) Executive Director has positively contributed to diversity of views. This is further driven by the NRC's due consideration of the candidates' expertise and work experience when considering potential directorship appointments, with the aim of having new Board members complement and enhance the Board as a whole. This is further buttressed by the fact that all the Independent Non-Executive Directors have served the Board as of 31 December 2022 for a tenure of not more than 9 years, in line with Step Up Practice 5.4 of the MCCG.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



PRINCIPLE A | Board Leadership and Effectiveness

Within the domain of gender diversity, the Board presently has 40% female representation. Against this backdrop, Duopharma Biotech joins the 51% of top 100 companies who have met the 30% target as stipulated in the MCCG as a higher order corporate governance aspiration. The NRC seeks to maintain this advantageous level of gender diversity on the Board and Senior Management due to the Board's appreciation of multifarious viewpoints in Duopharma Biotech's decision-making processes. Along the same lines of championing gender diversity within corporate Malaysia, Duopharma Biotech remains as only one (1) of twelve (12) top 150 listed issuers with a female Chairperson.

In observing the requirements of Paragraph 15.08 and Practice Note 5 of MMLR, the Board members have undergone the following trainings based on the training needs analysis undertaken. The trainings completed share a common theme with the focus areas of the year under review, namely the Halal Initiative, Digital Transformation and ESG matters.

DIRECTORS' TRAINING PROGRAMMES

SEMINARS/CONFERENCES/TRAINING	ATTENDED BY
Duopharma Biotech - Directors and Senior Management Training (Training No. 01/2022) on "Challenges in Digital Transformation" by Naluri Hidup Sdn Bhd (20 January 2022)	<ul style="list-style-type: none"> Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir Leonard Ariff Bin Abdul Shatar Dato' Mohamad Kamarudin Bin Hassan Razalee Bin Amin Zaiton Binti Jamaluddin Dato' Eisah Binti A. Rahman Datuk Nik Moustpha Bin Hj. Nik Hassan Datuk Mohd Radzif Bin Mohd Yunus Dato' Dr. Zaki Morad Bin Mohamad Zaher Amizar Binti Mizuar
MIDF Green Conference (ESG) by Malaysian Industrial Development Finance Berhad (MIDF) (9 March 2022)	<ul style="list-style-type: none"> Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir
Ethics and Integrity, Professionalism and Corporate Dilemma by the Securities Industry Development Corporation ("SIDC") (10 March 2022)	<ul style="list-style-type: none"> Amizar Binti Mizuar
Institute of Enterprise Risk Practitioners ("IERP") (Series 3 – Risk Appetite, Tolerance and Board Oversight & IERP (Series 4-Strategic ERM: A Primer for Directors) by IERP (17 March 2022)	<ul style="list-style-type: none"> Zaiton Binti Jamaluddin
Section 17A MACC Act Corporate Liability, Adequate Procedures and ISO 37001 ABMS by Trident Integrity Solutions Sdn Bhd (5 April 2022)	<ul style="list-style-type: none"> Amizar Binti Mizuar
Engagement Quality Reviews and Documentation ISQM, ISA 220 (Revised) & ISA230 by the Malaysia Institute of Accountant ("MIA") (6 April 2022)	<ul style="list-style-type: none"> Razalee Bin Amin
Duopharma Biotech - Directors and Senior Management Training (Training No. 02/2022) on "The Efficacies of Integrated Reporting for Listed Organisations" by Nova Fusion (7 April 2022)	<ul style="list-style-type: none"> Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir Leonard Ariff Bin Abdul Shatar Dato' Mohamad Kamarudin Bin Hassan Razalee Bin Amin Zaiton Binti Jamaluddin Dato' Eisah Binti A. Rahman Datuk Nik Moustpha Bin Hj. Nik Hassan Datuk Mohd Radzif Bin Mohd Yunus Dato' Dr. Zaki Morad Bin Mohamad Zaher Amizar Binti Mizuar

¹ KPMG MRC database as of September 2022.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT



PRINCIPLE A | Board Leadership and Effectiveness

DIRECTORS' TRAINING PROGRAMMES

SEMINARS/CONFERENCES/TRAINING	ATTENDED BY
PNB Forum – Sustainable Investing ESG at the Forefront by Permodalan Nasional Berhad (21 April 2022)	<ul style="list-style-type: none"> Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir Datuk Nik Moustpha Bin Hj. Nik Hassan
PNB ESG Framework by Permodalan Nasional Berhad (9 May 2022)	<ul style="list-style-type: none"> Amizar Binti Mizuar
IERP (Series 5 on Evolving Expectations for Board) & IERP (Series 6 on The Role of Board in Fraud Risk Management) by IERP (1 June 2022)	<ul style="list-style-type: none"> Zaiton Binti Jamaluddin
Cyber Security: What Directors Need to Know by Minority Shareholders Watchdog Group ("MSWG") (8 June 2022)	<ul style="list-style-type: none"> Zaiton Binti Jamaluddin Datuk Nik Moustpha Bin Hj. Nik Hassan Dato' Dr. Zaki Morad Bin Mohamad Zaher
MIA Conference – Leading ESG Charting Sustainability by MIA (8 & 9 June 2022)	<ul style="list-style-type: none"> Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir
Halal Pharmaceuticals Symposium (HPS2022) – "The Emergence of Global Best Practices of Halal Pharmaceuticals" by Duopharma Biotech (15 June 2022)	<ul style="list-style-type: none"> Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir Leonard Ariff Bin Abdul Shatar Zaiton Binti Jamaluddin Dato' Eisah Binti A. Rahman Datuk Nik Moustpha Bin Hj. Nik Hassan Dato' Dr. Zaki Morad Bin Mohamad Zaher
ISQM1 – The Processes (Firm's risk assessment process (FRAP) and Monitoring and Remediation Process (MRP)) by Association of Malay Chartered Accountant Firm Malaysia (AMCAF) (20 June 2022)	<ul style="list-style-type: none"> Razalee Bin Amin
Prevention on Insider Trading and Chinese Wall Requirements by the Financial Planning Association of Malaysia (FPAM) (20 June 2022)	<ul style="list-style-type: none"> Amizar Binti Mizuar
The Financial Services Culture Board (FSCB) Assessment of Organisational Culture in Partnership by Asia School of Business, Iclif Executive Education Center (22 June 2022)	<ul style="list-style-type: none"> Dato' Eisah Binti A. Rahman
IERP Training Centre (QRD Program) Series 7 – Establishing Empowered Board Risk Committee Series 8 – Directors' Guide to ERM and ISO 31000 (28 June 2022)	<ul style="list-style-type: none"> Dato' Mohamad Kamarudin Bin Hassan
Integrity Virtual Roadshow (IVR) 2022: PNB Group Organisational Anti-Corruption Plan 2022-2024 by Permodalan Nasional Berhad (6 July 2022)	<ul style="list-style-type: none"> Amizar Binti Mizuar
KPMG Navigating through the evolution of Corporate Governance with the introduction of Tax Corporate Governance Framework ("TCGF") by KPMG Management & Risk Consulting Sdn Bhd ("KPMG MRC") (13 July 2022)	<ul style="list-style-type: none"> Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir
Duopharma Biotech – Directors and Senior Management Training (Training No. 03/2022) on "IQVIA on the Malaysia Pharma Industry" by IQVIA (19 July 2022)	<ul style="list-style-type: none"> Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir Leonard Ariff Bin Abdul Shatar Dato' Mohamad Kamarudin Bin Hassan Razalee Bin Amin Zaiton Binti Jamaluddin Dato' Eisah Binti A. Rahman Datuk Nik Moustpha Bin Hj. Nik Hassan Datuk Mohd Radzif Bin Mohd Yunus Dato' Dr. Zaki Morad Bin Mohamad Zaher Amizar Binti Mizuar

CORPORATE GOVERNANCE OVERVIEW STATEMENT



PRINCIPLE A | Board Leadership and Effectiveness

DIRECTORS' TRAINING PROGRAMMES

SEMINARS/CONFERENCES/TRAINING	ATTENDED BY
AML/CFT & TFS 2022: Evolving Challenges and Expectations in Regulatory Compliance for Senior Management by Vision Business Solutions Sdn. Bhd (25 July 2022)	<ul style="list-style-type: none"> Amizar Binti Mizuar
Values as a Source of Competitive Advantage by Asia School of Business, Iclif Executive Education Center (28 July 2022)	<ul style="list-style-type: none"> Dato' Eisah Binti A. Rahman
Implementation of TCFD by Joint Committee on Climate Change's (JC3) Upskilling Sustainability Training (2 & 3 August 2022)	<ul style="list-style-type: none"> Amizar Binti Mizuar
Certified Integrity Officer (CeIO) Programme by the Akademi Pencegahan Rasuah Malaysia (2 to 18 August 2022)	<ul style="list-style-type: none"> Amizar Binti Mizuar
Modified Audit Report vs Modified Audit Opinion by AMCAF (3 August 2022)	<ul style="list-style-type: none"> Razalee Bin Amin
PNB Knowledge Forum – 'Tall Buildings and Living in the Space Age – The Enigma and Convergence of Science And Art' by Permodalan Nasional Berhad	<ul style="list-style-type: none"> Datuk Nik Moustpha Bin Hj. Nik Hassan
Determining Materiality in Audit by AMCAF (15 August 2022)	<ul style="list-style-type: none"> Razalee Bin Amin
Duopharma Biotech – Directors and Senior Management Training (Training No. 04/2022) on "Climate Action for Resilience and Competitiveness: Being A Business of Choice in A Low Carbon Economy" by UN Global Compact Network Malaysia & Brunei (17 August 2022)	<ul style="list-style-type: none"> Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir Leonard Ariff Bin Abdul Shatar Dato' Mohamad Kamarudin Bin Hassan Razalee Bin Amin Zaiton Binti Jamaluddin Dato' Eisah Binti A. Rahman Datuk Nik Moustpha Bin Hj. Nik Hassan Datuk Mohd Radzif Bin Mohd Yunus Dato' Dr. Zaki Morad Bin Mohamad Zaher Amizar Binti Mizuar
Duopharma Biotech – Directors and Senior Management Training (Training No. 05/2022) on "Key Drivers for Climate Change Related Financial Disclosures: TCFD Framework & TCFD Recommended Disclosures" by KPMG MRC (7 September 2022)	<ul style="list-style-type: none"> Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir Leonard Ariff Bin Abdul Shatar Dato' Mohamad Kamarudin Bin Hassan Razalee Bin Amin Zaiton Binti Jamaluddin Dato' Eisah Binti A. Rahman Datuk Nik Moustpha Bin Hj. Nik Hassan Datuk Mohd Radzif Bin Mohd Yunus Dato' Dr. Zaki Morad Bin Mohamad Zaher Amizar Binti Mizuar
Audit Evidence and Sampling by MIA (7 September 2023)	<ul style="list-style-type: none"> Razalee Bin Amin
ICDM International Directors Summit 2022 (IDS2022) by Institute of Corporate Directors Malaysia ("ICDM") (26 to 28 September 2022)	<ul style="list-style-type: none"> Datuk Mohd Radzif Bin Mohd Yunus

CORPORATE GOVERNANCE OVERVIEW STATEMENT

WE ARE
DUOPHARMA BIOTECH

FROM THE
LEADERSHIP

OUR STRATEGIC
REVIEW

OUR PERFORMANCE
REVIEW

OUR
GOVERNANCE

FINANCIAL
REPORT

OTHER
INFORMATION



PRINCIPLE A | Board Leadership and Effectiveness

DIRECTORS' TRAINING PROGRAMMES

SEMINARS/CONFERENCES/TRAINING	ATTENDED BY
Duopharma Biotech - Directors and Senior Management Training (Training No. 06/2022) on "Developments and Issues Surrounding the Application of Istihalah in Pharmaceuticals" by International Institute for Halal Research and Training (Inhart), International Islamic University Malaysia (IIUM) (28 September 2022)	<ul style="list-style-type: none"> Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir Leonard Ariff Bin Abdul Shatar Dato' Mohamad Kamarudin Bin Hassan Razalee Bin Amin Zaiton Binti Jamaluddin Dato' Eisah Binti A. Rahman Datuk Nik Moustpha Bin Hj. Nik Hassan Datuk Mohd Radzif Bin Mohd Yunus Dato' Dr. Zaki Morad Bin Mohamad Zaher Amizar Binti Mizuar
Emerging Trends Talk #4: ESG Oversight: Role of the Board by ICDM	<ul style="list-style-type: none"> Dato' Dr. Zaki Morad Bin Mohamad Zaher
Khazanah Megatrends Forum 2022 – Steering Our Way Through a Perfect Storm by Khazanah Nasional Berhad (3 & 4 October 2022)	<ul style="list-style-type: none"> Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir
ISPE Malaysia 10th Year Conference & Exhibition by ISPE Malaysia (4 & 5 October 2022)	<ul style="list-style-type: none"> Dato' Eisah Binti A. Rahman
Panelist for Inaugural Women in Pharma event by ISPE Malaysia Affiliate, Panel Discussion on Leadership Journey (8 October 2022)	<ul style="list-style-type: none"> Dato' Eisah Binti A. Rahman
Conduct of Directors & Common Breaches of Listing Requirements by CKM Advisory Sdn. Bhd. (11 October 2022)	<ul style="list-style-type: none"> Dato' Dr. Zaki Morad Bin Mohamad Zaher
Majlis Dialog Suruhanjaya Pencegah Rasuah Malaysia (SPRM) bersama Permodalan Nasional Berhad (13 October 2022)	<ul style="list-style-type: none"> Amizar Binti Mizuar
The Corporate Governance Overview Statement, Corporate Governance Report, Audit Report Committee and Statement on Risk Management and Internal Control by MIA (17 October 2022)	<ul style="list-style-type: none"> Razalee Bin Amin
ISQM Implementation Part 2- Formulating the firm's ISQM Manual Policies and Procedures by MIA (24 and 25 November 2022)	<ul style="list-style-type: none"> Razalee Bin Amin
ISQM Implementation Part 3 - Forms and Other Documentation by MIA (1 December 2022)	<ul style="list-style-type: none"> Razalee Bin Amin
The Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees by the Securities Commission Malaysia's Audit Oversight Board (6 December 2022)	<ul style="list-style-type: none"> Razalee Bin Amin Zaiton Binti Jamaluddin Datuk Nik Moustpha Bin Hj. Nik Hassan
2022 MFRS Updates Seminar by KPMG PLT (13 December 2022)	<ul style="list-style-type: none"> Razalee Bin Amin

CORPORATE GOVERNANCE OVERVIEW STATEMENT



PRINCIPLE A | Board Leadership and Effectiveness

Following in stride with the Board the Company Secretary had also attended relevant continuing education programmes during the financial year. A non-exhaustive list of the training programmes attended by the Company Secretary is illustrated in the table below:

COMPANY SECRETARY'S TRAINING PROGRAMMES

DATE	TITLE OF TRAINING PROGRAMMES ATTENDED	TRAINING ORGANISER
20 January 2022	Duopharma Biotech - Directors and Senior Management Training (Training No. 01/2022) on "Challenges in Digital Transformation" by Naluri Hidup Sdn Bhd	Duopharma Biotech
7 April 2022	Duopharma Biotech - Directors and Senior Management Training (Training No. 02/2022) on "The Efficacies of Integrated Reporting for Listed Organisations" by Mr. Tang Lien from Nova Fusion	Duopharma Biotech
21 April 2022	PNB Knowledge Forum on Sustainable Investing – ESG at the Forefront	Permodalan Nasional Berhad
15 June 2022	Halal Pharmaceuticals Symposium (HPS2022) – "The Emergence of Global Best Practices of Halal Pharmaceuticals" by Duopharma Biotech	Duopharma Biotech
13 July 2022	KPMG Navigating through the evolution of Corporate Governance with the introduction of TCGF by KPMG PLT	Duopharma Biotech
26 & 27 July 2022	SSM National Conference 2022 on 'Corporate Governance and Sustainability – Needed Now More Than Ever'	SSM
10 August 2022	PNB Knowledge Forum – 'Tall Buildings and Living in the Space Age – The Enigma and Convergence of Science and Art'	Permodalan Nasional Berhad
17 August 2022	Duopharma Biotech - Directors and Senior Management Training (Training No. 04/2022) on "Climate Action for Resilience and Competitiveness: Being A Business of Choice in A Low Carbon Economy" by UN Global Compact Network Malaysia & Brunei	Duopharma Biotech
7 September 2022	Duopharma Biotech - Directors and Senior Management Training (Training No. 05/2022) on "Key Drivers for Climate Change Related Financial Disclosures: TCFD Framework & TCFD Recommended Disclosures" on by KPMG MRC	Duopharma Biotech
5 & 6 October 2022	Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") - MAICSA Annual Conference 2022 – 'Challenging the Challenges in Governance'	MAICSA

CORPORATE GOVERNANCE OVERVIEW STATEMENT



PRINCIPLE A | Board Leadership and Effectiveness

Board Evaluation

During the financial year under review, an in-house Board Effectiveness Evaluation Assessment (“BEE”) exercise was conducted, facilitated by the NRC and the Company Secretary through the use of an electronic-Board Effectiveness Evaluation tool. The exercise was undertaken on the Board, Board Committees, individual Directors, and the GMD, via comprehensive questionnaires or assessment forms which included both qualitative and quantitative assessments using a self and peer rating model.

The NRC undertook the responsibility of providing oversight on the conduct of the BEE as well as reviewing the outcomes alongside the Chairman. Overall, the BEE results were satisfactory, and it exceeded the ratings to that of the healthcare sector. In the same vein the BEE exercise had brought to the fore areas of strengths for the Board, Board Committees, individual Directors and GMD, as well as headroom for improvements.

The following (4) areas of strengths were highlighted during the BEE exercise;

- Board configuration and effectiveness;**
- Leadership of Chairman, GMD and SINED;**
- Information flow and boardroom administration; and**
- Sustainability/ESG leadership.**

Separately, the identified improvement markers focused on the Board composition, functionalities of the Board Committees and stakeholder engagement. In November 2022, the Board resolved to adopt the BEE exercise results, as recommended by the NRC. In conjunction, the Board resolved to draw up concrete action plans to address the improvement considerations, as highlighted by the BEE exercise, all of which is in line with Duopharma Biotech’s unwavering goal of continuous improvement to better serve its stakeholders.

In addition to the BEE exercise and pursuant to paragraph 15.01A of MMLR, the Directors have also completed declarations in relation to fit and proper requirements as enumerated in Duopharma Biotech’s Fit and Proper Policy for the Board of Directors and Senior Management that was approved by the Board in January 2022.

Remuneration

Remuneration and incentives are provided to the Board and Senior Management to drive the efficacy of being part of Duopharma Biotech in their role to foster the short-, medium- and long-term goals discussed in the preceding paragraphs. The Board adopts a remuneration policy premised on the following philosophy to achieve this:



CORPORATE GOVERNANCE OVERVIEW STATEMENT



PRINCIPLE A | Board Leadership and Effectiveness

Non-Executive Directors receive fees and allowances commensurate with their responsibilities on the Board as well as on the Board Committees and are designed to attract, incentivise, and retain high-performing individuals. Remuneration packages designed for Non-Executive Directors are based on their individual qualifications, experience and competence while being mindful of their responsibilities, time commitment and annual evaluation undertaken by the NRC. They are paid via fixed directors fees, meeting allowances and other benefits and there shall be no distinction between participation in-person or participation through electronic modalities.

Recognising the heightened engagement necessitated of Directors over the course of recent years, the Board adopted a methodical approach to distinguish between informal and formal meetings for the purpose of according meeting allowances. In instances whereby the Company Secretary was present, and the meeting minutes were recorded, it would be declared a formal meeting for which Directors received the necessary allowance. In all other instances, meetings would be considered informal, with no allowance payable. The Board and the NRC

periodically review the Remuneration Policy and Procedures for Directors and Senior Management. External experts are enlisted periodically, to facilitate in this exercise. Detailed disclosures of the remuneration of individual Directors are disclosed in the Company's Corporate Governance Report under Practice 8.1.

In relation to the GMD and other Senior Management personnel, their remuneration packages are set to be competitive, premised on the aim of attracting, retaining, and motivating executives of the highest calibre needed to manage the Group competently. As such, remuneration is closely linked to performance measured through the achievements of individual key performance indicators.

The Company's comprehensive Remuneration Policy and Procedures for Directors and Senior Management is made available on Duopharma Biotech's corporate website at: <https://duopharmabiotech.com/esg/governance-and-policies/>



PRINCIPLE B | Effective Audit and Risk Management

Audit Committee

The wholly independent AC is headed by Encik Razalee Bin Amin and by design, this position is distinct from the Chairman of the Board. The remaining members of the AC are Datuk Nik Moustpha Bin Hj. Nik Hassan, an Independent Non-Executive Director and Puan Zaiton Binti Jamaluddin, an Independent Non-Executive Director.

The AC is reposed with the responsibility of ensuring that there is robust oversight over financial reporting, external audit and internal audit matters concerning Duopharma Biotech and its subsidiaries. In exercising its functions, the AC is generally not delegated with decision-making powers that curtails the Board's ultimate statutory and fiduciary responsibility for decision-making. The AC is expected to report its recommendations to the Board for the final decision.

During the year under review, the integrity element was re-delineated to further enhance the independence of the Audit Committee and dispel with any potential self-review threats. Further to this, the AC focused on matters pertaining to the Company's audit, financial statements, performance, and operations. Within the ambit of the newly revised MCCG,

the AC also reviewed the Group's cybersecurity issues, the Finance function as well as the feasibility of adopting the Tax Corporate Governance Framework ("TCGF") as introduced by the Inland Revenue Board Malaysia ("IRBM").

Duopharma Biotech's internal audit function is undertaken by the in-house Group Internal Audit ("GIA"), which is a crucial element in the monitoring of internal governance of the Group. The internal audit function, being the third line of defence, is responsible for providing independent assessment of compliance with existing laws, regulations, policies, and procedures and reviews the adequacy and effectiveness of the risk management systems, internal controls, and governance processes. It is headed by the Head of GIA who has direct access to the Board through the Chairman of the AC, to whom the Head of GIA reports to, directly and functionally. The GIA only maintains a perforated line of reporting to the GMD on administrative matters. The AC receives regular reports on the findings by the internal audit function and recommendations of actions to be carried out.

Based on the AC's score in the BEE 2022, the AC had performed relatively well. Adopting a recommendation from the BEE 2022, the AC members were given the liberty at the conclusion of the

CORPORATE GOVERNANCE
OVERVIEW STATEMENT



PRINCIPLE B | Effective Audit and Risk Management

financial year under review to plot forward-looking agenda items (also known as “annual missions”) for the entire calendar year 2023 ahead of schedule, facilitated by the Company Secretary. This provided a way to proactively solicit input from all AC members in order to formulate the AC’s agenda.

Risk Management and Internal Control Framework

The Board is mindful of its cardinal responsibility and oversight role over the Group’s risk management and system of internal controls and endeavours to keep abreast of developments in the areas of risk and governance. The risk management and control processes are implemented by Senior Management, led by the GMD and other Senior Management personnel of the Group, who are collectively responsible for prudent risk management and sound business practices.

The Board has established the RMC that is tasked with determining the Group’s level of risk tolerance and actively identifies, assesses and monitors key business risks to safeguard shareholders’ investments and the Group’s assets. The focus areas pertaining to risk were namely the changing political environment, economic conditions, supply chain, strategic objectives, regulatory requirements as well as the Group’s COVID-19 vaccine business.

The risk management function is carried out by the Group Risk Management Department (“GRMD”) which escalates reports to the RMC, provides advice and supports the Board and Executive Risk Management Committee (“ERMC”) in all matters of Enterprise Risk Management (“ERM”). During the year under

review, recommendations by external consultants were provided to re-delineate the sustainability focus area to the HSC and the RMC to assume oversight of integrity-related matters and reinforce the Group’s investment monitoring.

The GIA assists the AC and the Board to perform regular reviews on compliance of operational procedures using a risk-based audit approach. The GIA also conducts investigations on specific areas or issues as directed by the AC and Senior Management. The annual audit plan is reviewed and approved by the AC. The scope as well as frequency of the audit coverage are determined in tandem with the level of assessed risks, in view of providing an independent and objective report on the operational and management activities of these functions.

Taking a step further to the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, aside from the GMD and Chief Financial Officer (“CFO”), all other Senior Management of Duopharma Biotech provided assurances to the Board that the Company’s risk management and internal control systems were operating adequately and effectively during the year under review. This allows the Board to receive assurance, not just from the operational and financial aspect of the Group, but also on commercial, corporate, technical, manufacturing, sustainability, legal and consumer healthcare matters.

More information is outlined within the Report of the AC, available on page 113 of the Integrated Annual Report. The Statement of Risk Management and Internal Control which provides details of the internal review, is outlined on pages 126 to 140 of the Integrated Annual Report.



PRINCIPLE C | Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

Communication with Stakeholders

The Board is cognisant of its corporate accountability to stakeholders and ensures high level of efficacy in the form, frequency, and timeliness of its engagement with stakeholders. Duopharma Biotech goes the extra mile in its communication with stakeholders, to share meaningful insights to augment formal disclosures. The Board is committed to ensuring shareholders and stakeholders are well-informed and are enabled to input feedback and share concerns with the Board. The Integrated Annual Report contains a balanced, comparable, and meaningful assessment of the Group’s position and prospects as well as comprehensive details about business activities as well as financial and non-financial performance for the financial year.

Well-defined channels of communication with stakeholders are established, namely the corporate website, announcements on the Exchange, briefing sessions, roadshows, conferences, media releases and social media platforms. In compliance with MMLR and Corporate Disclosure Guide from Bursa Malaysia, the Board issues quarterly statements in a timely manner to shareholders and stakeholders on Duopharma Biotech’s performance. In addition, the CFO conducts quarterly analyst and investor briefings.

Recognising the importance of effective engagement and communication with the Group’s employees, Duopharma Biotech carries out an Employee Engagement Index (EEI) survey on an annual basis to gauge the level of employees’ motivation and engagement as well as the demonstration of Duopharma

CORPORATE GOVERNANCE OVERVIEW STATEMENT



PRINCIPLE C | Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

Biotech's Core Values in their daily interaction with each other. Flowing from this commitment the EEI was conducted in October 2022 with relative results of 84%, demonstrating an embodiment of global high performing norms.

During the year under review, the Group had undertaken four (4) investors briefing sessions. On top of this, Duopharma Biotech had also conducted investor relations sessions by invitation with Maybank Investment Banking Group, and CGS-CIMB 14th Annual Malaysia Virtual Corporate Day. By and large, the Company conducts broad based briefings to the investment community as opposed to targeted, ad-hoc briefings given the importance it places on information parity. The Group issued quarterly publications of press information via Exchange announcements disseminating the Group's financial results, prospects, and milestones to communicate meaningful insights into the company business with stakeholders.

Virtual townhall sessions were also conducted by the GMD, or in his absence, the Chief Executive Officer (Commercial) with the Group's employees, typically after the Company's quarterly statements have been approved by the Board and announced to the Exchange. These townhalls provide an opportunity for Management to engage with the employees including to share the latest financial performance of the Group, human resource updates, and other initiatives, strategies, and achievements. Employees are encouraged to ask questions or provide feedback during these townhall sessions.

Conduct of General Meeting

The Annual General Meeting ("AGM") serves as the primary modality at which the Board and Senior Management communicate with shareholders. Shareholders are encouraged to actively participate in discussions on proposed resolutions and future developments of the Group, as well as provide feedback on performance. The Board views the AGM as a pertinent event, where Directors, Senior Management and the Company's external auditors are present to participate in the question-and-answer session to provide clarification to shareholders.

The process is fortified through poll voting for all resolutions tabled, with the voting results and procedures validated by an independent scrutineer. The voting results are disclosed immediately (i.e., percentage of shareholders approving, dissenting, and abstaining) for all the resolutions that are tabled.

Following in stride with the success of the 20th AGM and the Board's prioritisation of good governance, the 21st AGM held on 21 June 2022 was held entirely through live streaming to facilitate greater shareholder participation and enhance the proceedings of the General Meeting. Duopharma Biotech's AGM was conducted in line with promulgations as contained within the MCCG and Securities Commission Malaysia's Guidance on the Conduct of General Meetings for Listed Issuers.

The AGM represented the Company's third fully virtual AGM with democratised remote participation and voting for shareholders. Further fortifying objectivity into the AGM and as with the preceding year, Duopharma Biotech engaged an independent moderator, namely KPMG Management & Risk Consulting Sdn Bhd, to streamline questions raised by shareholders during the general meeting as well as pre-submitted questions. In addition to the Notice of the AGM, an Administrative Guide was doled out as a reference for shareholders in navigating the roll-out of the virtual AGM. Immediately on conclusion of the 21st Virtual AGM a survey was conducted that sought shareholders' feedback of the same, and a media briefing was also held to furnish other stakeholders at large with a comprehensive and factual representation of the Company.

The Company Secretary recorded feedback and responses to shareholders' queries during the AGM. In the scenario that substantive information is needed to respond to shareholders' queries during the AGM, the Company Secretary provides a written response that is subsequently uploaded onto Duopharma Biotech's corporate website. Minutes of the previous AGM are made available on the corporate website within 30 business days upon conclusion of the proceedings. The latest 21st AGM minutes have been uploaded onto the Group's corporate website: <https://duopharmabiotech.com/investor-relations/shareholders-meeting-and-reports/>

As a standard practice, notice for the upcoming AGMs will be issued at least 28 days before the AGM to enable shareholders to make adequate preparations. In the event special business items appear in the Notice of the AGM, a full explanation is provided to shareholders on the effects of the proposed resolution arising from such items. Helpdesks are also set up for shareholders during the AGM in case of further operational queries.

CORPORATE GOVERNANCE
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FOCUS AREAS DURING THE YEAR (2022)

In 2022, the corporate governance focus areas of Duopharma Biotech constituted the following:



Risk Management

Recognising the significance of digital risk management in improving the evaluation and monitoring of risk, Duopharma Biotech has adopted to digitalise its risk register system, which also acts as an archive to store previous decisions made by the Group. With the use of a digital risk register, the Group will be able to report issues faster and promote better collaboration between the Group Risk Management Department and Business Units. Looking further down the line, the Group has carved out a separate risk register for medical regulatory review purposes, given the Group’s primary business within the healthcare sector.

Duopharma Biotech reinforced its non-negotiable policy on zero political contribution. The Group is steadfast in ensuring contributions to political candidates or parties is discouraged or disallowed as covered in the Group’s Anti-Bribery and Anti-Corruption Policy as well as Grant, Charitable Donations and External Sponsorship Policy. During the year under review, the Risk Management Committee also reviewed Duopharma Biotech’s Annual Governing Review on the ISO 37001:2016 Anti-Bribery Management System (“ABMS”) in relation to ABMS’ performance and the effectiveness of actions undertaken to address corruption and bribery risks faced by the Group.

In maximising efficiency, the Board is mindful of the importance of balancing the oversight responsibilities of its Board Committees. Integrity-related matters, of which were previously under the purview of the Audit Committee, were shifted to the Risk Management Committee’s oversight. With that, both the Head of Risk Management and Head of Integrity directly report to the Risk Management Committee on risk management and integrity matters respectively. The Terms of Reference of the Risk Management Committee was reviewed to imbue all necessary updates on the duties and responsibilities of the Committee.



Cybersecurity

Duopharma Biotech continues to stay committed in its oversight on cybersecurity. Even as the COVID-19 pandemic continues to recede, cybersecurity remains as a key focus of the Group in view of the potential disruptions it could cause to the business operations.

To this end, the Risk Management Committee undertook to monitor the progress on the development of the Cybersecurity Risk Guidelines for Duopharma Biotech Group’s Network Infrastructure. In a survey carried out by Bursa Cybersecurity on all companies listed on Bursa’s Main Market and ACE Market, Duopharma Biotech was recognised with the award of an “A” grade, thus affirming the robust state of cybersecurity within the Group.

Duopharma Biotech is cognisant that cybersecurity remains one of the top priorities within the Group and will increasingly place concerted efforts to continuously enhance its cybersecurity system.



Human Capital

The Group takes heed of the ever-growing importance of digitisation from the human capital perspective. This involves providing trainings through the use of online platforms and digital tools for its employees by advancing its infrastructure. Through the rise of remote working, Duopharma Biotech upgraded its e-learning software for capacity building, allowing employees of the Group to seamlessly upskill themselves at any given location. The Group also reinvigorated its human capital software to further enhance the management of their employees from hire to retire, this includes automating processes such as payroll, performance review, recruiting, training and so on.

In promoting greater independence, Duopharma Biotech introduced the rotation of its Management team at the purchasing function on a periodic basis. This ensures that the Management team is independent in mind when conducting business dealings with the Group’s suppliers, contractors and other third parties, whilst also averting the risk of familiarity.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

FOCUS AREAS DURING THE YEAR (2022)



Corporate Reporting

In line with evolving global practice in corporate governance and reporting, this year the Group has taken its first step towards embracing the principles of integrated reporting as guided by International Integrated Reporting (IR) Framework published by the International Integrated Reporting Council (IIRC).

This reporting framework aims to align the information about the Group's strategy, governance systems, performance, and future prospects to reflect the economic, environmental and social environment within which the Group operates, thus helping investors and shareholders make better informed decisions. Duopharma Biotech remains committed to effective and transparent communication with its stakeholders. Through integrated reporting, Duopharma Biotech targets to provide insights into how the Group has applied integrated thinking to create and preserve value over time.

By embarking on integrated reporting, Duopharma Biotech adopts Practice 12.2 of the Malaysian Code on Corporate Governance, which calls for Large Companies to adopt integrated reporting based on a globally recognised framework.

CORPORATE GOVERNANCE PRIORITIES



Environmental, Social and Governance considerations

The Board is fully committed to embedding ESG-related considerations into the fabric of Duopharma Biotech's diverse operational landscape pursuant to this regional and global trend.

To this end, ESG practices are still a work in progress in Duopharma Biotech. The Group maintains a robust framework when it comes to governance, while environmental and social is improving gradually. The Board recognises that the environmental aspect in ESG remains a key area of focus for the years to come. Given that manufacturing is well-known as the biggest contender for pollution, Duopharma Biotech is set to implement "green manufacturing" by introducing environmentally friendly operations to its manufacturers across all geographic locations.

Furthermore, Duopharma Biotech shall endeavour to "ride the tide" of global trends by setting and taking incremental steps in the quest of achieving carbon neutrality by 2030 as well as net zero carbon emissions by 2050.



Halal Governance

We practice Halal Built-In from the very beginning of the product development process. This includes the pre-production or product development stage to production and post-production in ensuring that our products are Halal compliant and certified. Halal built-in is a systematic approach to Halal product development that begins with predefined objectives by management and embeds the requirements of Halal as part of the overall management & control systems in all aspects of manufacturing/production, from strategy/planning to R&D to raw material sourcing until delivery of the finished product to its point of purchase. All this is to ensure continuous compliance with the specific Halal requirements and the aspects of product safety, performance, efficacy/effectiveness, and quality, along with the hygienic aspects in manufacturing and handling of the halal product. A digitalised technology software that is an online Halal Assurance Management System (HAMS) will be introduced that will help the company to compile and organise all Halal-related documentation for the purpose of enhancing the integrity and efficiency of halal compliance.

Additionally, Duopharma Biotech will strive to continuously work alongside and appoint suppliers, vendors, contractors and other third parties to achieve halal validation and certification for its products. The certification of halal provides assurance to consumers that the products are produced in accordance with the Shariah law.

REPORT OF THE AUDIT COMMITTEE

ENCIK RAZALEE BIN AMIN
(Independent Non-Executive Director)



Chairman, Audit Committee

COMMITTEE ROLES

The Audit Committee (“AC”) is responsible, on behalf of the Board, to ensure robust oversight of financial reporting, external and internal audits, and any investigation matters concerning Duopharma Biotech and its subsidiaries (collectively referred to as the “Group”).

Details on the Terms of Reference of the AC can be found on the Company’s website at <https://duopharmabiotech.com/esg/governance-and-policies/>

MEMBERSHIP AND ATTENDANCE



The attendance of each AC member during the year is as follows:

MEMBERS OF AC	NO. OF MEETINGS ATTENDED
Encik Razalee Bin Amin <i>Chairman, Independent Non-Executive Director</i>	5/5
Puan Zaiton Binti Jamaluddin <i>Member, Independent Non-Executive Director</i>	4/5*
Datuk Nik Moustpha Bin Hj. Nik Hassan <i>Member, Independent Non-Executive Director</i>	5/5

Note:

* Absent due to performing Hajj pilgrimage

The committee members are all independent non-executive directors in line with the requirement of Paragraph 15.09 and 15.10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Step-up Practice 9.4 of the Malaysian Code on Corporate Governance 2021, and Clause 2.2(a) of the Terms of Reference of AC. The AC members have a range of skills, and as a whole, has diverse experience, are financially literate and acts independently of management. Encik Razalee bin Amin, the Chairman of the AC, is a Certified Public Accountant and a Certified Financial Planner with the Financial Planning Association of Malaysia in addition to being a member of the Malaysian Institute of Accountants (“MIA”), thus the AC fulfill the accountant qualification requirement prescribed under paragraph 15.09(1)(c) of the MMLR. The Board of Directors of the Company has adopted Practice 9.1 of the MCCG, whereby the Chairman of the AC is not the Chairman of the Board.

Private committee sessions with the internal and external auditor were held twice during the year without management being present. The external auditor was not present at meetings where their performance and/or their remuneration was discussed.

Details on the Terms of Reference of the AC, which were updated and approved by the Board during the period under review, can be found on the Company’s website at <https://duopharmabiotech.com/esg/governance-and-policies/>

COMMITTEE FOCUS IN FY2022

Following a review of the Board Committees, which included a gap and benchmarking exercise, the Board approved changes to Board Committee oversight functions. With effect from 1 July 2022, the Audit and Integrity Committee (“AIC”) is now known as the AC, while the Risk Management and Sustainability Committee (“RMSC”) is now the Risk Management Committee (“RMC”). The Halal Committee has taken over the RMSC’s oversight of sustainability issues and is now designated as the Halal and Sustainability Committee (“HSC”).

During the financial year under review, the AC focused on matters pertaining to the Company’s audit, financial statements, performance and operations. Within the ambit of the newly revised MCCG, the AC also reviewed the Group’s cybersecurity issues, the Finance function as well as the feasibility of adopting the Tax Corporate Governance Framework (“TCGF”) introduced by the Inland Board Revenue Malaysia (“IRBM”).

Further, AC conducted an External Auditor Evaluation in October 2022, taking into account emerging and leading practices derived from the roles and responsibilities of external auditors outlined in MMLR and MCCG, as well as other relevant provisions such as the Malaysian Institute of Accountants’ By-Laws (on Professional Ethics, Conduct, and Practice) and the information published in the External Auditors’ Annual Transparency Report for the financial year ended 31 December 2021. This latter includes the external audit firm’s governance and leadership structure, as well as the firm’s efforts to maintain audit quality and manage risks. The AC was satisfied with the work performed by the External Auditors based on their quality of service, sufficiency of resources, performance, independence and professionalism, and their ability to conduct the external audit within an agreed timeline fixed by Management.

In conjunction with risk oversight, the AC continues to evaluate the effectiveness of the Group’s risk management, internal control, anti-corruption, whistleblowing and governance processes as well as any operational or integrity issue that could affect the Company’s performance as highlighted by the Group Internal Audit and Integrity (“the GIA”) or external auditor. It oversees the establishment and implementation of appropriate anti-fraud controls and policies relating to Duopharma Biotech’s Anti-Bribery Management System (“ABMS ISO37001”) and all applicable Anti-Bribery and/or Anti-Corruption Laws and Requirements in preventing and identifying fraud. It also ensures an appropriate ethics and compliance programme is in place and that the internal processes and remedial measures embarked on by the Company before the integrity functions were transferred to the RMC in July are implemented.

The Committee is pleased to announce that the Company was awarded the Gold Award at the Anugerah Integriti, Governans dan Anti-Rasuah (“AIGA”) 2022 by the Malaysian Institute of Integrity (“INTEGRITI”). This is a testament to our commitment and responsibility in promoting a culture of integrity, transparency and accountability.

Minutes of AC meetings are circulated to all members, and matters arising from the discussions and decisions made are escalated to relevant Management in charge for updates and action. Following each meeting, the Chairman of the AC provides a summary report to the Board of Duopharma Biotech, highlighting significant decisions and recommendations made.

CONTINUING TRAINING

As part of the Committee member’s continuing professional development, all members of the AC attended various conferences, seminars and training programmes to enhance their knowledge and technical competencies in their respective fields of expertise in order to efficiently discharge their duties as Directors of the Company. Details of the trainings and professional courses undertaken during the year are disclosed in the Corporate Governance Overview Statement on pages 102 to 105.

BOARD COMMITTEE EVALUATION

The performance of the AC was assessed as part of the Board Effectiveness Evaluation during the year under review (“BEE 2022”). Based on the AC’s score in the BEE 2022, the AC performed relatively well.

Adopting a recommendation from the BEE 2021, the AC members were given the liberty at the conclusion of the financial year under review to plot forward-looking agenda items (also known as “annual missions”) for the entire calendar year 2023 ahead of schedule, facilitated by the Company Secretary. This provided a way to proactively solicit input from all AC members in order to formulate the AC’s agenda.

REPORT OF THE AUDIT COMMITTEE

SUMMARY OF WORK FOR FY2022

A. Financial Reporting matters

- i. Reviewed the Company's quarterly reports for the quarters ended 31 December 2021, 31 March 2022, 30 June 2022 and 30 September 2022 to ensure compliance with the Malaysian Financial Reporting Standards and regulatory requirements, and recommended to the Board for subsequent release to Bursa Malaysia.
- ii. Reviewed the notes to the draft announcements of the audited and unaudited financial statements to Bursa Malaysia, to ensure compliance with regulatory requirements.
- iii. Reviewed the external auditors' report for the financial year ended 31 December 2021, including matters relating to adjustments arising from the external audit review and adequacy of disclosures, prior to making recommendations to the Board for approval. No significant adjustments were required to the financial statements, which were presented in a true and fair manner.

B. External Audit matters

- i. During the year, two (2) formal private sessions were held with the external auditors on 8 March 2022 and 2 November 2022 without the presence of Management to discuss and review matters of concern and deliberate on the observations highlighted by the external auditors, and the respective management action plans and status updates. No major concerns were raised by the external auditors at these meetings.
- ii. Deliberated on the issues and reservations arising from the interim and final audits, and any matter that the external auditor wished to discuss without the presence of the Management.
- iii. Reviewed and endorsed the external auditors' audit plan and engagement strategy for the financial year ended 31 December 2022, covering the independence, materiality, audit scope, audit methodology and timing, key milestones, audit fees, etc., and reported the same to the Board.
- iv. Reviewed and recommended to the Board the extent and nature of non-audit services that can be carried out by the external auditor to ensure adequacy of checks and balances on such non-audit services. During the year, the Company engaged the external auditors and/or its affiliates for consultancy and advisory services, matters related to corporate governance and moderating services at general meetings. These services do not fall within prohibited non-audit services and are in line with the Company's Policy on External Auditors. The audit and non-audit fees are disclosed in the Other Disclosures on page 141.
- v. Evaluated the suitability and independence and performance of the external auditors in accordance with the Policy on External Auditors and made recommendations to the Board on their reappointment, which was subsequently approved by the Board.
Assessment of external auditors' independence and objectivity is performed on an annual basis anchored on the following set of criteria:
 - a. the adequacy of the experience and resources of the external audit firm;
 - b. the persons assigned to the external audit engagement;
 - c. the external audit firm's audit engagements;
 - d. the size and complexity of the subject matter being audited; and
 - e. the number and experience of supervisory and professional staff assigned to the particular external audit engagement.
 The assessment of the external auditor also considers the information presented in the Annual Transparency Report of the audit firm including the external audit firm's governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks as advocated in Guidance to Practice 9.3 of MCCG.
- vi. Monitored the execution of the revised External Auditors Policy, which demonstrated an improvement in best practices advocated by the revised MCCG.
- vii. Obtained written assurance from the external auditors confirming their independence throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

C. Internal Audit matters

- i. Oversaw the performance and effectiveness of the Internal Audit function based on approved key performance indicators, assessed the competency and experience of the Group Internal Audit & Integrity Department ("GIAID") department staff as well as the adequacy of resources in order for the Internal Audit function to carry out its work effectively. The AC also ensured that the Group Internal Audit ("GIA") has the authority to carry out its work objectively and independently, free from any relationship or conflicts of interest.
- ii. Reviewed and approved Duopharma Biotech's Internal Audit Plan and budget for the year.
- iii. Reviewed the status report of internal audit activities for the year to ensure that all the planned activities for Duopharma Biotech were properly carried out.
- iv. Reviewed the summary of the internal audit reports prepared by the GIA and deliberated on significant audit issues, audit recommendations, management action plans and the agreed timelines. Where necessary, provided input on improvement of processes and operations.
- v. Monitored the status of corrective actions taken by the Management to ensure all internal audit issues and concerns are adequately addressed within the stipulated timeline.
- vi. Held private meetings and discussions with the Group Internal Auditor on significant audit and internal control matters.
- vii. Reviewed and approved the revised Group Internal Auditor's Performance Scorecard 2021, Revised Internal Audit Charter and Revised Management Control Policy.
- viii. Reviewed and recommended the Job Grading and Remuneration Structure for the Head of Internal Audit and Integrity as advocated by the MCCG.

D. Integrity and Anti-Corruption matters

- i. On its role with regard to integrity and anti-corruption, the AC is entrusted to review the whistleblowing reports as tabled by the Head of Group Internal Auditor and provide recommendations for their resolution. The AC, through the Group Internal Auditor, ensures that the whistleblowing process is reliable and trustworthy.
- ii. Monitored the responses to the Group's whistleblowing channels and other mechanisms used to raise concerns, and oversaw actions following breaches of the ethics and business integrity policy or allegations of misconduct.
- iii. Monitored the compliance status of the ISO37001:2016 Anti-Bribery Management System ("ABMS") Certification and deliberated on the key findings highlighted and respective action plans required following the certification.
- iv. Reviewed the effectiveness of the ABMS and the Integrity function through the Governing Body review conducted after the ABMS Internal Audit.
- v. Monitored and oversaw the enforcement of Section 17A of the Malaysian Anti-Corruption Act 2009 and steps to be taken by Duopharma Biotech on the Corporate Liability Provisions of Section 17A to ensure adequate procedures and preventions are in place.
- vi. Reviewed Duopharma Biotech's integrity initiatives for 2022, and periodically monitored their progress against the plan.
- vii. Monitored the Audit Findings 2021 by SIRIM QAS Surveillance and oversaw actions related to non-compliance issues.

E. Annual Report matters

- i. Reviewed the Report of the AIC and Statement on Risk Management and Internal Control ("SORMIC") prior to approval by the Board for inclusion in the 2021 Annual Report. The SORMIC was supported by the Annual Assurance SORMIC, which was signed off by the Group Managing Director and the Chief Financial Officer.

REPORT OF THE AUDIT COMMITTEE

SUMMARY OF WORK FOR FY2022

F. Governance matters

- i. Notation of amendments to the Terms of Reference of the AC.

G. Strategic and Litigation matters

- i. Monitored the progress and deliberated on the way forward for Duopharma Biotech's strategic projects and litigation cases.
- ii. Reviewed and recommended to the Board for approval proposals on financial plans for Duopharma Biotech and its Group.

H. Other related matters

- i. Reviewed and recommended to the Board for adoption the Related Party Transaction Framework to ensure compliance with the MMLR on related party and recurrent related party transactions.
- ii. Reviewed the related party transactions entered into by Duopharma Biotech group and the disclosure of such transactions in the annual report and recurrent related party transactions.
- iii. Reviewed and recommended to the Board for approval dividends to be declared to the shareholders of Duopharma Biotech as well as applicability of the Dividend Reinvestment Plan to such dividends.
- iv. Reviewed and recommended to the Board for approval the revised Limits of Authority applicable to Duopharma Biotech and its Group.
- v. Reviewed and recommended to the Board the feasibility of adopting the Tax Corporate Governance Framework ("TCGF") introduced by the Inland Board Revenue Malaysia ("IRBM").
- vi. Reviewed and monitored the Cybersecurity and General IT Controls as advocated by the MCCG as well as deliberated on significant cybersecurity and IT Controls issues, and where necessary, provided input on improvement of processes and operations.
- vii. Reviewed and monitored the Finance Function of Duopharma Biotech as advocated by the MCCG and provided input on improvements to processes and operations.

AWARD

- i. Duopharma Biotech was awarded the Gold Award at the Anugerah Integriti, Governans dan Anti-Rasuah ("AIGA") 2022 by the Malaysian Institute of Integrity ("INTEGRITI"), which was a testament to its commitment and responsibility in promoting the culture and practice of integrity, best governance, and anti-corruption activities in Duopharma Biotech.

STATEMENT ON INTERNAL AUDIT FUNCTION

The AC is supported by the Group Internal Audit & Integrity Department ("GIA") in the discharge of its duties and responsibilities. In the Three Lines of Defence model, management control is the first line of defence in risk management, the various risk control and compliance oversight functions established by management are the second line of defence, and independent assurance is the third. Each of these three "lines" plays a distinct role within the organisation's wider governance framework. 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 GIA function reports directly to the AC 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 AC. The internal audit function is responsible for undertaking regular and systematic risk-based assessments of the internal control of the Duopharma Biotech Group so as to provide reasonable assurance that such systems are adequate and continue to operate effectively in managing the key risks of the Duopharma Biotech Group.

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 AC. GIA adopts the COSO Internal Control Framework in conducting the audit assignments, which covered five (5) elements of internal controls, namely Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring.

In 2022, the GIA had issued 14 audit reports which covered operational and ad-hoc matters, amongst others, Safety, Health & Environment (SHE) Function, Dangerous Drugs, Cybersecurity and General IT Controls, Internal Audit Report on DB Philippines, Inc., Management Corrective Actions, Corporate Governance Review Report 2021, Recurrent Related Party Transactions Compliance Review, Depot Operations, COVID-19 Vaccines Sales and Distribution Management, Ethical Specialty Business (Cancer Care Franchise & Diabetes Care Franchise) and Trademark Review. 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 AC for their deliberation and subsequent approval.

The performance of the GIA function was presented to the AC 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 RM960,264.80.

Further details of the activities of the Group Internal Audit & Integrity Department are set out in the SORMIC under pages 135 to 140 of this Integrated Annual Report.

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

**DATO' MOHAMAD
KAMARUDIN BIN HASSAN**
(Senior Independent
Non-Executive Director)



**Chairman, Nomination and
Remuneration Committee**

COMMITTEE ROLES

The committee is responsible, on behalf of the Board:

- For duties in relation to nomination and appointment of Board members and Senior Management of Duopharma Biotech and its subsidiaries (collectively referred to as the "Group");
- For duties in relation to board evaluation process;
- For duties in relation to induction and training programmes;
- For duties in relation to remuneration; and
- For duties in relation to human resource function

Details on the Terms of Reference of the NRC, which were updated and approved by the Board during the period under review, can be found on the Company's website at <https://duopharmabiotech.com/esg/governance-and-policies/>

MEMBERSHIP AND ATTENDANCE



The attendance of each member of the NRC during the year is as follows:

MEMBERS OF NRC	NO. OF MEETINGS ATTENDED
Dato' Mohamad Kamarudin Bin Hassan <i>Chairman, Senior Independent Non-Executive Director</i>	5/5
Dato' Eisah Binti A. Rahman <i>Member, Independent Non-Executive Director</i>	5/5
Puan Amizar Binti Mizuar <i>Member, Non-Independent Non-Executive Director</i>	5/5

The Committee consists of three members, all non-executive directors with a majority being independent Non-Executive Directors as stipulated in Paragraph 15.08A(2) of the Main Market Listing Requirements ("MMLR"). The members have diverse skills and experience coupled with industry and human capital knowledge.

During the year, a total of five scheduled committee meetings were held and all of which were scheduled in September 2021 and communicated to the members early to allow them to plan their time commitments accordingly.

COMMITTEE FOCUS IN FY2022

During the year under review, the NRC had recommended the Succession Plan Policy for Non-Executive Directors of the Company for adoption by the Board. The Succession Plan Policy was approved by the Board and was in accordance to the updated MCGG that sets out guiding principles and practices for the Board's succession plan by taking into account the growing complexities and expectations reposed on the Company as well as the envisaged skill set, experience and roles of the Non-Executive Directors. The NRC then developed the Succession Plan Framework based on a Board Needs Analysis from the Board's existing key competencies. Gaps identified would ensure that the best candidates are selected. Further, in addition to the Company's internal registry, and referrals from the major shareholder, the Board approved the appointment of an independent search firm to source for suitable and qualified candidates based on Practice 5.6 of the MCGG.

The NRC also recommended revisions to the Remuneration Policy and Procedures for Directors and Senior Management ("Remuneration Policy and Procedures") and the adoption of the Company's Fit and Proper Policy for the Board of Directors and Senior Management ("Fit and Proper Policy"). These were to align with the latest MMLR requirements issued by Bursa Malaysia Securities Berhad, and recommendations of the updated MCGG.

The Fit and Proper Policy acts as the guiding document for the Board and NRC to assess the fitness and propriety of Board members and Senior Management. This policy outlines the baseline criteria for the fit and proper assessment of the Board and Senior Management. During the appointment stage, assessments are performed via due diligence or screening (i.e., using established search databases or services as adopted by the Company from time to time) as well as declarations from the concerned individuals. Such assessment shall also be performed for the re-election of Directors and re-appointment or contract renewal of Senior Management personnel. The Fit and Proper Policy can be accessed on the Company's website at <https://duopharmabiotech.com/esg/governance-and-policies/>.

The review, evaluation and recommendation of Encik Leonard Ariff Bin Abdul Shatar, the Group's Managing Director and two (2) candidates for key Senior Management positions were considered during the financial period under review. The appointments were assessed based on the Company's Diversity Policy and Fit and Proper Policy. No adverse findings resulted with recommendations swiftly sent to the Board for approval. The NRC also recommended the re-election of Directors eligible for re-election at the Company's Annual General Meeting 2022. The recommendations for appointment and eligibility for re-election were made in accordance with the principles enunciated in Practice 5.5 of the MCGG.

Minutes of the NRC meetings are circulated to all members and matters arising from the discussions and decisions made are escalated to relevant Management in charge for updates and action. Following each meeting, the Chairman of the NRC provides a summary report to the Board of Duopharma Biotech, highlighting significant decisions and recommendations made.

CONTINUING TRAINING

As part of the Committee member's continuing professional development, all members of the NRC attended various conferences, seminars and training programmes to enhance their knowledge and technical competencies in their respective fields of expertise in order to efficiently discharge their duties as Directors of the Company. Details of the trainings and professional courses undertaken during the year are disclosed in the Corporate Governance Overview Statement on pages 102 to 105.

BOARD COMMITTEE EVALUATION

The performance of the NRC was assessed as part of an internal Board Effectiveness Evaluation during the year under review ("BEE 2022"). The outcome and recommendations of the BEE were reviewed by the NRC and tabled to the Board. As in 2021, the BEE highlighted mutual trust and respect between the Board and Senior Management as well as recognition of the Board's strong leadership. Overall, based on the NRC's score in the BEE 2022, the NRC had performed relatively well.

Continuing from suggestions which arose from BEE 2021, at the end of the year under review the NRC members, facilitated by the Company Secretary, adopted the suggestion of planning agenda items for the whole calendar year 2023 ahead of schedule.

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

SUMMARY OF WORK FOR FY2022

A. Nomination-related matters

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| <ul style="list-style-type: none"> i. Ensured that all Directors received appropriate continuing education programmes in order to keep abreast with developments in related industries and changes in the relevant statutory requirements. ii. Reviewed the progress of Duopharma Biotech's talents and successors planning, including calling for selected talents to present themselves to the NRC for its assessment. iii. Reviewed and recommended the Fixed-Term Contract for employees who are promoted into Leadership Positions in Duopharma Biotech. iv. Reviewed and recommended the Fit and Proper Policy. v. Evaluated and recommended candidates for key positions/Senior Management in Duopharma Biotech. vi. Reviewed and recommended Duopharma Biotech's Group Key Performance Indicators for 2022. vii. Reviewed and recommended the conduct of an internal BEE 2022 for the Board of Directors, Board Committees, Individual Directors and Independent Directors. viii. Reviewed the outcome and key improvement markers arising from the BEE 2022 for implementation and action by the Board and Management. ix. Reviewed and recommended to the Board of Directors retiring by rotation to be put forth for re-election in accordance with the Company's Board Charter and Practice 5.5 of the MCGG. x. Reviewed and recommended the restructuring of the Group Management Committee. | <ul style="list-style-type: none"> xi. Reviewed the Annual Declaration of the Board of Directors of Duopharma Biotech's subsidiary companies. xii. Reviewed updates on action items arising from the BEE 2021. xiii. Reviewed the update on compliance of the Company's Remuneration Policy and Procedures and the Diversity Policy for the Board of Directors and Senior Management. xiv. Reviewed updates on the amendments to the Employment Act 1955. xv. Reviewed and recommended the renewal of the appointment of the non-board members of the Medical and Research Committee and the revision of their honorarium. xvi. Reviewed and recommended the appointment of the Board of Directors and the Board of Commissioners for the proposed incorporation of a "Perseoran Terbatas Penanaman Modal Asing" (PT PMA) in Indonesia. xvii. Reviewed and deliberated the Board Needs Analysis for the Company's Succession Plan Framework for Non-Executive Directors ("Succession Plan Framework"), and the appointment of an independent search firm to source potential Board candidates. xviii. Proposed the appointment of the Institute of Corporate Directors Malaysia ("ICDM") as an independent search firm to source for potential Board candidates. xix. Proposed a Succession Plan Framework for the Non-Executive Directors of Duopharma Biotech. |
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B. Remuneration-related matters

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| <ul style="list-style-type: none"> i. Reviewed the Directors' remuneration for shareholders' approval at the Annual General Meeting of the Company in 2022. ii. Reviewed and recommended a Benefit Review for General Managers and above to be in line with the market practice. iii. Reviewed and recommended to the Board the annual increment and bonus package for employees of Duopharma Biotech. iv. Reviewed and recommended a revision to the Optional Retirement Guideline to ensure the retirement payment received is commensurate with the employees' monthly basic salary and tenure for those who opt for early retirement. v. Reviewed and recommended the Proposed Renewal of the Directors and Officers Liability Insurance for the year 2022/2023. | <ul style="list-style-type: none"> vi. Reviewed and recommended the Contract of Services for Encik Leonard Ariff Bin Abdul Shatar as the Group Managing Director of Duopharma Biotech. vii. Reviewed and recommended the Contract of Services for key positions/Senior Management in Duopharma Biotech. viii. Reviewed and recommended the Mandate for Union Collective Agreement Mandate 2023 – 2025. ix. Reviewed and recommended the harmonisation of Annual Leave Policy for Employees on Fixed-Term Contracts. x. Reviewed the update on compliance of the Company's Remuneration Policy and Procedures. xi. Recommended a review of the Performance Management System ("PMS") methodology for Red and Blue Book employees. |
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C. Governance-related matters

- i. Notation of amendments to the Terms of Reference of the NRC.

SUCCESSION PLAN POLICY, SUCCESSION PLAN FRAMEWORK FOR THE NON-EXECUTIVE DIRECTORS, AND THE BOARD NOMINATION AND ELECTION PROCESS AND CRITERIA USED BY THE NRC IN THE SELECTION PROCESS

The Company's Succession Plan Policy for Non-Executive Directors was developed based on Guidance 1.1 and Practice 5.5 of the updated MCGG, which recommends a formalised succession plan of at least 12 to 18 months with appropriate and clear succession models that are practicable to ensure a smooth transition of leadership. Further, the appointment should be based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Duopharma Biotech's Succession Plan Policy aims to serve as a guide for the Board to administer a methodical process on the succession planning of its Non-Executive Directors. It seeks to ensure a robust succession plan by monitoring the Board composition needs and requirements whilst simultaneously identifying high calibre and suitable candidates for the Company. The policy also aims to clarify the key roles and responsibilities of the Board, the NRC and Company Secretary in the Non-Executive Directors succession planning procedures. Further, it sets out the guiding principles and practices for the Board's succession plan by taking into account growing regulatory demands, complexities and expectations reposed on the Company as well as the envisaged skill sets, experience and roles of the Non-Executive Directors.

The Succession Plan Policy is guided by a Succession Plan Framework to better define action plans for the successful transition of Non-Executive Directors other than to ensure that the necessary talents, skills, essential knowledge and experience are maintained.

Briefly, all nominations for appointment or re-election as Directors of the Company are first tabled to and deliberated by the NRC taking into consideration requirements enumerated in the Companies Act 2016, the MMLR, the Company's Constitution as well as the Company's policies and procedures, including the Board Charter, Diversity Policy, Fit and Proper Policy, Remuneration Policy, Succession Plan Policy and the Succession Plan Framework. Subject to the Board's and the NRC's review and discretion on the aforesaid requirements, nominations for appointment may come from shareholders, Directors or third parties. The Company also utilises an independent search firm in addition to the Company's internal directors' registry in searching for board member candidates.

If the NRC is satisfied after such deliberation that the Director was fit and proper to be appointed or re-elected as a Director, the NRC would recommend the same to the Board for its further deliberation and approval. The re-election of any Director seeking re-election is subject to shareholders' approval at the Annual General Meeting of the Company.

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

FORMALISED DIVERSITY POLICY

The Diversity Policy reflects the Company's commitment to promote diversity and inclusion for the Board and Senior Management and sets out the guiding principles and practices which underpin the Company's approach to instituting a diverse Board and Senior Management team. It encompasses various areas including, but not limited to diversity of gender, age, cultural background, education background, business and industry skills and experience.

(i) Principles

The Company's Diversity Policy is anchored by the following principles:-

- (1) Focused – the Company articulates its diversity efforts to focus on gender diversity at leadership level to set the tone on an organisational basis.
- (2) Non-discriminatory – the Company practices non-discrimination of any form where all appointments are based on objective criteria and merit established by the Board.
- (3) Merit-based – recruitment and selection process ensures that appointments are merit based.
- (4) Credibility – the Company pursues a well rounded, diverse, and credible approach to ensuring board and leadership diversity.

(ii) Diversity Framework

In promoting diversity, the Company has set diversity objectives at our Board and Senior Management levels. The diversity considerations are set at the leadership level to set the tone for organisational-wide initiatives with a view of imbuing cognitive variety during deliberations and decision-making as well as spurring innovation at all levels. Based on a benchmarking done by KPMG Management and Risk Consulting Sdn Bhd on the Company in 2021, it was highlighted that the Company has a significantly higher proportion of women directors as compared to the top 100 Malaysian Listed Companies by market capitalisation, which exceeds the requirement of Paragraph 15.02 of the MMLR to have at least one (1) woman director.

(iii) Measures and Strategies – The following are some measures and strategies that the Board, NRC and the GMD should undertake:-

(1) Board of Directors

- (a) Gender diversity – to have at least 30% women Directors.
- (b) Board Effectiveness Evaluation – to report annually on the outcomes of the board evaluation exercise, the composition and structure of the Board as well as any issues and challenges the Board is facing when considering the diverse makeup of the Company.
- (c) Age diversity – acknowledges the benefits of having a diverse boardroom in terms of age demographics with experience and maturity as well as youthful exuberance and seek to eliminate age stereotyping or discrimination on age. Further, age limit of Directors set at 80 years old;
- (d) Ethnic diversity – setting a long-term target for the Board's ethnicity composition to reflect the ethnicity stratifications in the country.

(2) Senior Management

- (a) Gender diversity – When shortlisting candidates for Senior Management, the GMD ensures that at least one female candidate is considered.
- (b) Progressive human capital policies – develop and oversee the implementation of appropriate policies, programmes and initiatives to build inclusion and promote diversity at Senior Management level and monitor equal pay for equal work among selected Senior Management other than practising gender-neutral job openings in internal and external recruitments.
- (c) Age diversity – whilst acknowledging that a wide range of age dispersion for Senior Management individuals has the advantage of creating a dynamic and multi-generational workforce with a diverse range of skill sets that are beneficial to the Company, the Company does not set specific targets or limits for the age of Senior Management individuals.

FORMALISED FIT AND PROPER POLICY

As reported in 2022, the Company established the Fit and Proper Policy for the Board of Directors and Senior Management for the appointment and re-election of directors as required by Paragraph 15.01A of the MMLR issued by Bursa Malaysia.

This policy addresses the application of Paragraph 2.20A of the MMLR that required every listed corporation to ensure that each of its directors, chief executive or chief financial officer has the character, experience, integrity, competence and time to effectively discharge his or her role as a director, chief executive or chief financial officer.

(a) Roles and Responsibilities

The Board and NRC is responsible for the application of this policy and for conducting the fit and proper assessments. Meanwhile, the NRC is responsible for leading the review of the appropriate skills, experience and characteristics required of Board members and Senior Management through a set procedure.

(b) Fit and Proper Assessment

The Fit and Proper Policy of the Company outlines the baseline criteria for the fit and proper assessment for the Board of Directors and Senior Management. During the appointment stage, assessment shall be performed via diligence or screening (i.e., using established search databases or services as adopted by the Company from time to time) as well as declarations from the concerned individuals. Meanwhile, as for re-election of Directors and re-appointment or contract renewal of Senior Management personnel, the assessment shall be performed based on a review of the BEE 2022 results and performance appraisal records.

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

(c) Fit and Proper Criteria

(i) Character and Integrity

In assessing the personal qualities such as honesty, integrity, diligence, independence of mind and fairness of the Directors and Senior Management, the NRC should consider matters including, but not limited to probity, personal integrity, financial integrity, and reputation.

(ii) Experience and Competence

In order to perform his or her role in an effective capacity, Board members and Senior Management personnel must demonstrate the experience and competence requirements to understand Duopharma Biotech's nature of business, inherent risks and the management process. The Board together with the NRC should consider matters including, but not limited to qualifications, training and skills; and relevant past performance or track record.

(iii) Time and Commitment

The Board members should also be able to discharge their roles having regard to other commitments and participate and contribute in the Board.

(d) Application of the Fit and Proper Policy for the Board of Directors and Senior Management

The adopted Fit and Proper Policy was applied by the NRC and the Board when it considered and deliberated the retirement by rotation of Directors and the recommendation for the proposed re-election of those Directors seeking re-election at the forthcoming AGM of the Company. The application of the Fit and Proper Policy also served to fulfil the Company's obligation under Paragraph 2.20A of the MMLR to ensure that each of its Directors has the character, experience, integrity, competence and time to effectively discharge his role as a Director of the Company.

Pursuant to the Fit and Proper Policy, the NRC had prior to recommending to the Board the re-election of the Directors seeking re-election completed an evaluation of the respective Directors. The NRC and the Board had assessed individual Directors seeking re-election with due regard to, among others, the considerations listed in the Fit and Proper Policy by way of Fit and Proper assessment via diligence or screening (i.e., using established search databases or services as adopted by the Company from time to time) as well as declarations from the concerned individuals.

Additionally, the assessment was also based on a review of the BEE results (in relation to the Directors seeking re-election). Following the said assessment, both the NRC and the Board were satisfied that the Directors seeking re-election were fit and proper to be re-elected as Directors of the Company and have recommended that re-election of the said Directors be tabled at the forthcoming AGM for the shareholders' approval.

Among the reasons for the recommendation for re-election of the aforesaid Directors were as follows:-

- (a) the recommendation for re-election were based on objective criteria and merit;
- (b) that based on the aforesaid diligence/screening, declarations and result of the BEE 2022 the Directors recommended for re-election have met the fit and proper criteria under the Fit and Proper Policy, namely –
 - (i) character and integrity (encompassing the qualities of probity, personal integrity, financial integrity and reputation);
 - (ii) experience and competence (encompassing qualifications, training and skills; and relevant past performance or track record); and
 - (iii) time and commitment (encompassing ability to discharge role having regard to other commitments, and participation and contribution in the Board).
- (c) the Directors recommended for re-election have demonstrated that they are able to devote the required time to serve the Board effectively;
- (d) the Directors had through the Self and Peer Assessment under the BEE 2022 been assessed on "contribution and performance" and "calibre and personality", and the overall high score recorded for each of the Directors seeking re-election showed that they had performed well in terms of their respective contribution and performance as well as in terms of their calibre and personality;
- (e) the BEE 2022 highlighted strong recognition of diversity at the Board level and that the variety of skill set present amongst the current Directors allows them to tackle issues in a multifaceted manner;
- (f) in relation to gender diversity, the re-election of the women Directors seeking re-election would ensure that the Board continued to comprise at least 30% women Directors.
- (g) in relation to the recommendation for re-election of the Independent Non-Executive Director –
 - (i) based on the Independent Director's self-assessment under the BEE 2022, the Independent Non-Executive Director had declared her independence.
 - (ii) the tenure of service of the Independent Non-Executive Director calculated until the date of the forthcoming AGM was less than 9 years;
- (h) in relation to the recommendation for re-election of the Director who is a nominee of PNB,
 - (i) the nomination by PNB was in line with PNB's Stewardship Framework and Voting Guidelines; and
 - (ii) the Board will continue to comprise a majority of independent non-executive directors thereby fulfilling requirement under Practice 5.2 of the MCCG.

REPORT OF THE RISK MANAGEMENT COMMITTEE

DATUK MOHD RADZIF BIN MOHD YUNUS

(Non-Independent Non-Executive Director)

**Chairman,
Risk Management Committee**



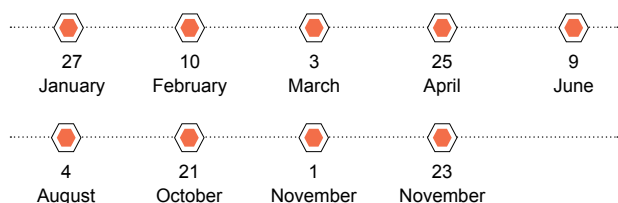
COMMITTEE ROLES

The committee is responsible, on behalf of the Board:

- To carry out duties in relation to the risk oversight function;
- To carry out duties in relation to the investment oversight function; and
- To carry out duties in relation to the integrity oversight function.

Details on the Terms of Reference of the Risk Management Committee ("RMC"), which were updated and approved by the Board during the period under review, can be found on the Company's website at <https://duopharmabiotech.com/esg/governance-and-policies/>

MEMBERSHIP AND ATTENDANCE



The attendance of each of the RMC members during the year is as follows:

MEMBERS OF RMC	NO. OF MEETINGS ATTENDED
Datuk Mohd Radzif Bin Mohd Yunus <i>Chairman, Non-Independent Non-Executive Director</i>	9/9
Puan Zaiton Binti Jamaluddin <i>Member, Independent Non-Executive Director</i>	8/9*
Dato' Mohamad Kamarudin Bin Hassan <i>Member, Senior Independent Non-Executive Director</i>	9/9

Note:

* Absent due to performing Hajj pilgrimage

The Committee consists of three members, with a majority being Independent Non-Executive Directors which is an adoption of Step Up 10.3 of the Malaysian Code on Corporate Governance ("MCCG").

During the year, a total of nine scheduled committee meetings were held during the year, all of which were scheduled in September 2021 and communicated to the members early to allow them to plan their time commitments accordingly.

COMMITTEE FOCUS IN FY2022

Following the Board Committees Review and Benchmarking analysis on the governance framework of our Board Committees vis-a-vis the Board undertaken during the year under review, there have been changes to the oversight functions of the Board Committees with effect from 1 July 2022. Among others, oversight of sustainability matters has been transferred from the Risk Management and Sustainability Committee ("RMSC") to the Halal Committee. Accordingly, the RMSC has been renamed as the Risk Management Committee ("RMC"), and the Halal Committee has become the Halal and Sustainability Committee ("HSC"). The RMC has also taken over the scope of overseeing integrity from the Audit and Integrity Committee, which is now the Audit Committee ("AC").

Throughout the year in review, the RMC focused, among others, on the impact of post-COVID and the Russian-Ukraine conflict on existing risks within the Group, addressing any gaps arising on the existing and future strategy, operations, and businesses while continuously monitoring the Group's key risks against the changing political environment, economic conditions, supply chain, strategic objectives, and regulatory requirements. It also reviewed the risks surrounding the Group's COVID-19 vaccine business.

Prior to the re-structuring of the Board Committees, the RMSC had reviewed the Company's FTSE4Good Environment, Social and Governance ("ESG") ratings and oversaw the development of a plan to address some of the gaps identified under the environment pillar. The RMSC also guided the development of the Company's 5-Year Manufacturing Strategy, aimed at upgrading and increasing the capacity of its manufacturing facilities to meet national and international standards, while catering to growing market demand. The Strategy takes into consideration ESG requirements, and is in line with the Company's digitalisation strategy, which embraces the concept of Industrial Revolution 4.0 and asset management.

Following its benchmarking analyses of Duopharma Biotech's governance framework, KPMG Management and Risk Consultancy Sdn. Bhd. ("KPMG MRC"), recommended that the Company review its ESG elements separately from its risks, in order not to overload the RMC and ensure that the Board brings value to the Company's overall risk management efforts. KPMG MRC cautioned that an oversight overload could lead to excessive focus on the downsides (i.e. damage control or mitigation of sustainability matters to avert adverse implications from stakeholders), rather than upsides (strategic viewpoints that add value and are aligned with the Company's value creation model).

The findings also suggested that it was timely for Duopharma Biotech to assess the possibility of the RMC assuming integrity oversight responsibilities and reinforcing the Company's investment monitoring.

Minutes of the RMC meetings are circulated to all members and matters arising from the discussions and decisions made are escalated to relevant Management in charge of updates and action. Following each meeting, the Chairman of the RMC provides a summary report to the Board of Duopharma Biotech, highlighting significant decisions and recommendations made.

CONTINUING TRAINING

As part of the Committee member's continuing professional development, all members of the RMC attended various conferences, seminars and training programmes to enhance their knowledge and technical competencies in their respective fields of expertise in order to efficiently discharge their duties as Directors of the Company. Details of the trainings and professional courses undertaken during the year are disclosed in the Corporate Governance Overview Statement on pages 102 to 105.

BOARD COMMITTEE EVALUATION

The performance of the RMC was assessed as part of the Board Effectiveness Evaluation during the year under review ("BEE 2022"). Based on the RMC's score in the BEE 2022, the RMC performed relatively well.

Adopting a recommendation from the BEE 2021, the RMC members were given the liberty at the conclusion of the financial year under review to plot forward-looking agenda items (also known as "annual missions") for the entire calendar year 2023 ahead of schedule, facilitated by the Company Secretary. This provided a way to proactively solicit input from all RMC members in order to formulate the RMC's agenda.

REPORT OF THE RISK MANAGEMENT COMMITTEE

SUMMARY OF WORK FOR FY2022

A. Risk Management matters

- i. Reviewed the status report of risk management activities for the year to ensure all the planned activities were properly carried out.
- ii. Reviewed the summary of the risk assessment report prepared by the Group Risk Management Department ("GRM").
- iii. Reviewed and updated the Company's Risk Appetite based on performance, goals and market conditions.
- iv. Monitored the status of mitigation actions taken by the Management to ensure all risk management issues and concerns were adequately resolved in a timely basis.
- v. Monitored progress on the development of Cybersecurity Risk Guidelines for Duopharma Biotech Group's Network Infrastructure. The Company's concerted efforts to continuously enhance its cybersecurity system were recognised with the award of an "A" grade in a Bursa Cybersecurity survey conducted on all companies listed on Bursa's Main Market and ACE Market.
- vi. Reviewed and recommended the GRM's KPIs for the year 2022 in view of the areas recommended for improvement based on the Board Effectiveness Evaluation Assessment 2021.
- vii. Reviewed the impact of the Russia-Ukraine conflict on the global pharmaceutical industry and Duopharma Biotech's financial performance, operational costs, supply chain and cybersecurity.
- viii. Reviewed and recommended amendments to the Company's Key Risk Areas to better define the source of the various risks and incorporate elements of ESG; as well as amendments to the Risk Categorisation by removing PESTLE (Political, Economic, Social, Technological, Legal and Environmental) from the Key Risk Areas to increase efficiencies in developing a risk register.

B. Sustainability/ESG matters

- i. Monitored Duopharma Biotech's compliance with requirements relating to Safety, Health and Environment.
- ii. Reviewed reports on Safety, Health and Environment incidents and deliberated the adequacy and effectiveness of preventive and corrective actions taken.
- iii. Reviewed status updates on Business Continuity Management including plans to conduct simulation exercise.
- vi. Reviewed status updates in relation to the COVID-19 pandemic including the status of COVID-19 cases and vaccination status of Group employees.
- v. Reviewed status updates on Sustainability Reporting and FTSE4Good including updates on establishing the Group's greenhouse gas ("GHG") baseline, Carbon Check, Sustainable Development Goals Index verification for the Sustainability Report 2021, and the new 5-Year ESG Strategy.
- vi. Monitored the Company's sustainability commitments as per MCCG 2021 requirements to manage ESG risks and opportunities, and fostering sustainable returns through organisational health as well as the Sustainability Statement disclosure as per Bursa Malaysia's Main Market Listing Requirements.

C. Annual Report matters

- i. Reviewed the Report of RMSC and Statement on Risk Management and Internal Control ("SORMIC") prior to approval by the Board for inclusion in the 2021 Annual Report. 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 to the Board of Directors the Sustainability Report 2021 as well as engagement of an independent third party for assurance on selected sustainability information in the Sustainability Report.

D. Project and Strategy matters

- i. Reviewed and recommended proposals on the implementation of projects, investments, annual budget and operating plans including mergers and acquisitions ("M&A") for the year 2023.
- ii. Reviewed and recommended Duopharma Biotech's 5-Year Manufacturing Strategy for the years 2022 to 2026, outlining plans to transform Duopharma Biotech's manufacturing facilities.
- iii. Reviewed and recommended the amendments to the M&A and Investment Framework to ensure that any M&A or investment undertaken is done in a structured manner to achieve the Group's core objectives, create shareholder value, and minimise the risks involved.

E. Corruption Risk matters

- i. Reviewed Duopharma Biotech's Annual Governing Review on the ISO 37001:2016 Anti-Bribery Management System ("ABMS") in relation to ABMS's performance and the effectiveness of actions taken to address corruption and bribery risks faced by the Group.
- ii. Reviewed updates to the Group's Corruption Risk Management Risk Map and Residual Risk Rating.

F. Governance matters

- i. Notation of amendments to the Terms of Reference of the RMC and the restructuring of RMC as approved by the Board of Duopharma Biotech, including the renaming of the Committee, the transfer of its sustainability scope to the HSC, and takeover of integrity oversight from the former Audit and Integrity Committee, now known as the AC.

OTHER RELATED MATTERS

- i. In December 2022, Duopharma Biotech launched an Integrity and Anti-Corruption Series and *Ikrar Bebas Rasuah* Ceremony with 27 agents. The event was attended by the Deputy Director of Outreach, Community Education Division, Malaysian Anti-Corruption Commission ("MACC"), the Director of Mutiara Murni Sdn. Bhd. and MACC officers at the Company's head office in Kuala Lumpur.
- ii. Duopharma Biotech won the second consecutive Five Petals Gold Ethics Award at the BEIM Five Petal Gold Ethics Award 2022.

REPORT OF THE RISK MANAGEMENT COMMITTEE

GROUP RISK MANAGEMENT

GRM bears the responsibility for continuously reviewing, developing, and coordinating Duopharma Biotech's Risk Management Framework. It ensures that the risk management process is implemented across the entire organisation. A summary of work of the GRM is listed below:

SUMMARY OF WORK FOR FY2022

- Four (4) Risk and Control Self-Assessment ("RCSA") workshops to instill understanding and importance of risk management while ensuring appropriate coverage of risk identification, analysis, evaluation and treatment within the Group.
- Four (4) basic trainings on the risk software and quarterly refresher trainings to update the software.
- Meetings of Risk Champions consisting of Heads of Department and Senior Managers to discuss top risks and other risk matters.
- Issuance of forty-two (42) Weekly Market Monitoring reports with the objective of alerting the Group on market trends for better preparedness with relevant actions.
- Independent assessment and risk reports on Board papers and Capital Expenditure requests.
- Control Effectiveness Committee Meetings involving the management teams from Quality Assurance, Quality Control, Audit and Integrity, Safety Health & Environment and Sustainability departments were held to discuss audit findings and strengthen controls and mitigations.
- Nine (9) online activities as part of efforts to inculcate a risk management culture among staff.
- Rolling out of eight (8) risk posters and articles throughout the year to remind risk owners about the importance of constant risk management.
- Obtaining risk certification for Group Risk Management personnel from a well-established enterprise risk management institution.
- Attending various technical trainings and meetings with the Group's risk software vendor to improve the software deliverables.

REPORT OF THE HALAL AND SUSTAINABILITY COMMITTEE

DATUK NIK MOUSTPHA BIN HJ NIK HASSAN
(Independent, Non-Executive Director)



**Chairman,
Halal and Sustainability
Committee**

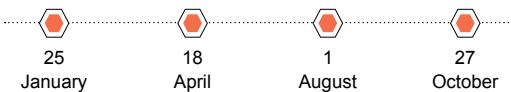
COMMITTEE ROLES

The committee is responsible, on behalf of the Board:

- To carry out duties in relation to the Group's Halal Pharmaceuticals Agenda ("HPA"); and
- To carry out duties in relation to the Group's sustainability matters.

Details on the Terms of Reference of the Halal and Sustainability Committee ("HSC") which were updated and approved by the Board during the period under review, can be found on the Company's website at <https://duopharmabiotech.com/esg/governance-and-policies/>

MEMBERSHIP AND ATTENDANCE



The attendance of each member of the HSC during the year is as follows:

MEMBERS OF RMC	NO. OF MEETINGS ATTENDED
Datuk Nik Moustpha Bin Hj Nik Hassan <i>Chairman, Independent Non-Executive Director</i>	4/4
Datuk Mohd Radzif Bin Mohd Yunus <i>Member, Non-Independent Non-Executive Director</i>	4/4
Puan Amizar Bin Mizuar <i>Member, Non-Independent Non-Executive Director</i>	4/4

The Committee was comprised of three members, with Datuk Nik Moustpha Bin Hj Nik Hassan serving as its chair. During the year, a total of four scheduled committee meetings were held during the year, all of which were scheduled in September 2021 and communicated to the members early to allow them to plan their time commitments accordingly.

COMMITTEE FOCUS IN FY2022

During the year under review, the Board of Directors ("the Board") undertook a Board Committees Review and Benchmarking analysis on the governance framework of the Board Committees vis-a-vis the Board, following which the oversight functions of the Board Committees were revised, effective from 1 July 2022.

The Halal Committee ("HC") was renamed the HSC and took up the sustainability functions formerly delegated to the Risk and Management and Sustainability Committee, now known as the Risk Management Committee ("RMC").

The HSC plays a vital role in providing oversight of Duopharma Biotech's Halal Pharmaceuticals Agenda (HPA) and sustainability matters, including environmental, social, and governance (ESG) considerations concerning the Company and its subsidiaries, collectively referred to as the Group. Duopharma Biotech's adherence to halal standards started in 1998, as a fardh kifayah or a communal obligation for the community to prosper. Attaining halal certification benefits all our customers and patients as the Company's products are provided with an additional layer of assurance and hygiene that includes assurance of permissible materials from the Shariah perspective, after fulfilling the requirements prescribed by Malaysia's Ministry of Health. The HSC also oversees and supervises the implementation of sustainability strategies that align with the Company's halal commitment and supports a holistic view of the business to ensure a common design and purpose in all our actions and decisions.

During the financial year under review, the HSC focused on halal compliance and conformity with the Malaysian Standard MS 2424:2019, Halal pharmaceuticals - General Standards, and the Halal Malaysia Certification by Jabatan Kemajuan Islam Malaysia (JAKIM) while stewarding the HPA. In line with the Group's commitment to being a leader in the halal pharmaceuticals industry and in addressing the Muslim community's concerns regarding halal certification of pharmaceutical products, the HSC closely monitored reviews and deliberations surrounding the ongoing halal certification of the Group's erythropoietin (EPO) biosimilar, ERYSAA® which is derived from a Chinese hamster ovarian (CHO) cell line. In addition, the HSC oversaw the Group's regional and international communication outreach programme, which enhances external stakeholder awareness of halal-related matters.

Recognising that for companies to be resilient, the board has undertaken a much more holistic view of the business coupled with proactive and effective measures to anticipate and address material ESG risks and opportunities, the Group's sustainability strategy is a fixed agenda item and is tabled for review at each quarterly Board meeting. The HSC also facilitated the Board's oversight of the Group's sustainability practices and integration of sustainability concerns into day-to-day operations. It reviewed the FTSE4Good ESG report to ensure the successful execution of the Group's sustainability strategies and plans, and oversaw the development of an environmental plan to improve the Group's FTSE4Good Environment score based on gaps identified. To further embed sustainability into the Board's decision-making process, the format of meeting papers presented to the Board and Board Committees was revised to include a section on the impact of sustainability and climate change-related matters.

Furthermore, the HSC reviewed the Group's Business Continuity Management (BCM) based on requirements detailed in the ISO:22301 BCM standard to ensure that the Company's prioritised activities can be managed and minimised in the event of any disruptive incident. This is critical to maintaining customers' trust and confidence, and to safeguard the interests of key stakeholders and protect the Group's reputation. The HSC monitored the BCM desktop exercise, which sought to identify areas for improvement in the Business Continuity Plan and Incident/Crisis Management Plan (ICMP) while ensuring business units across the Group understand the related process flow and appropriate response to incidents. The exercise also sought to identify areas for improvement in a specified Business Continuity Plan and Incident/Crisis Management Plan ("ICMP").

Additionally, the HSC guided the development of the Company's 5-Year Manufacturing Strategy, which aims to upgrade and increase the capacity of its manufacturing facilities to meet national and international standards and cater to growing market demand. The Strategy takes into consideration ESG requirements and aligns with the Company's digitalisation strategy, which embraces the concept of Industrial Revolution 4.0 and asset management.

Minutes of the HSC meetings are circulated to all members and matters arising from the discussions and decisions made are escalated to relevant Management in charge of updates and action. Following each meeting, the Chairman of the HSC provides a summary report to the Board of Duopharma Biotech, highlighting significant decisions and recommendations made.

CONTINUING TRAINING

As part of the Committee member's continuing professional development, all members of the HSC attended various conferences, seminars and training programmes to enhance their knowledge and technical competencies in their respective fields of expertise in order to efficiently discharge their duties as Directors of the Company. Details of the trainings and professional courses undertaken during the year are disclosed in the Corporate Governance Overview Statement on pages 102 to 105.

BOARD COMMITTEE EVALUATION

The performance of the HSC was assessed as part of the Board Effectiveness Evaluation during the year under review ("BEE 2022"). Based on the HSC's score in the BEE 2022, the HSC performed relatively well.

Adopting a recommendation from the BEE 2021, the HSC members were given the liberty at the conclusion of the financial year under review to plot forward-looking agenda items (also known as "annual missions") for the entire calendar year 2023 ahead of schedule, facilitated by the Company Secretary. This provided a way to proactively solicit input from all HSC members in order to formulate the HSC's agenda.

REPORT OF THE HALAL AND SUSTAINABILITY COMMITTEE

SUMMARY OF WORK FOR FY2022

A. Strategy and Governance to Halal Standards matters

Reviewed and realigned:

- i. Monitored the structure of Duopharma Biotech's halal operations committees for optimum ability to ensure all facilities and manufactured products adhere to Halal Certification requirements.
- ii. Monitored the status of the Company's manufactured products that are halal-certified in accordance with the Malaysian Standard MS 2424:2019, Halal pharmaceuticals – General requirements (First revision), and the Halal Malaysia Certification by JAKIM.

Reviewed and deliberated:

- iii. Reviewed and deliberated on critical aspects of industry, business sustainability and halal strategies to be taken to ensure business sustainability while adhering to all laws and legal requirements, particularly related to halal standards.
- iv. Provided directives to assess the halal pharmaceutical market size and determine Duopharma Biotech's halal pharmaceutical market value. This establishes the Company's baseline for future growth.

B. Organisational Core Resources and Capabilities matters

- i. Provided directives on the background and expected credibility of the Company's Shariah Advisor and Halal Executives.
- ii. Reviewed and deliberated on the proposed Halal Key Performance Indicators ("KPI") for the Group for the year 2022 and recommended the alignment of the proposed Halal KPIs for 2022 with the Company's business activities and desired outcome.
- iii. Monitored and reviewed the reports on Duopharma Biotech Halal Initiatives 2022 and Recommendations for 2022 Halal Planned Initiatives and Indicative Budget.

C. External Stakeholders matters

- i. Guided on the principles and approach of awareness materials and communication on halal pharmaceuticals to demonstrate quality adherence beyond Good Manufacturing Practice.
- ii. Deliberated and assessed the halal promotional programmes completed in 2022, and made recommendations on improving the approach and activities to enhance Duopharma Biotech's domestic and international presence.
- iii. Reviewed and recommended key influencers to adequately support the Company's halal pharmaceutical awareness campaigns.
- iv. Deliberated and recommended funding for research and development on industry-driven issues related to halal pharmaceuticals by science-based and Shariah academicians and research institutions.

D. Sustainability/ESG matters

- i. Monitored the Group's compliance with requirements relating to Safety, Health and Environment.
- ii. Reviewed reports on Safety, Health and Environment incidents and deliberated on the adequacy and effectiveness of preventive and corrective actions taken.
- iii. Reviewed and monitored the compliance of requirements detailed in the ISO:22301 BCM standard to ensure understanding of individual roles and responsibilities, and the escalation flow and response to incidents, as well as to validate the crisis communication response to incidents, and identify areas for improvement in the specified Business Continuity Plan for all business units in the Group.
- iv. Reviewed status updates in relation to COVID-19 including guidelines from the Ministry of Health, Ministry of International Trade and Industry, and other related agencies, as well as the development of Standard Operating Procedures for employees to prevent the spread of COVID-19; as well as the incidence of COVID-19 within the Group.
- v. Reviewed and monitored reports on FTSE4Good Index Series and Environmental plan to improve the Environment scoring for FTSE4Good.
- vi. Monitored the Company's sustainability commitment as per MCGG 2021 requirements to manage ESG risks and opportunities, and foster sustainable returns through organisational health as well as disclosure of Sustainability Statement as per the MMLR.

E. Annual Report matters

- i. Reviewed the Report of the HC prior to the approval by the Board for inclusion in the 2021 Annual Report.

OTHER RELATED MATTERS

- i. Duopharma Biotech was awarded the Halal Healthcare Excellence Award at the World Halal Excellence Awards 2021 by the Halal Development Corporation Berhad (HDC), an agency under the Ministry of International Trade and Industry, as a testament to the Group's halal trailblazing innovative achievements and quality in accordance to the strict halal procedures.
- ii. Duopharma Biotech was awarded the Frost & Sullivan Malaysia Excellence Award Halal Pharmaceutical Company of the Year 2022.
- iii. Duopharma Biotech was awarded the UN Global Compact Network Malaysia & Brunei (UNGCMYB) Sustainability Awareness and Employee Engagement Recognition Award, in recognition of the Company's initiatives to integrate sustainability as part of its business strategies.
- iv. Duopharma Biotech recorded new milestone as the first pharmaceutical company to receive Halal certification for an oncology product and medical device products, awarded by the Department of Islamic Development Malaysia (JAKIM).

REPORT OF THE MEDICAL AND RESEARCH COMMITTEE

DATO' DR. ZAKI MORAD BIN MOHAMAD ZAHER
(Independent, Non-Executive Director)



**Chairman,
Medical and Research
Committee**

COMMITTEE ROLES

The committee is responsible for providing the Board medical and clinical advice and professional guidance related to the Group's pipeline of products.

Details on the Terms of Reference of the Medical and Research Committee, which were updated and approved by the Board during the period under review, can be found on the Company's website at <https://duopharmabiotech.com/esg/governance-and-policies/>

MEMBERSHIP AND ATTENDANCE



The attendance of each member of the MRC during the year is as follows:

MEMBERS OF MRC	NO. OF MEETINGS ATTENDED
Dato' Dr. Zaki Morad Bin Mohamad Zaher <i>Chairman, Independent Non-Executive Director</i>	2/2
Dato' Eisah Binti A. Rahman <i>Member, Independent Non-Executive Director</i>	2/2
Dato' Dr. Mohamed Ibrahim Bin A. Wahid <i>Member</i>	2/2
Dr. Radhakrishna A/L Sothiratnam <i>Member</i>	2/2
Dr. Ng Wai Kiat <i>Member</i>	2/2
Datuk Dr Zanariah Binti Hussein <i>Member</i>	2/2

The Committee consists of six members, including Board and non-Board members who are key opinion leaders in their respective fields.

During the year, a total of two scheduled committee meetings were held, all of which were scheduled in September 2021 and communicated to the members early to allow them to plan their time commitments accordingly.

COMMITTEE FOCUS IN FY2022

Following the Board Committees Review and Benchmarking analysis on the governance framework of our Board Committees vis-a-vis the Board undertaken during the year under review, there have been changes to the oversight functions of the Board Committees with effect from 1 July 2022. Based on the analysis, the Medical Advisory Committee has been renamed as the Medical and Research Committee ("MRC") to accurately reflect its roles and responsibilities. There was no change in the scope of the MRC.

In 2022, the MRC deliberated and provided strategic guidance, expert insights, and opinion on several key projects and initiatives that the Company wishes to embark on. They also ensured the Company operates with integrity by providing guidance on sensitive issues such as product safety, pricing, and regulatory compliance.

Minutes of the MRC meetings are circulated to all members and matters arising from the discussions and decisions made are escalated to relevant Management in charge of updates and action. Following each meeting, the Chairman of the MRC provides a summary report to the Board of Duopharma Biotech, highlighting significant decisions and recommendations made.

CONTINUING TRAINING

As part of the Committee member's continuing professional development, Board members of the MRC attended various conferences, seminars and training programmes to enhance their knowledge and technical competencies in their respective fields of expertise in order to efficiently discharge their duties as Directors of the Company. Details of the trainings and professional courses undertaken during the year are disclosed in the Corporate Governance Overview Statement on pages 102 to 105.

BOARD COMMITTEE EVALUATION

The performance of the MRC was assessed as part of an internal Board Effectiveness Evaluation during the year under review ("BEE 2022"). The outcome and recommendations of the BEE were reviewed by the MRC and tabled to the Board of Directors. As in 2021, the BEE highlighted mutual trust and respect between the Board and Senior Management as well as recognition of the Board's strong leadership. Overall, based on the MRC's score in the BEE 2022, the MRC had performed relatively well.

Continuing from suggestions which arose from BEE 2021, at the end of the year under review the MRC members, facilitated by the Company Secretary, adopted the suggestion of planning agenda items for the whole calendar year 2023 ahead of schedule.

SUMMARY OF WORK FOR FY2022

A. Medical and Research matters

- i. Reviewed and deliberated on the information provided by the Management about the Group's strategies and current projects. Recommendations and feedback were provided on matters related to project pipelines and Group strategies.
- ii. Reviewed and deliberated on the information provided by the Management on research and development activities of the Group. Recommendations were made to improve the product pipeline taking into consideration disease and treatment trends.
- iii. Deliberated and provided advice on issues and queries from Duopharma Biotech's Research and Development, Ethical Specialty Business and Ethical Classic Business Units in relation to various therapeutic areas including diabetes, oncology, renal, vaccines, cardiovascular and respiratory medicines. Recommendations and feedback were provided on matters related to business strategies and market competitiveness.

B. Annual Report matters

Reviewed the MRC Report prior to submission to the Board for its approval for inclusion in the 2021 Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement is made pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and is in line with the Malaysian Code on Corporate Governance 2021 (“MCCG”) requiring the Board of Directors of listed companies or groups of companies to make a statement about the state of risk management and internal control of the relevant entity/entities.

BOARD AND MANAGEMENT’S RESPONSIBILITY

The Board is responsible for the establishment of a sound risk management framework and internal control system for Duopharma Biotech and its subsidiaries (collectively “the Group”) as well as for reviewing their adequacy and effectiveness. The framework and control system encompass the Group’s financial, operational, environmental and compliance functions. In setting the tone for effective risk management and internal control, the Board seeks to create a culture for the Group and its people to take responsibility for performing their duties in line with best practices as they uphold the Company’s core values of Passion, Excellence, Teamwork, Integrity, Responsible and Respect (“PETIRR”). Such a culture entails continuously improving the Group’s practices to enhance its accountability, transparency and sustainability.

In executing its role, the Board has established a strong risk management and internal control governance structure and system that is designed to manage rather than eliminate the risk of failure to achieve the Group’s objectives. The Board recognises that the risk management and internal control systems can only provide reasonable, and not absolute, assurance against material misstatement, errors, fraud, loss or the occurrence of unforeseen circumstances. To carry out its risk management and control oversight responsibilities effectively, the Board is assisted by the Risk Management Committee (“RMC”) and the Audit Committee (“AC”) which together oversee matters relating to risk, compliance and internal controls as set out in their respective Terms of Reference. All risk and internal control related matters that require the attention of the Board were recommended by the RMC and AC for the Board’s deliberation and approval. The Board remains responsible for all the actions of the Board committees with regard to the execution of the delegated role.

The risk management and control processes established by the Board are implemented by the Management, led by the Group Managing Director (“GMD”). The GMD is responsible for the overall management of risks whereas the Management is collectively responsible for good business practices and governance across the business operations. Its role in this respect includes:

- (i) Designing, implementing and monitoring the risk management framework in accordance with the Company’s strategic vision and overall risk appetite;
- (ii) Communicating the requirements of the risk management framework and ensuring continuous enhancement of Enterprise Risk Management (“ERM”) annually or as and when required;
- (iii) Identifying risks relevant to the Group’s business and the achievement of objectives and strategies;
- (iv) Identifying changes to existing and emerging risks, with mitigation actions to address the risks and reporting to the Board on the changes in a timely manner; and
- (v) Reviewing the Risk Management Manual & Guidelines (“RMMG”) annually and considering the adoption of best practices based on the Group’s corporate governance.

RISK MANAGEMENT FUNCTION

Following the demerger of Duopharma Biotech from Chemical Company of Malaysia Berhad (“CCM”) on 28 December 2017, the Audit and Risk Management Committee was reconstituted as the Audit and Integrity Committee (“AIC”) and the Risk Management Committee (“RMC”). Recognising the importance of managing the Group’s sustainability risks, the Board in 2018 resolved to include sustainability into the Terms of Reference of the RMC whereupon it was renamed the Risk Management and Sustainability Committee (“RMSC”) with effect from 27 August 2018.

Following a Board Committees Review and Benchmarking analysis on the governance framework of our Board Committees vis-a-vis the Board, as of 1 July 2022 the oversight of sustainability matters has been transferred from the RMSC to the Halal Committee. The RMSC has therefore been renamed the RMC, and the Halal Committee has become the Halal and Sustainability Committee (“HSC”). The RMC has also taken over the scope of overseeing integrity from the AIC, which is now the AC.

The RMC assists the Board of Directors (the “Board”) in ensuring that there is a sound system of risk management and effective oversight of investment, integrity and whistleblowing practices within the Group and its subsidiaries. Deliberations and key decisions at all RMC meetings are minuted and tabled to the

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

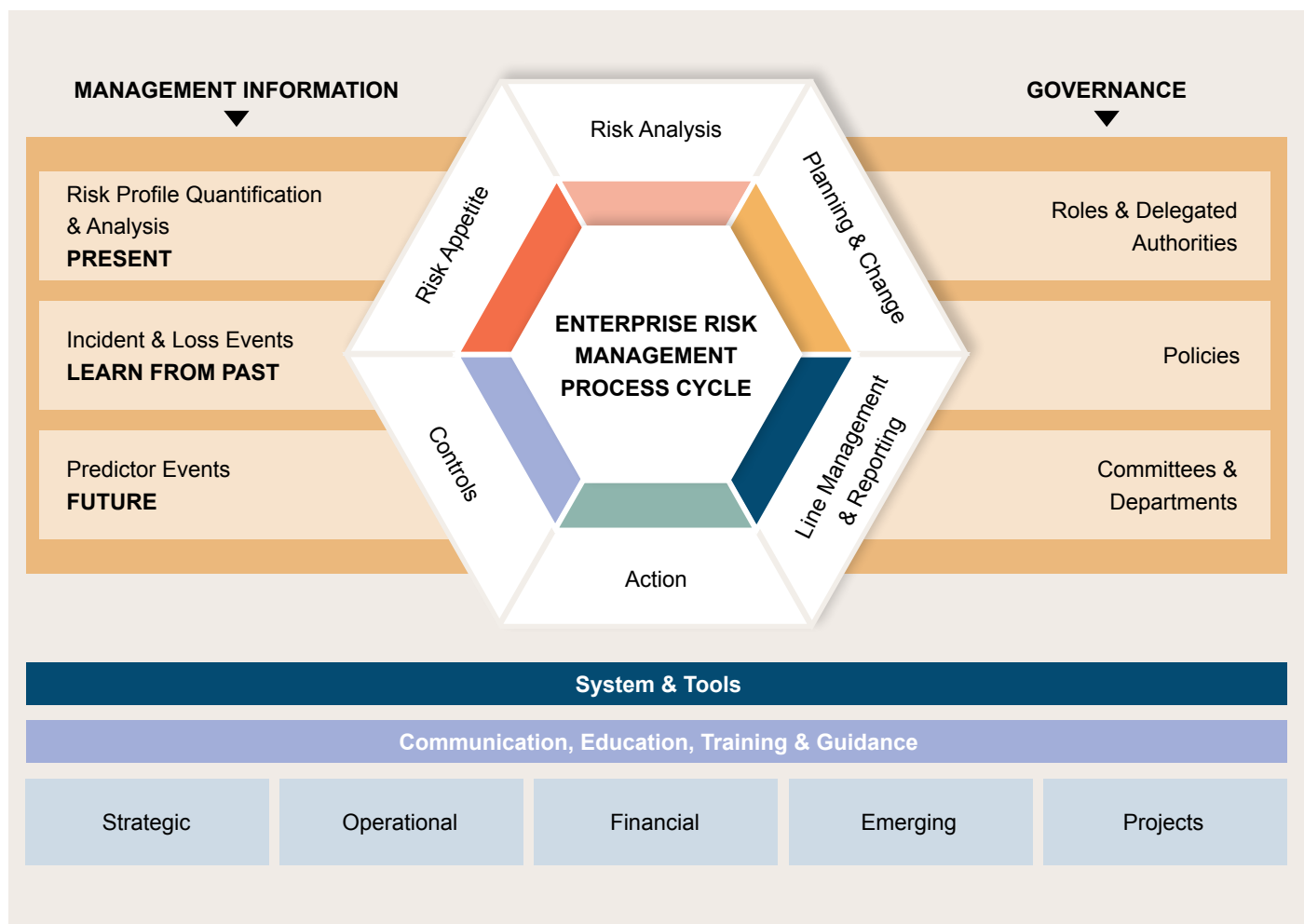
Board quarterly. The Terms of Reference (“TOR”) of the RMC are incorporated in the Board Charter, which is accessible on the Company’s website at <https://duopharmabiotech.com/esg/governance-and-policies/>.

The RMC is supported by an in-house risk management function, i.e. the Group Risk Management Department (“GRM”), which provides risk advisory and supports the Board and the Executive Risk Management Committee (“ERMC”) in all matters.

Risk Management

(i) Enterprise Risk Management (“ERM”) Framework

The Group’s Risk Management Manual and Guidelines, which comprises the ERM Framework, provides a standardised and systematic approach for the identification, evaluation, monitoring and reporting of key risks and controls, and ensuring there are adequate measures to implement, track and review the action plans. The Group’s ERM Framework is aligned with the internationally-recognised ISO31000:2009 Risk Management Principles and Guidelines to define our ERM policy and objectives and to develop our risk reporting structure. The framework includes risk profiling of historical and current risks as well as expectations of probable or associated risks and opportunities in the future besides enhancing the capacity to build value for stakeholders. The framework ties into the Group’s governance policies and guidelines via deliberations at various committees; and operates within the context of Strategic, Operational, Financial, Emerging and Project risk categories.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The RMC receives reports from members of the ERMC, which is chaired by the GMD and comprises the Group Management Committee (“GMC”). The ERMC is assisted by Risk Champions consisting of Heads of Department and Senior Managers at all sites whose role is to identify, mitigate and manage risks within their respective departments. The Risk Champions have appointed Risk Coordinators within their departments to enhance the risk management process with the risk owners. This reflects the Group’s overall risk governance structure which facilitates an appropriate level of independence and segregation of duties by distributing the accountability and ownership of risk management across three lines of defence.

The first line of defence comprises Management, who controls the day-to-day risks inherent in business activities via effective internal controls, policies and procedures. Various established risk control and compliance functions serve as the second line of defence; while internal and external auditors who provide independent assurance on the overall integrity, adequacy and effectiveness of the risk management and internal control system noted during the risk evaluation process make up the third line of defence.

(ii) Three Lines of Defence



The GRM facilitates, coordinates, monitors and assesses the effectiveness of the ERM framework in line with established policies, procedures, principles and standards. The ERM structure is summarised below:



The focus is on the management of risks from any event or uncertainty that may have a significant impact on the Group’s objectives. The risk management process includes risk identification, analysis, evaluation and treatment, with continuous monitoring, review, communication and consultation. Risk events are analysed in terms of their likelihood and impact of their occurrence, using an approved Risk Matrix to ensure consistency in risk practices throughout the Group.

The Head of Group Risk Management, Anita Binti Esa has retired from the Company on 28 February 2023. The Company has appointed Wan Ahmad Nizam Bin Wan Mohd Salleh to assume the role with sufficient time of overlap to ensure a seamless transition in leadership.

INTERNAL CONTROL SYSTEM

Key Elements of the Group’s System of Internal Controls

(i) Oversight by the Audit Committee

The AC is responsible for assisting the Board to ensure robust oversight of financial reporting, external and internal audits and investigation matters. It is also responsible for ensuring that all major issues reported by the Group Internal Auditor (“GIA”), the external auditors and any other outside advisors are satisfactorily resolved. Minutes of the AC meetings are tabled to the Board quarterly.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for reviewing the effectiveness of internal control, whilst Management is accountable to the Board for establishing an internal control framework with the objective of controlling the operations of the Group in a manner that provides the Board with reasonable assurance that the control objectives will be achieved.

The AC reviews the Internal Auditor's scope of work, as laid out in the Annual Internal Audit Plan, as well as its authority and access as per the Internal Audit Charter ensuring that the Internal Auditor has sufficient resources to function effectively.

The TOR of the AC in relation to audit are incorporated in the Board Charter, which is accessible on the Company's website <https://duopharmabiotech.com/esg/governance-and-policies>.

(ii) Oversight by Board Committees

The delegation of responsibilities to the various Board committees is clearly defined. At present, the committees that have been established are the AC, RMC, Nomination and Remuneration Committee ("NRC"), HSC and Medical and Research Committee ("MRC").

(iii) Related Party Transaction Framework

On 16 August 2022, the Board of Directors approved Duopharma Biotech's Group-wide Related Party Transaction ("RPT") Framework.

The RPT Framework was adopted to ensure compliance with the MMLR on RPT and Recurrent Related Party Transactions ("RRPTs"). The framework outlines: (a) the procedures for identifying, monitoring, evaluating, reporting and approving RPT and RRPT to ensure such transactions are conducted on arm's length basis and in accordance with the MMLR and applicable laws; (b) guidelines to assist the Board and Audit Committee in discharging their role of providing oversight over RPT and RRPT within the Group; and (c) to ensure similar understanding and provide consistency of actions within the Group in identifying, monitoring, evaluating, reporting and approving RPT and RRPT to ensure compliance with the MMLR and applicable laws.

The RPT Framework is applicable to the Group and its directors and officers.

(iv) Revision of the Remuneration Policy and Procedure for the Board of Directors and Senior Management

During the year under review, the revised Remuneration Policy and Procedures for Directors and Senior Management ("Remuneration Policy") was approved by the Board to fulfil the latest MMLR requirements issued by Bursa Malaysia Securities Berhad, and recommendations of the updated MCGG.

(v) Fit and Proper Policy for the Board of Directors and Senior Management ("Fit and Proper Policy") and Succession Plan Policy for Non-Executive Directors ("Succession Plan Policy")

The updated MCGG 2021, issued on 28 April 2021 by Securities Commission Malaysia, introduced new best practices and further guidance to strengthen the corporate governance culture of listed companies. In relation thereto, Bursa Malaysia Securities Berhad announced on 19 January 2022 amendments to the MMLR. The following policies have been developed and adopted by the Company to further enhance its corporate governance practices pursuant to the requirements of the MCGG 2021 and the subsequent amendments to the MMLR:

(a) Fit and Proper Policy

The Board, on 19 January 2022, approved Duopharma Biotech's Fit and Proper Policy for the Board and Senior Management to serve as a guide for the NRC and the Board in their review and assessment of candidates for Board and Senior Management positions, and the re-election or re-appointment/renewal of Directors and Senior Management on fixed-term contracts.

Pursuant to the Fit and Proper Policy, the NRC reviewed the criteria to assess Directors seeking re-election by way of considerations listed in the Fit and Proper Policy. This includes diligence screening using established databases or services adopted by the Company from time to time, and declarations from the individual, before being recommended to the Board for approval along with the review of the annual Board Effectiveness Evaluation results. The NRC and the Board recommended for re-election the aforesaid Directors, and their recommendations will be tabled at the forthcoming AGM for shareholders' approval based on the following reasons:

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- (a) the recommendations for re-election were based on objective criteria and merit;
- (b) based on the diligence/screening, declarations and results of the Board Effectiveness Evaluation 2022, the Directors meet the criteria under the Fit and Proper Policy in terms of –
 - (i) character and integrity (encompassing the qualities of probity, personal integrity, financial Integrity and reputation);
 - (ii) experience and competence (encompassing qualifications, training and skills; and relevant past performance or track record); and
 - (iii) time and commitment (encompassing the ability to discharge their roles despite other commitments, and to participate actively and contribute the Board).
- (c) the Directors recommended for re-election have demonstrated that they are able to devote the required time to serve the Board effectively;
- (d) the Directors had achieved high scores in the Self and Peer Assessment under the Board Effectiveness Evaluation 2022 for their “contribution and performance” and “calibre and personality”;
- (e) the Board Effectiveness Evaluation 2022 recognised a high level of diversity at the Board level, noting that the variety of skills set present amongst the current Directors allows them to tackle issues in a multifaceted manner;
- (f) in relation to gender diversity, re-election of the women Directors seeking re-election would ensure the Board continues to comprise at least 30% women Directors;
- (g) in relation to the Independent Non-Executive Director seeking re-election, and based on her self-assessment under the Board Effectiveness Evaluation 2022, she had declared her independence;
- (h) the tenure of service of each Director calculated until the date of the forthcoming AGM was less than nine years; and

- (i) in relation to the recommendation for re-election of the Director(s) who is a nominee of the holding company of Duopharma Biotech,
 - (i) the nomination by the holding company was in line with its Stewardship Framework and Voting Guidelines; and
 - (ii) the Board will continue to comprise a majority of independent non-executive directors thereby fulfilling the requirement under Practice 5.2 of the MCCG.

Please refer to the Report of the NRC in this Integrated Annual Report on pages 116 to 119 for further details of the Fit and Proper Policy as well as the application by the NRC and the Board of the Fit and Proper Policy.

(b) Succession Plan Policy

The Succession Plan Policy was approved by the Board of Directors of Duopharma Biotech in May 2022 to guide the Board of Directors in administering a methodical process on the succession planning of its Non-Executive Directors. The policy takes into account growing regulatory demands, complexities and expectations reposed on the Company as well as the envisaged skill sets, experience and roles of the Non-Executive Directors.

Following the formalisation of the Succession Plan Policy, a Succession Plan Framework for Non-Executive Directors (“Succession Plan Framework”) was developed with the assistance of the Group Company Secretary’s office and was based on a Board Needs Analysis from the Board’s existing key competencies to ensure succession for the Non-Executive Directors would be in an orderly and structured manner and selected from suitable candidates that took into consideration the current needs of the Company. The Succession Plan Framework was deliberated and endorsed by the NRC in November 2022.

Correspondingly, the Board has approved the appointment of an independent search firm to source for suitable and qualified candidates as recommended by Practice 5.6 of the MCCG. This is in addition to referring to the Company’s internal registry, and recommendations from the major shareholder.

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(vi) Review of Compliance with the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) and the Recurrent Related Party Transactions (“RRPT”) For The Financial Year Ended 31 December 2022

The Company’s Group Internal Auditor conducts an annual review of the Company’s compliance with the MCCG 2021 and RRPT requirements. The review for the financial year ended 31 December 2022 was conducted in January 2023 and the outcome was reported to the AC.

(vii) Board Voting Guidelines

The Board of the Company is committed to ensuring compliance by Duopharma Biotech with the requirements contained in the Companies Act 2016, the MMLR and other applicable laws. To assist the Board in its voting process, the Board on 9 November 2022 approved Board Voting Guidelines to reflect its commitment to good governance and transparency in all decision-making.

(viii) Audit Committee’s Oversight on Finance Function

On 15 December 2021, Bursa Malaysia Berhad issued an updated Corporate Governance Guide (4th edition) (“CG Guide”) to complement the MCGG issued by the Securities Commission Malaysia on 28 April 2021. Pursuant to the CG Guide recommendation that the finance function within a company should be carried out by the right personnel equipped with adequate resources, the AC reviewed the Group Finance Department at its meeting in February 2022. The review encompassed background checks on Finance personnel and the infrastructure currently supporting the financial reporting processes of Duopharma Biotech Group. The AC was satisfied that the finance function within the Group is being carried out by the right personnel with the skills, experience, training and authority suitable to the industry and complexity of the Group’s business; and that the finance function is equipped with adequate resources and the right infrastructure to support the financial reporting process.

(ix) 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 service departments. The Board has approved a defined and documented Limits of Authority (“LOA”) which is used consistently throughout the Group. The LOA specifies a clear division and delegation of responsibilities across the Board and its Committees and Management, and the authorisation levels of various aspects of operations.

On 30 November 2022, the Board reviewed and approved the updated LOA to resolve operational effectiveness and challenges and to reflect changing risks in Duopharma Biotech Group. In February 2022, the Board also approved changes to Duopharma Biotech’s mergers and acquisitions framework, namely the addition of an investment framework that includes Environment, Social and Governance (“ESG”) as another parameter when evaluating mergers and acquisitions, and investment proposals.

Additionally, Duopharma Biotech’s GMC and RMC provide assurance to the Board on the feasibility of project/ investment proposals and subsequent progress as well as results of endorsed projects/investments through a process of due scrutiny.

(x) Insurance and physical safeguards

Appropriate safeguards and adequate annual insurance assessment are in place covering the Group’s significant assets and operating facilities to minimise losses from any mishap including natural or environmental hazards, and unauthorised intrusion.

(xi) Planning, Monitoring & Reporting

The Group undertakes a strategic budget planning process annually to establish plans and targets against which performance is monitored. This process is linked to the Corporate Strategy on which the Board is updated quarterly. This business plan and budgets are subjected to evaluation and assessment by the Management and the Board. The RMC deliberates on the risks and mitigation plans for the strategy and business plan before these are recommended to the Board for approval. Monthly reviews are carried out by the Management to ensure the businesses are operating according to the plans, as well as to monitor adherence to internal control procedures established. Management reports are presented to the Board every quarter providing financial information including key performance and risk indicators. The financial information is reviewed by the Management before it is presented to the Board for consideration and approval. Key issues in 2022 included global inflation, the Russia-Ukraine conflict, entering the endemic phase for COVID-19, and Malaysia’s general election. Multiple strategy reviews were done throughout the year to monitor the impact of these issues on the Group’s financial performance, strategic direction and ongoing projects. Moving forward, Management will continue to monitor the situation.

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(xii) Policies & Procedures

Policies and procedures are in place to ensure compliance with controls and relevant laws and regulations. In various instances, these policies and procedures are integral to the Quality Management Systems (“QMS”). The Group is also implementing an electronic Quality Management System that will allow for efficient and effective real-time management of all recorded data.

The Group has implemented an Enterprise Resource Planning (“ERP”) system as part of initiatives 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 GMD to the Board on the adequacy and effectiveness of controls in the business processes. The Management team likewise provides annual assurance to the GMD on the said matters.

(xiii) Information Technology (“IT”) and Cybersecurity

While embracing Industry 4.0 solutions/technologies including Internet of Things (“IoT”) to improve its operational efficiency and increase productivity, the Group is also strengthening its network security against cyber threats.

The Group invested in the following initiatives in 2022:

- 1) E-Catalogue and E-Ordering platform for Duopharma customers
- 2) Smart Reporting Dashboard and Data Visualisation using Tableau
- 3) Automated and improved system features for customers in SAP ERP system
- 4) Yearly Cybersecurity Penetration Testing exercise in IT Landscape
- 5) Endpoint Detection and Response for Cybersecurity enhancement
- 6) Remove Device Usage Policy and Procedures
- 7) Knowledge-sharing and awareness for all employees
- 8) Strengthening of IT resources
- 9) Yearly cybersecurity status briefing to the Risk Management Committee and Board
- 10) Quarterly IT Risk review

Pursuant to Guidance 10.2 of MCCG 2021, the IT Department performs upgrades and enhancements in our cybersecurity defence system and tools against security threats.

Cybersecurity enhancements and upgrades include:

- Half-yearly updates to cybersecurity firewalls, security patches and firmware
- Half-yearly reviews of the security policy and settings in cybersecurity devices
- Monthly meetings to discuss cybersecurity threats and incidents
- Yearly reviews and updates to the IT Cybersecurity Policy
- Hardware refreshment for firewalls nearing end of life support from manufacturer
- Disaster Recovery exercise for IT Landscape “Systems & Data”

Continuous efforts to enhance our cybersecurity systems have been reflected by an “A” grade accorded to Duopharma Biotech in a Bursa Cybersecurity survey on all companies listed on Bursa’s Main Market and ACE Market. A summary of the scorecards, extracted from the survey report is as follows:

COMPANY	GRADE	PAGE NO/LINE
Duopharma Biotech	A	84/168

(xiv) Sustainability Management

In Duopharma, sustainability is about operating in a manner that enhances our business growth while respecting the needs and interests of our internal and external stakeholders. We recognise the inherent value of sustainable operations and are driven to achieve sustainability imperatives not just because it is expected of us, but because we believe it is the right thing to do.

All sustainability initiatives are led by our Board of Directors, who are ultimately accountable for the Company’s strategic direction. Sustainability oversight used to be provided by the RMSC. However, effective from July 2022, the responsibility has been taken over by the HSC, supported by the Sustainability Management Council.

Our commitment to sustainability is reflected in investments made to create a culture of sustainability across the Group, ensuring that ESG principles are infused into our every action and decision; and that ESG and climate-related risks are entered into our risk register.

Further information can be found in our standalone Sustainability Report 2022.

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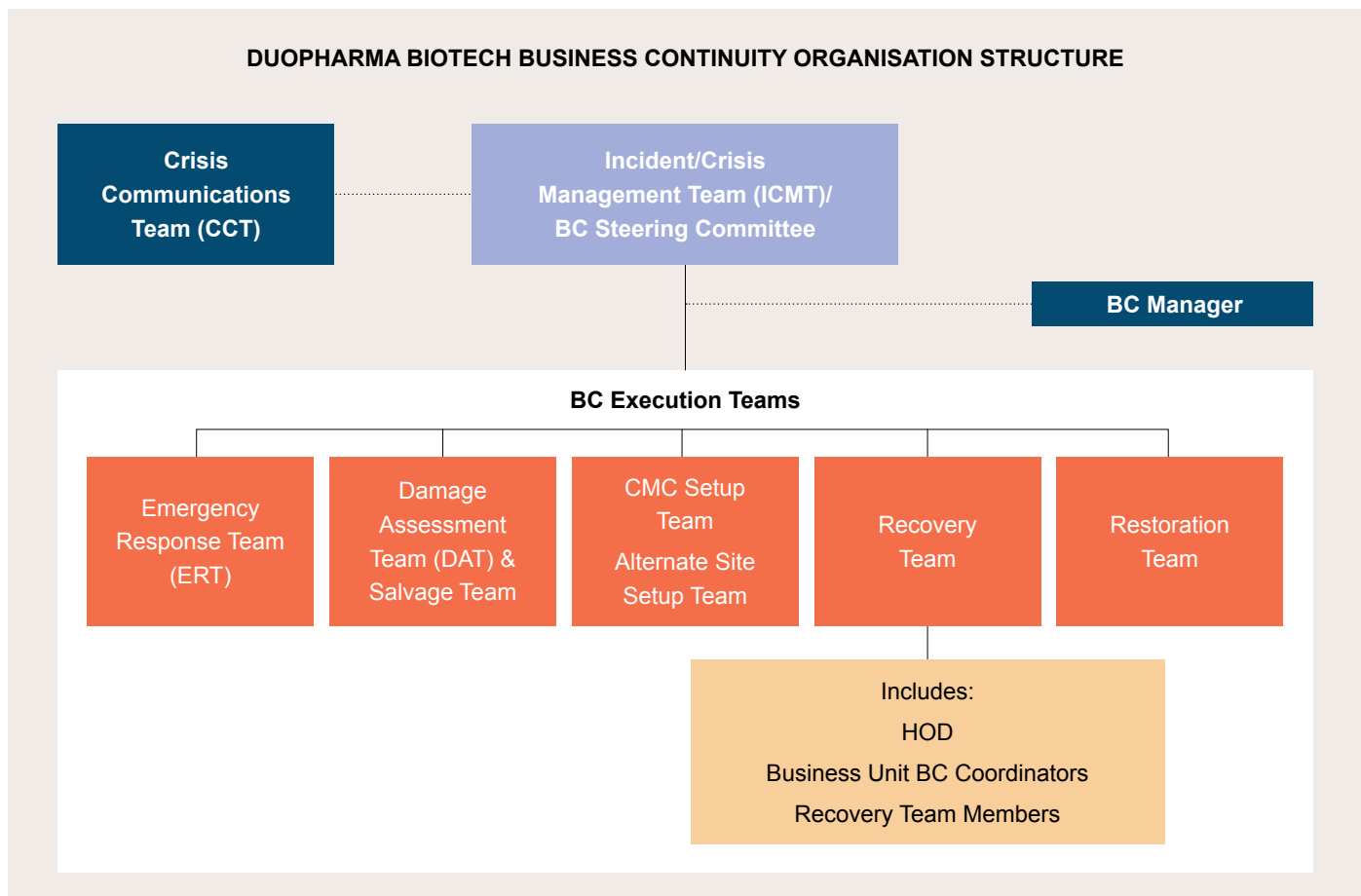
(a) Business Continuity Management (“BCM”)

Business Continuity (“BC”) is defined as the capability of an organisation to continue to deliver products and services within an acceptable time frame at a predefined capacity during any disruptions.

In Duopharma Biotech, BCM has been established as documented procedures to manage disruptions while maintaining business activities based on pre-determined recovery objectives in the Business Impact Analysis (“BIA”); and to maintain open lines of communication with all interested parties. All identified business units in Duopharma Biotech have their own sets of BIA and Business Continuity Plans (“BCP”) to be used in the event of any disaster.

On 18 August 2022, Duopharma Biotech conducted a hybrid business continuity exercise in which the response and recovery plans were tested and verified using a simulated disaster. Key learnings from this exercise will be used to further improve Duopharma Biotech’s BCM framework.

Two Duopharma Biotech employees have undergone BCM competent person training and certified, to strengthen the BCM programme in our organisation. This competent person can decide and work on how best to integrate business continuity awareness and practice into Duopharma Biotech’s day-to-day business operations and organisation’s culture using a collaborative approach among business departments and staff, as well as different disciplines.



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- (b) FTSE4Good Bursa Malaysia Index and United Nation Sustainable Development Goals

In June 2020, Duopharma Biotech was included in the FTSE4Good Bursa Malaysia Index which measures the performance of public listed companies demonstrating strong ESG practices. Following this, potential delisting from FTSE4Good was included in the Group's risk register. Gap analysis on FTSE4Good performance is continuously performed by Duopharma Biotech to identify areas of improvement. Duopharma Biotech also became a participatory member of the United Nations Global Compact ("UNGC") via Global Compact Network Malaysia and Brunei ("GCMYB") in 2019. This commits the Group to upholding the UNGC's 10 Principles that include anti-corruption, human rights, labour practices and environmental protection as well as aligning the Group's processes with the Sustainable Development Goals ("SDGs").

- (c) 5-Year ESG Strategy and climate-related pledges

In 2022, Duopharma Biotech's ESG status was assessed and existing gaps identified. This was based on current and expected future trends in ESG, including legal and regulatory requirements. Engagement sessions were organised with different stakeholder groups to obtain their insights and concerns regarding ESG. Based on this wide-ranging assessment, a 5-Year ESG Strategy was established which covers five key focus areas i.e., Climate Performance, Diversity & Inclusion, Governance, Sustainable Supply Chain, and Access to Medicine.

Duopharma Biotech Berhad pledged 'Carbon Neutral by 2030', 'Net Zero Carbon Emissions by 2050' and 'Replace 50% Single Use Plastics with Biodegradable Plastics by Year 2026' in Q1 2022. Pledges were announced during Q1 townhall meeting and publicly in mainstream media and publication i.e. NST, Business Today, Utusan Malaysia etc. Some initiatives that will be taken to achieve this pledge will be through carbon offsetting, replacing coal-based electricity with clean energy, and waste reduction.

ACCESS TO MEDICINE

It is not enough to be the biggest pharmaceutical manufacturer in Malaysia ranked as No.1 in terms of volume. More important is to ensure local communities have access to the therapies that we produce and market.

We are able to cover a large percentage of the population through our Government channel. Recognising the government's reach, we participate in the Approved Product Purchase List ("APPL") tenders as well as Ministry of Health ("MoH") Direct Tenders and Local Purchase Orders ("LPOs"). Under APPL contracts, we supply government hospitals, Klinik Kesihatan, dental clinics and medical centres in public institutions of higher learning via the government-appointed logistics and distribution concession holder. Currently, there are close to 4,000 facilities within this government healthcare network. For contracts won directly from MoH as well as for LPOs, we distribute directly to the relevant purchasing points. In 2022, this meant delivering to more than 700 purchasing points.

Within the private sector, our key customers are private clinics, retail and independent pharmacies and private hospitals. These are served by our Sales Team and Telesales Team. As of 31 December 2022, our penetration rate for the private sector stood at 85%. This is lower than our target of 90%, mainly because of issues accessing our healthcare customers due to the pandemic.

In addition, we are venturing into digital health in partnership with Naluri Hidup Sdn Bhd through the development of apps for renal anaemia and cancer patients. The apps are still being fine-tuned, however pilot projects have garnered positive interest from healthcare professionals. We hope for a successful implementation of the apps to benefit patients in the respective disease areas.

(xv) Human Resource Management

Key Performance Indicators ("KPIs") are used to measure employees' achievement in relation to Duopharma Biotech's business and operational objectives. The Performance Management System utilises a top-down approach of cascading the Group's performance target into individual KPIs to ensure consistency and alignment in assessing employee performance at all levels. Using the Competencies Framework and Learning & Development Framework, the skills sets of the Group's talent pool and staff are kept updated with various learning programmes, enhancing their capabilities to carry out duties and responsibilities towards achieving the Group's objectives. The Group also regularly reviews and revises our salary scale in order to stay competitive 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 Plans ("PIP") and disciplinary issues. The latter include any breach of integrity or other forms of conduct that do not comply with the terms and conditions of service, whether expressed or implied.

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Employee engagement is emphasised across the Group, where various programmes, activities and competitions are held with active participation from employees. At these events, the Group's Core Values are reinforced and strengthened. Our Employee Engagement Index survey conducted in October 2022 attracted a strong participation from 96% of the respondents and showed a result of 84% engaged workforce.

(xvi) Group Internal Audit & Integrity Function

The GIA reviews and assesses the adequacy, operating effectiveness and integrity of the system of internal control in managing key risks, and reports to the AC on a quarterly basis. The annual audit plan is reviewed and approved by the AC, with the frequency of audits reflecting the level of the assessed risks. The audit reports provide an independent and objective assessment of operational and management activities in the related functions. Where weaknesses and/or opportunities for improvement have been identified, improvement measures are recommended to strengthen controls, and follow-up audits are conducted by the GIA to monitor Management's response. Timely resolution of Internal Audit findings has been included as a performance measurement criteria for Heads of Department to ensure accountability. In carrying out its work, GIA focuses on areas of priority as directed and approved by the AC.

(a) Integrity

The principles of good governance apply to any organisation, whether it is a nation, a multinational company or a small and medium enterprise. As described by UN Global Compact, governance is the systems and processes that ensure the overall effectiveness of an entity. Corporate governance entails promoting fairness, transparency and accountability.

Duopharma Biotech believes that integrating a high-integrity and anti-corruption culture into the corporate responsibility agenda sends a strong message that all organisations seeking to associate with Duopharma Biotech are responsible for addressing and managing their integrity and exposure to corruption.

Section 17A of the Malaysian Anti-Corruption Act 2009 came into force on 1 June 2020, imposing steep penalties for corporate corruption. Its Corporate Liability provisions criminalise commercial organisations where employees or associates engage in bribery or corruption. Accordingly, the Management and Board have taken steps to ensure adequate procedures are in place to prevent bribery and corruption across the Group.

The Group has zero tolerance for any type of bribery, corruption or fraud, and expects its employees to maintain a high standard of professionalism and ethics in all business activities. Key strategies adopted to maintain a culture of integrity include awareness creation and enhancement, bribery and corruption prevention, punitive actions for misconduct and rewards for exemplary performance.

The Integrity Office provides independent advice to staff and promotes ethical awareness through outreach and training. The office is headed by the Head of GIA who reports directly to the RMC on matters relating to the Integrity function, and reports directly to the AC on matters relating to the internal audit function.

The Integrity Office in Duopharma Biotech is responsible for, amongst others, ensuring compliance with the ISO 37001:2016 Anti-Bribery Management System ("ABMS"), conducting programmes to inculcate and enhance integrity in the Group's culture and its stakeholders, managing the Group's Whistleblowing channels (SpeakUpPharma), enhancing business practices to further improve governance, and verifying information/complaints received via the whistleblowing channels.

Among the key activities carried out are as follows:

(b) ISO37001:2016 Anti-Bribery Management System

As part of the Group's ongoing initiatives to enhance and strengthen the state of governance, integrity and corruption risk management, Duopharma Biotech has introduced the ABMS based on the ISO 37001:2016 standard, which contains measures designed to identify and evaluate risks and to prevent, detect and respond to bribery and corruption.

The Group, including its overseas subsidiaries in the Philippines and Singapore, obtained the ISO 37001:2016 ABMS certification without a single Non-Conformance Report issued by the certification body, SIRIM QAS International Sdn. Bhd. in October 2020. Subsequently, the ABMS surveillance audit conducted by SIRIM QAS International in 2021 also saw zero nonconformance issued and only three Opportunities for Improvement ("OFIs") across the Duopharma Biotech Group of Companies. In the ISO 37001 Anti-Bribery Management System Surveillance Audit 2022 conducted from 19 to 21 December 2022 at all of Duopharma Biotech sites, the ISO auditors did not

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issue any Non-Conformance Report nor OFI across all subsidiary companies under the Group. This is a testament to the effectiveness of initiatives embedding ethics and integrity in the Group's culture and the commitment to adequately address bribery/corruption risks while establishing a track record of accountability in order to create a better workplace and business environment.

The ABMS applies to Duopharma Biotech and the companies in which it holds majority shareholding and management control. The scope of the ABMS includes the establishment, implementation, maintenance, review and required improvements to measures undertaken to avert bribery and corruption.

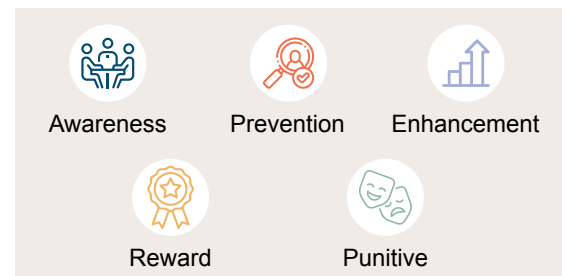
(c) *Duopharma Biotech Organisational Integrity and Anti-Corruption Plan 2021 – 2023*

The Board approved the Duopharma Biotech Organisational Integrity and Anti-Corruption Plan 2021 – 2023 ("OIACP") to reinforce its commitment to ethical operations. The Plan serves to foster and maintain the confidence of the Board, Management, employees and stakeholders in the Company's Integrity and Anti-Corruption System. This is achieved through the provision of a framework to build a culture of integrity in Duopharma Biotech via strategies and programmes guided by the Malaysian National Anti-Corruption Plan, Guidelines on Adequate Procedures, and ABMS. Subsequent to OIACP's approval, briefings were conducted for all employees on 17 September 2021 in English and Bahasa Malaysia.

Objectives of Duopharma Biotech OIACP:

- Promote integrity, transparency, accountability and good corporate governance
- Strengthen internal systems that support corruption prevention
- Comply with laws, policies and procedures related to fighting corruption
- Actively enhance a culture of professionalism and integrity in Duopharma Biotech
- Prevent the incidence of misconduct and corruption linkages to others
- Sustain Duopharma Biotech's integrity and transparency in daily practices through honesty, efficiency and trustworthiness
- Support corruption prevention initiatives by the government and anti-corruption agencies

The 3-Year Strategy



Duopharma Biotech OIACP Dimensions

OIACP comprises an effective corporate ethics and integrity system which places equal emphasis on the 12 dimensions of: vision and goals; accountability; whistleblowing; ethics communication; training and education; advice and support; measurement, research and assessment; disciplinary and reward measures; organisational culture; legal compliance, policies and rules; infrastructure; and leadership. Each dimension is accompanied by descriptors.

The three-year OIACP will be the main reference document to guide the development and monitoring of planned integrity and anti-corruption initiatives. The OIACP is thorough enough to cover issues that need to be addressed internally as well as with the Group's business associates.

In 2023, Duopharma Biotech embarked on 31 initiatives, including web-based training on Duopharma Biotech Anti-Bribery and Anti-Corruption; implementation of Human Governance Profiling ("HGP") on a pilot trial for proof-of-concept ("POC"); and formulation of an integrity and anti-corruption module for external business associates, among others.

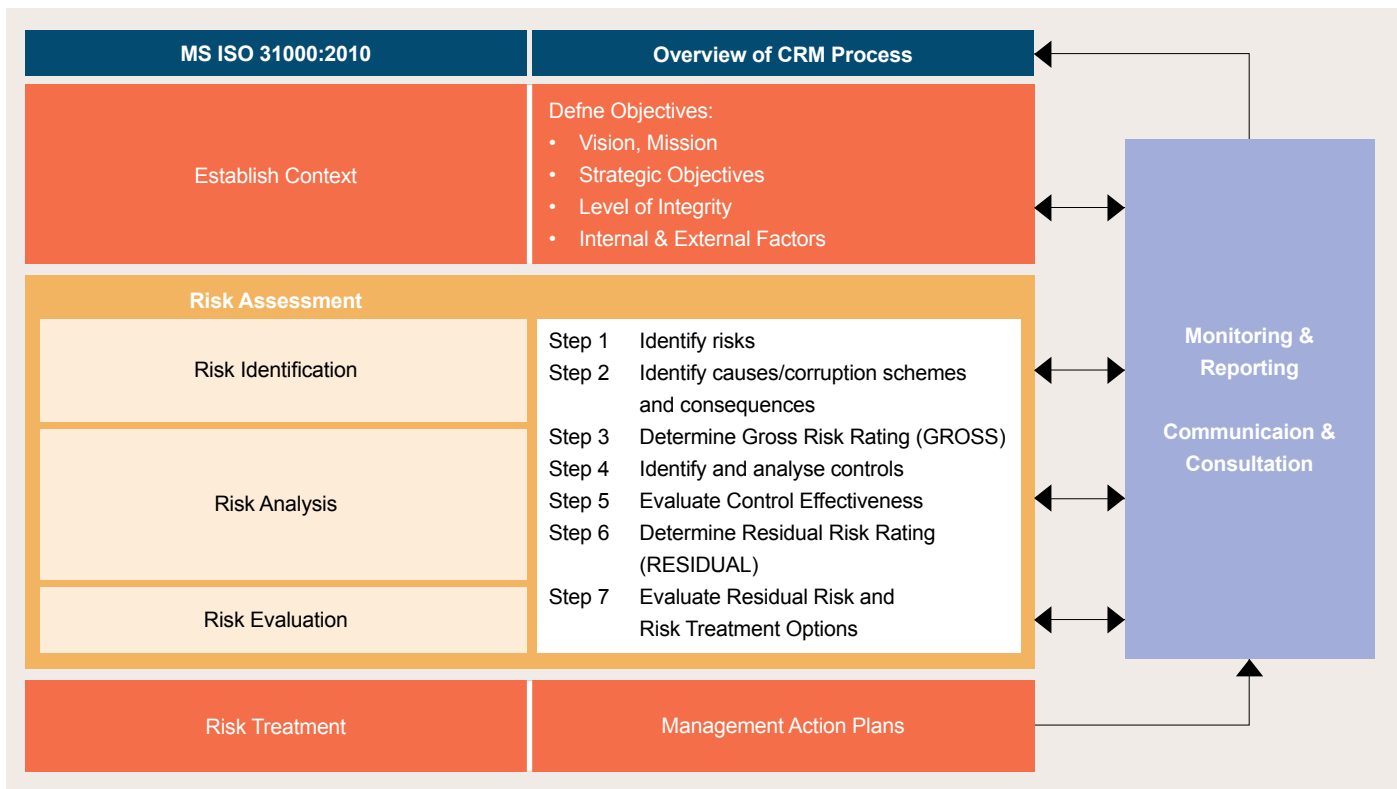
(d) *Corruption Risk Management*

Duopharma Biotech's Corruption Risk Management echoes the tone at the top and sets appropriate standards in managing risks arising from fraud, bribery and corruption. Corruption Risk Management helps to identify structural weaknesses that may facilitate corruption, providing a framework for all staff to identify risk factors and treatments, and embedding corruption prevention within a well-established governance framework.

Separate corruption risk assessments were conducted at our subsidiaries in the Philippines and Singapore, reflecting key provisions of Singapore's Prevention of Corruption Act 1960 and the Philippines Republic Act, respectively.

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Duopharma Biotech's Corruption Risk Management Framework



A corruption/bribery risk assessment of Duopharma Biotech Group has been undertaken and used to improve the ABMS. The Corruption Risk Report is tabled annually at the Risk Management Committee Meeting and quarterly if there are any changes or updates to the report. The meetings are attended by the relevant corruption/bribery risk owners.

Effectiveness of interventions or treatments of identified corruption risks are included in the reports. Corruption risk assessment is undertaken for all operations, subsidiaries and departments, including ad-hoc projects and proposed merger/acquisition activities. The assessment, which is under the purview of the Integrity Office, is included in the Group's annual risk assessment pursuant to Paragraph 15.29(1) of the Main Market Listing Requirements.

(e) *Code of Conduct*

Duopharma Biotech's Code of Conduct is enshrined in six fundamental ethical values: Passion, Excellence, Teamwork, Integrity, Responsible and Respect, or PETIRR. The Company and all employees are expected to adhere to these values, both in letter and in spirit.

The Code of Conduct includes policies on 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. The Code of Conduct is being renewed to include new provisions under the most recent amendments to the Employment Act.

A Bahasa Malaysia version of the Code of Conduct was made available to ensure universal understanding by all employees.

(f) *Establishment of Key Policies in Relation to Ethics, Integrity and Anti-Corruption*

To achieve the highest standards of ethical conduct and comply with all applicable laws and regulations, steps were taken to strengthen the state of governance and integrity in Duopharma Biotech. The Board of Duopharma Biotech has approved the following policies in accordance with ABMS requirements.

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1. Anti-Bribery and Anti-Corruption (“ABAC”) Policy
2. Whistleblowing Policy – approved by the Board on 17 August 2021 (*revised and approved on 9 November 2022*)
3. Investigation Procedure
4. Declaration of Interest Policy
5. Integrity Pact Policy
6. Grants, Charitable Donations and External Sponsorship Policy
7. Gift & Hospitality Policy
8. Sponsorship Policy
9. Anti-Money Laundering and Counter Financing Terrorism Policy
10. ABMS Policy (*a subset of ABAC Policy*)
11. Business Ethics Policy (*a subset of ABAC Policy*)

The above policies have been communicated to employees through email and also uploaded to the intranet and Duopharma Biotech website for ease of reference (in English and Bahasa Malaysia). Briefing sessions and refreshers have been conducted for employees at all sites, in addition to the use of reminder cards, buntings, posters, computer screen savers and communication through the Integrity Champions. The Business Ethics Policy and the ABMS Policy are displayed at all sites, and are highlighted during the Group’s Halal Integrity and Sustainability Week. In addition, a series of briefings have been conducted for our business associates.

(g) *Whistleblowing Policy and Procedures*

The Group’s Whistle-Blowing Policy, available in English and Bahasa Malaysia, was first approved by the Board in 2018. Since then, refresher briefings have been conducted for all staff including in 2022.

Pursuant to the issuance of the ISO 37002:2021 Whistleblowing Management System – Guidelines by the International Organization for Standardization (“ISO”) in July 2021, the Head of Group Internal Audit & Integrity reviewed Duopharma Biotech’s Whistleblowing Policy. A revised Whistleblowing Policy conforming with the new guidelines was approved by the Board on 9 November 2022.

Whistleblowing provides an avenue for employees and stakeholders to report any concerns regarding unlawful conduct, financial fraud, malpractice or an unethical act. There are currently five Speak-Up-

Pharma channels to address their concerns, namely via written mail, email, telephone, short messaging services, and a secured website.

The Policy also provides assurance that the whistleblower will be protected from possible reprisal or victimisation if they have a reasonable belief that they have made their disclosure in good faith. Reports made via Speak-Up-Pharma and all associated investigatory records will remain confidential.

Procedures to investigate such reports were developed and endorsed by the AIC as it was then known (now known as the AC) in February 2019. These ensure the investigation activities are conducted thoroughly, objectively and effectively, in accordance with the Malaysian Anti-Corruption Commission Act 2009, Whistleblower Protection Act 2010, Penal Code and other best practices.

In 2022, three reports were received via the whistleblowing channel, all of which were discussed by the Audit Committee. The number of whistleblowing reports received and their status is reported to the Malaysian Anti-Corruption Commission on a bi-annual basis.

(h) *Mandatory Ethics & Integrity Policies Briefing*

The initial training on Ethics, Integrity and Anti-Corruption was rolled out to all employees in 2015. Since then, periodical programmes, weekly reminders and ethics news have been initiated to share updates with employees.

Following amendments to the Malaysian Anti-Corruption Commission Act 2009 (Act 694) to include Section 17A on Corporate Liability effective 1 June 2020, a Mandatory Ethics & Integrity Policies briefing was conducted for all employees followed by a refresher briefing in 2022. The Integrity Champions also delivered briefings to our colleagues in the production line. Training for overseas operations was carried out through a combination of in-person and video conferencing.

(i) *New Staff Induction on Ethics, Integrity & Anti-Corruption*

Since 1 July 2022, it is compulsory for all new Duopharma Biotech employees to go through the online module on Ethics, Integrity and Anti-Corruption

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via the My Duopharma Learning platform. Previously, the Integrity Office provided in-person and virtual training to new employees in Malaysia. For new staff in the Philippines and Singapore offices, training was carried out by the local Integrity Champions.

(j) *Integrity Pact*

The Integrity Pact (“IP”) was developed by Transparency International (“TI”) in the 1990s to assist the government, business institutions and the public to curb corruption. The main objective is to commit vendors and suppliers to ethical behaviour and to create a business environment that is free from corruption in tandem with the Anti-Corruption Principles for Corporations.

The Group implemented the Integrity Pact in 2015 involving suppliers on a voluntary basis. Since the new Integrity Pact Policy was approved by the Board in August 2019, all Duopharma Biotech suppliers are required to sign it. In 2021, the Integrity Pact Policy and the Integrity Pact Agreement were reassessed and refined to ensure the Agreement is truly bilateral, with both parties governing the requirements, obligations and sanctions in the event of non-compliance.

By signing the IP, the Group and its suppliers agree to uphold Anti-Corruption Principles in the conduct of business and interactions while working towards creating a business environment that is free from corruption.

In 2022, a total of 37 new business associates attended virtual briefing sessions held for overseas suppliers, international distributors and agents. The sessions included topics on Section 17A requirements and sanctions, the Company’s policies including the ABAC Policy, Whistleblowing, Gift & Hospitality and Sponsorship Policies.

(k) *Integrity and Anti-Corruption Programme for Business Associates*

Under Duopharma Biotech’s OIACP, there are plans to implement an Integrity & Anti-Corruption programme for external business associates. As a pilot project, agents were enrolled in the programme, which is guided by requirements of the MACC Act 2009. Comprising 14 modules to be completed within a period of 12 months, the inaugural series kicked

off in January 2023. Prior to that, in December 2022, an inaugural batch of 27 agents participating in the Integrity & Anti-Corruption programme had pledged to integrity, ethics and anti-corruption by signing the Ikrar Bebas Rasuah (“IBR”).

The Duopharma Biotech Integrity and Anti-Corruption Series for Business Associates assists business associates in identifying gaps, assessing the corruption and ethical risks faced, and implementing the required control measures to overcome identified corruption risks.

Duopharma Biotech believes that integrating a high-integrity and anti-corruption culture into the corporate responsibility agenda sends a strong message that all organisations seeking to associate themselves with Duopharma Biotech are responsible for addressing and managing their integrity and anti-corruption exposure. Other than the Integrity Pact, desktop due diligence (“KYC”) is conducted on each party that is to be associated with Duopharma Biotech.

(l) *Declaration of Interest Filing*

The Group’s integrity, ethics and anti-corruption policies provide minimum enforceable guidelines to facilitate handling conflicts of interest and situations that would jeopardise the integrity of the individual and the organisation. The Group’s ethics programmes provide training and advice to facilitate employees in handling such situations. Ethics programmes also benefit from financial and relationship disclosures and the identification of potential conflicts so that they can be dealt with efficiently and responsibly.

The Integrity Officer continues to oversee the annual process of filing the Declaration of Interest Forms, and the annual circulation of the Declaration of Interest Policy to all employees.

(m) *Appointment of Integrity Champions*

With the Group Managing Director’s agreement, the Integrity Office appointed 10 Integrity Champions located at different sites including overseas. The Integrity Champions comprise employees respected for their professional qualities and their exemplary personal conduct.

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Each Integrity Champion acts as the Integrity Liaison Officer for his/her site or office and works closely with the Group Internal Audit & Integrity Department. He/she will become the point of contact/reference for any issues pertaining to ethics and integrity faced by employees at his/her site or office.

(n) *Business Ethics Institute of Malaysia (“BEIM”) Five Petals Gold Ethics Award*

In 2022, Duopharma Biotech was recognised with a BEIM Five Petals Gold Ethics Award for the second consecutive term (each term is two years). The award is presented by the Business Ethics Institute of Malaysia (BEIM). In addition to BEIM membership, recipients of the Five Petals Gold Ethics Award must also have implemented their own Code of Ethics acknowledged by shareholders; have appointed a personnel to ensure all aspects of the Code of Ethics are upheld while providing counsel and mediation on issues related to the Code; ensure staff attend internal or third-party business ethics training; and have passed BEIM’s annual audit of their business ethics policies and processes.

(o) *Gold Award at Anugerah Integriti, Governans dan Antirasuah (“AIGA”) 2022*

Duopharma Biotech received recognition for its commitment and efforts to institutionalise integrity, ethics and good governance practices by winning the Gold Award at the inaugural Integrity, Governance and Anti-Corruption Awards (“AIGA”) 2022. Organised by the Malaysian Institute of Integrity (“IIM”), the award uses international standards as its criteria, including the ISO 37001 Anti-Bribery Management System and the ISO 9001 Quality Management System.

BOARD 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. The Board has additionally received assurance of the same from both the Group Managing Director and Chief Financial Officer of the Company.

The Board confirms that the risk management processes for identifying, evaluating and managing significant risks faced by the Group have been in place throughout 2022 up to the date of approval of this statement.

For the financial year 2022, 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 Integrated Annual Report 2022.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the 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”). They have subsequently reported to the Board that nothing, in all material respects, has come to their attention causing them to believe that the statement intended to be included in the annual report of the Group for the year ended 31 December 2022:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, 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 the 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 at its meeting on 14 March 2023.

OTHER DISCLOSURES

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year.

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 2022, 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	62	29
Group Level	294	41

The non-audit services and fees therefor were approved by the Audit Committee ("AC") and the Board prior to the engagement of such non-audit services. In relation to this, the AC was provided assurance by the external auditors confirming their independence throughout the financial year under review. Pursuant to the Company's Policy on External Auditor, the fees on the non-audit services were not regarded as significant as the fees were less than 50% of the total amount of audit fees paid to the Company's external auditors.

3. MATERIAL CONTRACTS INVOLVING INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

Save for the following, there were no material contracts entered into by the Company and/or its subsidiaries involving the interests of Directors or major shareholders, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year:

Duopharma Biotech had on 8 July 2020 entered and executed the following facilities with Bank Islam Malaysia Berhad ("BIMB"):

- (1) Tawarruq Facility Agreement for Business Financing-i 1 of RM67,000,000.00 ("BF-i (1)"); and
- (2) Tawarruq Facility Agreement for Business Financing-i 2 of RM83,000,000.00 ("BF-i (2)"),

(hereinafter BF-i (1) and BF-i (2) are collectively referred to as the "BIMB Facilities").

The particulars of BF-i (1) are as follows:

Purpose:	To redeem the Commodity Murabahah Term Financing-i facility granted by RHB Islamic Bank Berhad, and excess (if any) to be credited to the Company's current account
Bank's Profit Rate:	15.00% per annum
Bank's Effective Rate:	1 month Cost of Funds ('COF') + 0.65% per annum
Tenure:	9 years
Terms as to payment:	Quarterly instalment shall become due on the 5 th of every quarter or any other date as determined by the BIMB from time to time
Security provided:	NIL

The particulars of BF-i (2) are as follows:

Purpose:	To redeem the Revolving Credit-i granted by Oversea Chinese Banking Corporation Limited, Labuan Branch, and excess (if any) to be credited to the Company's current account
Bank's Profit Rate:	15.00% per annum
Bank's Effective Rate:	1 month COF + 0.65% per annum
Tenure:	9 years
Terms as to payment:	Quarterly instalment shall become due on the 5 th of every quarter or any other date as determined by the BIMB from time to time.
Security provided:	NIL

OTHER DISCLOSURES

- i. As at 31 March 2023, Permodalan Nasional Berhad (“PNB”) holds 44.004% of the issued shares of Duopharma Biotech. Yayasan Pelaburan Bumiputra (“YPB”) is an indirect major shareholder of Duopharma Biotech via its deemed interest through PNB by virtue of Section 8(4) of the Companies Act 2016. As at 31 March 2023, the unit trust funds managed by PNB (namely Amanahraya Trustees Berhad - Amanah Saham Bumiputera and Amanahraya Trustees Berhad - Amanah Saham Malaysia) collectively hold 6.736% of the issued shares of Duopharma Biotech. As such, as at 31 March 2023, PNB controls 50.740% of the issued shares of Duopharma Biotech.

PNB and YPB are deemed interested in the BIMB Facilities as PNB and unit trust funds managed by PNB collectively hold more than 5% of the issued shares of BIMB.

- ii. As at 31 March 2023, Employees Provident Fund Board (“EPF”) via Citigroup Nominees (Tempatan) Sdn Bhd holds 8.999% of the issued shares of Duopharma Biotech. As at 31 March 2023, the EPF-Related Accounts maintained with Citigroup Nominees (Tempatan) Sdn Bhd (namely Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (ARIM); Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (TEMPLETON); Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (ASIANISLAMIC) IC; Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (F. TEMISLAMIC) IC; Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (CPIAM EQ) IC; Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (NIAM EQ) IC; and Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (CGS CIMB-SBL) collectively hold 1.659% of the issued shares of Duopharma Biotech. As such, as at 31 March 2023, EPF controls 10.658% of the issued shares of Duopharma Biotech.

EPF and EPF-Related Accounts are deemed interested in the BIMB Facilities as EPF and EPF-Related Accounts collectively hold more than 5% of the issued shares of BIMB.

Pursuant to Paragraph 10.08(11)(e) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”), the receipt of the BIMB

Facilities from the BIMB is not normally regarded as related party transaction as the Facilities are upon normal commercial terms and in the ordinary course of business, from a bank whose activities are regulated by the Islamic Financial Services Act 2013 and are subject to supervision by Bank Negara Malaysia.

As at 31 December 2022, the Duopharma Biotech Group has material commitments for capital expenditure of RM8.1 million (contracted but not provided for).

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at 31 December 2022, 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.

5. RECURRENT RELATED PARTY TRANSACTION OF REVENUE OR TRADING NATURE

Duopharma Biotech has not sought any shareholders’ mandate for the recurrent related party transaction of a revenue or trading nature at the last Annual General Meeting (“AGM”) of the Company held on 21 June 2022. The last shareholders’ mandate for the recurrent related party transaction 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 was obtained during the AGM held on 22 May 2017 and the said mandate had expired upon conclusion of the AGM held on 31 May 2018.

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 MMLR 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

OTHER DISCLOSURES

public and are not detrimental to the minority shareholders of the Company. In view of the aforesaid waiver and since no other RRPTs of a revenue or trading nature (i.e., other than those falling within the ambit of the aforesaid waiver or those transactions that are not normally regarded as related party transactions under Paragraph 10.08(11) of the MMLR) have as at 31 March 2023 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 2024, 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.

In view of the aforesaid, there was no requirement for shareholders mandate for RRPTs of a revenue or trading nature with related parties during the year under review. Consequently, there was no RRPTs conducted pursuant to a shareholders' mandate for RRPTs during the financial year ended 31 December 2022, and no requirement to disclose in this Integrated Annual Report on RRPTs conducted pursuant to a shareholders' mandate for RRPTs during the financial year ended 31 December 2022.

During the period under review, the Board of Directors had at the recommendation of the AC approved the adoption of the Related Party Transaction Framework for the Group. The objective of the framework is:

- (a) to outline the procedures for purpose of identifying, monitoring, evaluating, reporting and approving related party transaction ("RPT") and recurrent related party transaction ("RRPT") to ensure that such transactions are conducted on arm's length basis and in accordance with the MMLR and applicable laws;
- (b) to outline guidelines to assist the Board and the AC in discharging its role, which is to provide oversight over RPT and RRPT within the Group; and
- (c) to ensure similar understanding and to provide consistency of actions within the Group in identifying, monitoring, evaluating, reporting and approving RPT and RRPT to ensure compliance with the MMLR and applicable laws.

All related party transactions are examined quarterly by the AC and audited annually by the Group Internal Audit Department. The AC and the Board have assessed the Group's RRPTs of a revenue or trading nature and have prescribed the following processes to be adhered to by the Duopharma Biotech Group:

- (i) the RRPTs are to be undertaken on an arm's length basis and on normal commercial terms consistent with Duopharma Biotech Group's usual business practices and policies, which are no more favourable to the interested parties than those generally available to the public and are not detrimental to the minority shareholders of Duopharma;
- (ii) the RRPTs involving the interest of related parties will only be transacted at the prevailing market rates/prices for the services or products on the usual commercial terms, or otherwise in accordance with applicable industry norms, after taking into account the pricing, the level of services, quality of products and other related factors; and
- (iii) the pricing for services and products to be provided/supplied and/or received is determined based on the Duopharma Biotech Group's business practices and policies to ensure that prices and terms and conditions are based on competitive prices of similar products and services in the open market.

SEC

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FINANCIAL STATEMENTS



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DIRECTORS' REPORT

for the year ended 31 December 2022

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 2022.

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.

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	70,112	28,782

RESERVES AND PROVISIONS

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

DIVIDENDS

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

- i) a second interim ordinary dividend of 1.8 sen per ordinary share totalling RM16,951,782 in respect of the financial year ended 31 December 2021 on 13 May 2022.

Out of the total distribution, a total of RM13,511,463 was converted into 10,474,002 new ordinary shares of the Company at the conversion price of RM1.29 per ordinary share under the Dividend Reinvestment Plan ("DRP"); and

- ii) an interim ordinary dividend of 0.5 sen per ordinary share totalling RM4,761,198 in respect of the year ended 31 December 2022 on 14 September 2022.

The second interim ordinary dividend declared by the Directors on 23 February 2023 in respect of the financial year ended 31 December 2022 is 1.8 sen per ordinary share totalling RM17,140,314. The financial statements for the current financial year do not reflect this second interim dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

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
Zaiton Binti Jamaluddin
Dato' Eisah Binti A.Rahman
Datuk Nik Moustpha Bin Hj Nik Hassan
Datuk Mohd Radzif Bin Mohd Yunus
Dato' Dr Zaki Morad Bin Mohamad Zaher
Amizar Binti Mizuar

SUBSIDIARIES**Duopharma (M) Sendirian Berhad**

Leonard Ariff Bin Abdul Shatar
Wan Amir-Jeffery Bin Wan Abdul Majid
Mohd Idzwan Bin Mohd Malik

Duopharma Manufacturing (Bangi) Sdn Bhd

Feizril Nor Bin Nurbi
Shamsul Idham Bin A.lahad
Mohd Fairuz Khan Bin Pret Khan

Duopharma Marketing Sdn Bhd

Noor Aida Binti Jaafar
Mohamed Shazman Merican
Zaini Bin Said

Duopharma Consumer Healthcare Sdn Bhd

Wan Amir-Jeffery Bin Wan Abdul Majid
Feizril Nor Bin Nurbi
Shamsul Idham Bin A.lahad

DIRECTORS' REPORT
for the year ended 31 December 2022

SUBSIDIARIES (CONTINUED)

Duopharma HAPI Sdn Bhd

RoZIAH Hanim Binti Abd Karim
Sabrina Binti Haron
Suhaizar Bin Mansor

Duopharma Innovation Sdn Bhd

Leonard Ariff Bin Abdul Shatar
Wan Amir-Jeffery Bin Wan Abdul Majid
Krisnakumara-Reddi A/L Kesava-Reddi

Unique Pharmacy (Penang) Sdn Bhd

Krisnakumara-Reddi A/L Kesava-Reddi
Shamsul Idham Bin A.lahad
Ng Su Yee

Sentosa Pharmacy Sdn Bhd

Wan Amir-Jeffery Bin Wan Abdul Majid
Chek Wu Kong

Duopharma Manufacturing (Glenmarie) Sdn Bhd

Leonard Ariff Bin Abdul Shatar
Wan Amir-Jeffery Bin Wan Abdul Majid
Ng Su Yee

Negeri Pharmacy Sdn Bhd

Chek Wu Kong
Shamsul Idham Bin A.lahad

Duopharma (Singapore) Pte Ltd

Wan Amir-Jeffery Bin Wan Abdul Majid
Teo Cheng Peow
Shamsul Idham Bin A.lahad

DB (Philippines) Inc.

Wan Amir-Jeffery Bin Wan Abdul Majid
Susan M. Chu
Chek Wu Kong

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company, holding companies and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			At 31.12.2022
	At 1.1.2022	Bought/ Received	Sold	
Interests in Duopharma Biotech Berhad:				
Datuk Mohd Radzif Bin Mohd Yunus	25,293	-	-	25,293

None of the other Directors holding office at 31 December 2022 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

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

The directors' benefits paid to or receivable by directors in respect of the financial year ended 31 December 2022 are as follows:

	From the Company RM'000	From subsidiary companies RM'000
Directors of the Company:		
- Fees	925	-
- Remuneration	2,532	-
- Estimated money value of any other benefits	22	-
	3,479	-

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.

DIRECTORS' REPORT
for the year ended 31 December 2022

ISSUE OF SHARES

During the financial year, the Company issued 10,474,002 new ordinary shares of RM1.29 per ordinary share via the implementation of DRP for 2021 second interim dividend for a total consideration of RM13,511,463.

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

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

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 RM88,532.

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.

OTHER STATUTORY INFORMATION (CONTINUED)

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, except for those disclosed in note 16 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2022 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 2022

AUDITORS

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

The auditors' remuneration of the Group and of the Company during the year are RM294,000 and RM62,000 respectively.

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

.....
Leonard Ariff Bin Abdul Shatar

Director

Kuala Lumpur

Date: 14 March 2023

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Assets					
Property, plant and equipment	3	579,919	542,525	6,902	4,055
Investment property	4	1,050	1,050	-	-
Intangible assets	5	43,980	39,524	2,321	3,209
Investments in subsidiaries	6	-	-	386,090	386,090
Other investments	7	42,151	73,536	42,151	73,536
Deferred tax assets	8	13,332	12,700	201	-
Trade and other receivables	9	-	-	54,942	52,300
Total non-current assets		680,432	669,335	492,607	519,190
Inventories	10	235,179	222,192	-	-
Current tax assets		3,206	2,922	730	1,263
Trade and other receivables	9	145,465	131,702	223,834	208,563
Cash and cash equivalents	11	157,637	137,980	106,996	91,030
Total current assets		541,487	494,796	331,560	300,856
Total assets		1,221,919	1,164,131	824,167	820,046
Equity					
Share capital	12.1	419,367	405,856	419,367	405,856
Reserves		(52,515)	(21,824)	(53,326)	(21,941)
Retained earnings		288,370	239,972	51,947	44,879
Equity attributable to owners of the Company	12	655,222	624,004	417,988	428,794
Liabilities					
Loans and borrowings	13	294,601	297,797	294,601	297,797
Trade and other payables	14	1,921	2,478	1,730	2,173
Deferred tax liabilities	8	5,584	9,543	-	-
Total non-current liabilities		302,106	309,818	296,331	299,970
Loans and borrowings	13	134,141	102,925	99,901	81,735
Trade and other payables	14	129,283	121,326	9,947	9,547
Current tax liabilities		1,167	6,058	-	-
Total current liabilities		264,591	230,309	109,848	91,282
Total liabilities		566,697	540,127	406,179	391,252
Total equity and liabilities		1,221,919	1,164,131	824,167	820,046

The notes on pages 163 to 234 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	15	696,717	639,175	63,356	66,955
Cost of sales		(416,899)	(385,191)	-	-
Gross profit		279,818	253,984	63,356	66,955
Other income		112	1,591	-	1,400
Distribution and marketing expenses		(106,910)	(94,650)	-	-
Administrative expenses		(79,675)	(71,134)	(31,064)	(27,825)
Net reversal of/(loss on) impairment of financial instruments		490	(102)	-	-
Other expenses		(925)	(930)	(838)	(502)
Results from operating activities	16	92,910	88,759	31,454	40,028
Finance income	17	1,521	1,196	12,662	9,865
Finance costs	18	(9,580)	(6,972)	(14,815)	(10,420)
Profit before tax		84,851	82,983	29,301	39,473
Tax expense	20	(14,739)	(17,300)	(519)	(1,217)
Profit for the year		70,112	65,683	28,782	38,256
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		(31,385)	(40,781)	(31,385)	(40,781)
Items that are or may be reclassified subsequent to profit or loss					
Foreign currency translation differences for foreign operations		694	240	-	-
		(30,691)	(40,541)	(31,385)	(40,781)
Total comprehensive income/(loss) for the year		39,421	25,142	(2,603)	(2,525)
Basic earnings per ordinary share (sen)	21	7.39	7.08		

The notes on pages 163 to 234 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

	← Attributable to owners of the Company →				Total RM'000
	Share capital RM'000	Translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
Note	← Non-distributable →		Distributable		
Group					
At 1 January 2021	404,922	(123)	18,840	220,182	643,821
Foreign currency translation differences for foreign operations	-	240	-	-	240
Net change in fair value of equity instrument designated at FVOCI	-	-	(40,781)	-	(40,781)
Total other comprehensive loss for the year	-	240	(40,781)	-	(40,541)
Profit for the year	-	-	-	65,683	65,683
Profit and total comprehensive income for the year	-	240	(40,781)	65,683	25,142
<i>Contributions by and distributions to owners of the Company</i>					
- Issuance of shares pursuant to Dividend Reinvestment Plan	934	-	-	-	934
- Dividends to owners of the Company	-	-	-	(45,893)	(45,893)
22					
Total transactions with owners of the Company	934	-	-	(45,893)	(44,959)
At 31 December 2021	405,856	117	(21,941)	239,972	624,004
	Note 12.1	Note 12.2	Note 12.3		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

Note	← Attributable to owners of the Company →				Total RM'000
	Share capital RM'000	Translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
Group					
At 1 January 2022	405,856	117	(21,941)	239,972	624,004
Foreign currency translation differences for foreign operations	-	694	-	-	694
Net change in fair value of equity instrument designated at FVOCI	-	-	(31,385)	-	(31,385)
Total other comprehensive loss for the year	-	694	(31,385)	-	(30,691)
Profit for the year	-	-	-	70,112	70,112
Profit and total comprehensive income for the year	-	694	(31,385)	70,112	39,421
<i>Contributions by and distributions to owners of the Company</i>					
- Issuance of shares pursuant to Dividend Reinvestment Plan	13,511	-	-	-	13,511
- Dividends to owners of the Company	-	-	-	(21,714)	(21,714)
Total transactions with owners of the Company	13,511	-	-	(21,714)	(8,203)
At 31 December 2022	419,367	811	(53,326)	288,370	655,222
	Note 12.1	Note 12.2	Note 12.3		

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

	← Attributable to owners of the Company →			
	Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000
Note	← Non-distributable →		Distributable	
Company				
At 1 January 2021	404,922	18,840	52,516	476,278
Net change in fair value of equity instrument designated at FVOCI	-	(40,781)	-	(40,781)
Total other comprehensive loss for the year	-	(40,781)	-	(40,781)
Profit for the year	-	-	38,256	38,256
Loss and total comprehensive loss for the year	-	(40,781)	38,256	(2,525)
<i>Contributions by and distributions to owners of the Company</i>				
- Issuance of share pursuant to Dividend Reinvestment Plan	934	-	-	934
- Dividends to owners of the Company	-	-	(45,893)	(45,893)
Total transactions with owners of the Company	934	-	(45,893)	(44,959)
At 31 December 2021	405,856	(21,941)	44,879	428,794
	Note 12.1	Note 12.3		

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

	Note	← Attributable to owners of the Company →			Total RM'000
		Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000	
Company					
At 1 January 2022		405,856	(21,941)	44,879	428,794
Net change in fair value of equity instrument designated at FVOCI		-	(31,385)	-	(31,385)
Total other comprehensive loss for the year		-	(31,385)	-	(31,385)
Profit for the year		-	-	28,782	28,782
Loss and total comprehensive loss for the year		-	(31,385)	28,782	(2,603)
<i>Contributions by and distributions to owners of the Company</i>					
- Issuance of share pursuant to Dividend Reinvestment Plan		13,511	-	-	13,511
- Dividends to owners of the Company	22	-	-	(21,714)	(21,714)
Total transactions with owners of the Company		13,511	-	(21,714)	(8,203)
At 31 December 2022		419,367	(53,326)	51,947	417,988
		Note 12.1	Note 12.3		

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities					
Profit before tax		84,851	82,983	29,301	39,473
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	3	33,398	29,583	1,041	890
Write-off of property, plant and equipment		-	46	-	-
Loss on disposal of property, plant and equipment		-	7	-	-
Amortisation of intangible assets	5	2,799	2,372	888	888
Dividend income		-	-	(34,490)	(41,534)
Finance cost	18	9,580	6,972	14,815	10,420
Finance income from					
- Cash and cash equivalents	17	(1,521)	(1,196)	(1,041)	(593)
- Subsidiaries	17	-	-	(11,621)	(9,272)
(Reversal of)/Loss on impairment on trade receivables	24	(490)	102	-	-
Net inventories written back	10	(1,712)	(2,182)	-	-
Net inventories written off	10	42,086	9,686	-	-
Net unrealised foreign exchange loss	16	604	365	820	507
Gain from lease modifications		-	(25)	-	-
Change in fair value of investment properties	4	-	50	-	-
Operating profit/(loss) before changes in working capital		169,595	128,763	(287)	779
Change in inventories		(53,361)	(78,430)	-	-
Change in trade and other receivables		(13,275)	(4,144)	(17,913)	(72,253)
Change in trade and other payables		8,346	20,644	465	(1,309)
Cash generated from/(used in) operations		111,305	66,833	(17,735)	(72,783)
Interest paid		(16,535)	(11,968)	(14,815)	(10,420)
Tax paid		(24,505)	(12,087)	(187)	(1,607)
Tax refund		-	426	-	-
Net cash generated from/(used in) operating activities		70,265	43,204	(32,737)	(84,810)

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment		(65,182)	(109,362)	(3,888)	(688)
Acquisition of intangible assets	5	(5,839)	(5,644)	-	-
Proceeds from disposal of property, plant and equipment		-	21	-	-
Increase in other investments		-	(2,070)	-	(2,070)
Interest received from					
- Cash and cash equivalents		1,521	1,196	1,041	593
- Subsidiaries		-	-	11,621	9,272
Dividend received		-	-	34,490	41,534
Net cash (used in)/generated from investing activities		(69,500)	(115,859)	43,264	48,641
Cash flows from financing activities					
Dividends paid to owners of the Company		(8,203)	(44,959)	(8,203)	(44,959)
Payment of lease liabilities		(719)	(777)	(428)	(433)
Proceeds from loans and borrowings		85,670	186,784	28,990	111,429
Repayment of loans and borrowings		(58,550)	(88,682)	(14,920)	(14,517)
Net cash generated from financing activities		18,198	52,366	5,439	51,520
Net increase/(decrease) in cash and cash equivalents		18,963	(20,289)	15,966	15,351
Exchange differences on translation of financial statement of foreign operations		694	240	-	-
Cash and cash equivalents at 1 January		137,980	158,029	91,030	75,679
Cash and cash equivalents at 31 December		157,637	137,980	106,996	91,030

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2022

Cash and cash equivalents

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

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits placed with licensed banks	11	11,860	8,846	-	-
Cash and bank balances	11	67,237	97,635	28,456	59,531
Highly liquid investment with financial institutions	11	78,540	31,499	78,540	31,499
		157,637	137,980	106,996	91,030

Cash outflows for leases as a lessee

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Included in net cash from operating activities:					
Payment relating to leases of low value assets	16	183	366	-	-
Payment relating to short-term lease	16	1,039	494	-	-
Payment relating to variable lease payments not included in the measure of lease liabilities	16	1,009	1,757	-	-
Interest paid in relation to lease liabilities	18	94	62	86	57
Included in net cash from financing activities:					
Payment of lease liabilities		719	777	428	433
Total cash outflows for leases		3,044	3,456	514	490

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2022

Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	At 1	Net	Foreign	Addition	Effect of	At 31	Net	Foreign	Addition	At 31
	January	changes				December	changes			December
	2021	from	exchange	of new	lease	1 January	from	exchange	of new	December
	2021	financing	movement	lease	modification	2022	financing	movement	lease	2022
	RM'000	cash flows	RM'000	RM'000	RM'000	RM'000	cash flows	RM'000	RM'000	RM'000
Term loan	265,960	46,912	-	-	-	312,872	14,070	-	-	326,942
Revolving credit	36,114	47,613	546	-	-	84,273	2,388	900	-	87,561
Banker's acceptance	-	3,577	-	-	-	3,577	10,662	-	-	14,239
Lease liabilities	1,260	(777)	-	2,701	(65)	3,119	(719)	-	461	2,861
Total liabilities from financing activities	303,334	97,325	546	2,701	(65)	403,841	26,401	900	461	431,603

Company	At 1	Net	Foreign	Addition	At 31	Net	Foreign	At 31
	January	changes			December	changes		December
	2021	from	exchange	of new	2021/	from	exchange	2022
	2021	financing	movement	leases	1 January	financing	movement	2022
	2021	cash flows	RM'000	RM'000	2022	cash flows	RM'000	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Term loan	265,960	46,912	-	-	312,872	14,070	-	326,942
Revolving credit	16,114	50,000	546	-	66,660	-	900	67,560
Lease liabilities	636	(433)	-	2,399	2,602	(428)	-	2,174
Total liabilities from financing activities	282,710	96,479	546	2,399	382,134	13,642	900	396,676

NOTES TO THE FINANCIAL STATEMENTS

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,
Taman Klang Jaya,
41200 Klang,
Selangor Darul Ehsan,
Malaysia

Registered office

Suite 18.06, Level 18, CIMB HUB,
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 2022 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 2022 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 14 March 2023.

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

1. BASIS OF PREPARATION (CONTINUED)**(a) Statement of compliance (continued)*****MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023***

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

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

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

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

- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and amendments to MFRS 17 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

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

1. BASIS OF PREPARATION (CONTINUED)**(b) Basis of measurement**

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.

(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 6 – Investments in subsidiaries
- Note 8 – Recoverable amount of deferred tax assets
- Note 10 – Net realisable value of inventory
- Note 15 – Revenue
- Note 9 and 24.4 – Measurement of expected credit loss ("ECL")

NOTES TO THE FINANCIAL STATEMENTS

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.

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

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

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.

(c) Financial instruments

(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.

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.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories 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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(c) Financial instruments (continued)****(ii) Financial instrument categories and subsequent measurement (continued)*****Financial assets (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 contractual 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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

Financial assets (continued)

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

(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.

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)).

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(c) Financial instruments (continued)****(ii) Financial instrument categories and subsequent measurement (continued)*****Financial liabilities***

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(c) Financial instruments (continued)****(ii) Financial instrument categories and subsequent measurement (continued)*****Financial liabilities (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.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(d) Property, plant and equipment (continued)****(i) Recognition and measurement (continued)**

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.

(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:

• freehold 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

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

(ii) Recognition and initial measurement

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(e) Leases (continued)****(ii) Recognition and initial measurement (continued)****As a lessee (continued)**

The lease liability is initially measure at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

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

(iii) Subsequent measurement**As a lessee**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

Capitalised development expenditure which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Capitalised development expenditure with indefinite useful life are not being amortised. Its useful life are 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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(f) Intangible assets (continued)****(ii) Marketing rights**

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

(iii) Computer software

Computer software 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 |
| • computer software | 5-10 years |

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investment property

Investment property carried at fair value

Investment properties are properties which are owned or right-of-use asset held under a lease contract 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 of 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. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

The fair value of investment properties held by the Group as a right-of-use asset reflects the expected cash flows. Accordingly, where valuation obtained for a property is net of all payments expected to be made, the Group added back any recognised lease liability to arrive at the carrying amount of the investment property using the fair value model.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment

(i) Financial assets

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.

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 through the use of an allowance account.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(l) Impairment (continued)****(i) Financial assets (continued)**

At each reporting date, the Group and the Company assess whether financial assets arrived 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.

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment (continued)

(ii) Other assets (continued)

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.

(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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue and other income

(i) Revenue from contract with customers

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

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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 is 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

3. PROPERTY, PLANT AND EQUIPMENT

	← Own use →								Total RM'000
	Freehold land RM'000	Freehold 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	Right-of- use assets RM'000	
Group									
Cost									
At 1 January 2021	69,882	119,569	277,046	12,764	1,826	2,453	65,805	93,457	642,802
Additions	-	4,657	19,750	1,105	-	395	97,679	3,037	126,623
Borrowing costs capitalised at 3.60% per annum	-	-	-	-	-	-	3,810	-	3,810
Disposals	-	-	(5,287)	(17)	-	-	-	-	(5,304)
Write off	-	-	(2,603)	(10)	-	-	-	-	(2,613)
Reclassification	-	282	4,380	-	-	-	(4,662)	-	-
Effect of lease modifications	-	-	-	-	-	-	-	(376)	(376)
Effect of exchange rate	-	-	-	(9)	(4)	1	-	4	(8)
At 31 December 2021/ 1 January 2022	69,882	124,508	293,286	13,833	1,822	2,849	162,632	96,122	764,934
Additions	-	686	25,092	1,478	20	130	37,776	461	65,643
Borrowing costs capitalised at 3.92% per annum	-	-	-	-	-	-	5,101	-	5,101
Reclassification	-	32	32,831	155	-	(155)	(32,863)	-	-
Effect of exchange rate	-	-	-	(43)	(5)	5	-	33	(10)
At 31 December 2022	69,882	125,226	351,209	15,423	1,837	2,829	172,646	96,616	835,668

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	← Own use →								
	Freehold land RM'000	Freehold 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	Right-of-use assets RM'000	Total RM'000
Group									
Depreciation									
At 1 January 2021	-	21,308	155,060	7,513	1,247	1,419	-	14,466	201,013
Depreciation for the year	-	2,181	21,458	1,797	248	413	-	3,486	29,583
Disposals	-	-	(5,271)	(3)	-	-	-	-	(5,274)
Write off	-	-	(2,567)	-	-	-	-	-	(2,567)
Effect of lease modifications	-	-	-	-	-	-	-	(336)	(336)
Effect of exchange rate	-	-	-	(10)	(6)	-	-	6	(10)
At 31 December 2021/ 1 January 2022	-	23,489	168,680	9,297	1,489	1,832	-	17,622	222,409
Depreciation for the year	-	2,276	25,610	1,367	163	450	-	3,532	33,398
Effect of exchange rate	-	-	-	(43)	(3)	3	-	(15)	(58)
At 31 December 2022	-	25,765	194,290	10,621	1,649	2,285	-	21,139	255,749
Carrying amounts									
At 1 January 2021	69,882	98,261	121,986	5,251	579	1,034	65,805	78,991	441,789
At 31 December 2021	69,882	101,019	124,606	4,536	333	1,017	162,632	78,500	542,525
At 31 December 2022	69,882	99,461	156,919	4,802	188	544	172,646	75,477	579,919

Note 3.1

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	← Own use →				Total RM'000
	Office equipment, furniture and fittings RM'000	Renovation RM'000	Capital work-in- progress RM'000	Right-of- use asset RM'000	
Company					
Cost					
At 1 January 2021	961	1,000	-	1,451	3,412
Additions	533	155	-	2,399	3,087
At 31 December 2021/1 January 2022	1,494	1,155	-	3,850	6,499
Additions	469	108	3,311	-	3,888
Reclassification	155	(155)	-	-	-
At 31 December 2022	2,118	1,108	3,311	3,850	10,387
Depreciation					
At 1 January 2021	185	485	-	884	1,554
Depreciation for the year	210	280	-	400	890
At 31 December 2021/1 January 2022	395	765	-	1,284	2,444
Depreciation for the year	281	306	-	454	1,041
At 31 December 2022	676	1,071	-	1,738	3,485
Carrying amounts					
At 1 January 2021	776	515	-	567	1,858
At 31 December 2021	1,099	390	-	2,566	4,055
At 31 December 2022	1,442	37	3,311	2,112	6,902

Note 3.1

3.1 As a lessee

Right-of-use assets

	Land RM'000	Buildings RM'000	Total RM'000
Group			
Cost			
At 1 January 2021	18,103	75,354	93,457
Additions	-	1,027	1,027
Effect of lease modifications	-	1,634	1,634
Effect of exchange rate	-	4	4
At 31 December 2021/1 January 2022	18,103	78,019	96,122
Additions	-	461	461
Effect of exchange rate	-	33	33
At 31 December 2022	18,103	78,513	96,616

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 As a lessee (continued)

Right-of-use assets (continued)

	Land RM'000	Buildings RM'000	Total RM'000
Group			
Depreciation			
At 1 January 2021	2,342	12,124	14,466
Depreciation for the year	614	2,872	3,486
Effect of lease modifications	-	(336)	(336)
Effect of exchange rate	-	6	6
At 31 December 2021/1 January 2022	2,956	14,666	17,622
Depreciation for the year	616	2,916	3,532
Effect of exchange rate	-	(15)	(15)
At 31 December 2022	3,572	17,567	21,139

Carrying amounts

At 1 January 2021	15,761	63,230	78,991
At 31 December 2021	15,147	63,353	78,500
At 31 December 2022	14,531	60,946	75,477

Building
RM'000**Company****Cost**

At 1 January 2021		1,451
Additions		2,399
31 December 2021/1 January 2022		3,850
Additions		-
At 31 December 2022		3,850

Depreciation

At 1 January 2021		884
Depreciation for the year		400
At 31 December 2021		1,284
Depreciation for the year		454
At 31 December 2022		1,738

Carrying amounts

At 1 January 2021		567
At 31 December 2021/1 January 2022		2,566
At 31 December 2022		2,112

The Group and the Company lease buildings and land under operating lease. The lease typically run for a period of 3 years.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**3.1 As a lessee (continued)****Judgements and assumptions in relation to leases**

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

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

4. INVESTMENT PROPERTY

	Group	
	2022 RM'000	2021 RM'000
At 1 January	1,050	1,100
Change in fair value recognised in profit and loss	-	(50)
At 31 December	1,050	1,050
Included in the above is:		
At fair value		
Leasehold land with unexpired lease period of more than 50 years	1,050	1,050

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.

4. INVESTMENT PROPERTY (CONTINUED)

4.1 Fair value information (continued)

Level 3 fair value (continued)

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<p>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.</p>	<p>Recent transactions of similar properties at or near reporting date with similar land usage, land size and location.</p> <p>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.</p>	<p>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).</p>

Valuation processes applied by the Company 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 located nearby the Group’s investment property.

NOTES TO THE FINANCIAL STATEMENTS

5. INTANGIBLE ASSETS

	Marketing rights RM'000	Development costs RM'000	Computer software RM'000	Total RM'000
Group				
Cost				
At 1 January 2021	887	31,859	4,441	37,187
Additions	1,257	4,387	-	5,644
Borrowing costs capitalised at 3.60% per annum	-	1,186	-	1,186
At 31 December 2021/1 January 2022	2,144	37,432	4,441	44,017
Additions	300	5,539	-	5,839
Borrowing costs capitalised at 3.92% per annum	-	1,854	-	1,854
Derecognition	(438)	-	-	(438)
At 31 December 2022	2,006	44,825	4,441	51,272
Amortisation				
At 1 January 2021	(324)	(1,453)	(344)	(2,121)
Amortisation for the year	(81)	(1,403)	(888)	(2,372)
At 31 December 2021/1 January 2022	(405)	(2,856)	(1,232)	(4,493)
Amortisation for the year	(81)	(1,830)	(888)	(2,799)
At 31 December 2022	(486)	(4,686)	(2,120)	(7,292)
Carrying amount				
At 1 January 2021	563	30,406	4,097	35,066
At 31 December 2021	1,739	34,576	3,209	39,524
At 31 December 2022	1,520	40,139	2,321	43,980

5. INTANGIBLE ASSETS (CONTINUED)

	Computer software RM'000
Company	
Cost	
At 1 January 2021/31 December 2021/1 January 2022/31 December 2022	4,441
Amortisation	
At 1 January 2021	344
Amortisation for the year	888
At 31 December 2021/1 January 2022	1,232
Amortisation for the year	888
At 31 December 2022	2,120
Carrying amount	
At 1 January 2021	4,097
At 31 December 2021	3,209
At 31 December 2022	2,321

Marketing rights

The carrying amount of marketing rights amounting to RM1,220,000 (2021: RM1,739,000) represents the sole and exclusive right to market and sell Insugen & Basalog One 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.

Certain of the products have commenced commercial activity and is being amortised accordingly. However, there are products that have 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.

Computer software

The carrying amount of computer software amounting to RM2,321,000 (2021: RM3,209,000) represents the enterprise resource planning software to support the operations of the business.

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost	386,090	386,090

During the financial year, a subsidiary of the Company has incurred a net loss and have a deficit in shareholder's fund. Due to the presence of impairment indicators arising from the operations of the subsidiary, the Company has undertaken an impairment assessment. The recoverable amounts of the subsidiary was based on value in use amounting to RM22.2 million determined by reference to the projected 10 year cash flow of the subsidiary and applying a discount rate of 8% per annum. As a result, the Company has not recognised an impairment loss during the financial year.

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business	Principal activities	Effective ownership interest and voting interest	
			2022 %	2021 %
Duopharma (M) Sendirian Berhad	Malaysia	Manufacturing, distribution, importing and exporting of pharmaceutical products and medicines	100	100
Duopharma Manufacturing (Bangi) Sdn. Bhd.	Malaysia	Manufacturing of pharmaceutical products and sales of medicines	100	100
Duopharma Marketing Sdn. Bhd.	Malaysia	Marketing and sales of medicines and pharmaceutical products	100	100
Duopharma Consumer Healthcare Sdn. Bhd.	Malaysia	Trading of pharmaceutical products	100	100
Duopharma HAPI Sdn. Bhd.	Malaysia	Trading and manufacturing of pharmaceutical products	100	100
Duopharma Innovation Sdn. Bhd.	Malaysia	Research and development of pharmaceutical products	100	100

6. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Principal place of business	Principal activities	Effective ownership interest and voting interest	
			2022 %	2021 %
Unique Pharmacy (Penang) Sdn. Bhd.	Malaysia	Distributor of pharmaceutical products	100	100
Sentosa Pharmacy Sdn. Bhd.	Malaysia	Distributor of pharmaceutical products	100	100
Duopharma Manufacturing (Glenmarie) Sdn. Bhd.	Malaysia	Property management and services	100	100
Negeri Pharmacy Sdn. Bhd.	Malaysia	Trading of pharmaceutical products (ceased operations since September 2002)	100	100
Duopharma (Singapore) Pte. Ltd.#	Singapore	Distribution, wholesaler of medicinal and pharmaceutical products	100	100
DB (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		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current					
Fair value through other comprehensive income	7.1	42,151	73,536	42,151	73,536

7.1 Equity investments designated at fair value through other comprehensive income

The Group designated the investments shown below as equity securities at fair value through other comprehensive income because these equity securities represent investments that the Group intends to hold for long-term strategic purposes.

NOTES TO THE FINANCIAL STATEMENTS

7. OTHER INVESTMENTS (CONTINUED)**7.1 Equity investments designated at fair value through other comprehensive income (continued)**

Group and Company	Fair value at 31 December RM'000
2022	
PanGen Biotech Inc.	18,289
SCM Lifescience Co., Ltd.	16,539
AZTherapies, Inc.	679
Naluri Pte. Ltd.	6,644
	42,151
2021	
PanGen Biotech Inc.	26,399
SCM Lifescience Co., Ltd.	22,337
AZTherapies, Inc.	20,885
Naluri Pte. Ltd.	3,915
	73,536

In the previous financial year, the Group and the Company has increased its investment in Naluri Pte. Ltd. by way of acquiring ordinary shares for a total consideration of RM2,070,000.

8. DEFERRED TAX ASSETS/(LIABILITIES)**Recognised deferred tax assets/(liabilities)**

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Group						
Property, plant and equipment	-	-	(31,262)	(25,011)	(31,262)	(25,011)
Lease liabilities	687	20	-	-	687	20
Provisions	20,979	15,721	-	(99)	20,979	15,622
Unutilised capital allowance carry-forwards	10,773	7,381	-	-	10,773	7,381
Unutilised reinvestment allowance	2,151	2,151	-	-	2,151	2,151
Tax losses carry-forwards	6,697	4,753	-	-	6,697	4,753
Other items	913	547	(3,190)	(2,306)	(2,277)	(1,759)
Tax assets/(liabilities)	42,200	30,573	(34,452)	(27,416)	7,748	3,157
Set off of tax	(28,868)	(17,873)	28,868	17,873	-	-
Net tax assets/(liabilities)	13,332	12,700	(5,584)	(9,543)	7,748	3,157
Company						
Property, plant and equipment	-	-	(395)	-	(395)	-
Provisions	458	-	-	-	458	-
Unutilised capital allowance carry-forwards	123	-	-	-	123	-
Right of use assets	-	-	(507)	-	(507)	-
Lease liabilities	522	-	-	-	522	-
Tax assets/(liabilities)	1,103	-	(902)	-	201	-
Set off of tax	(902)	-	902	-	-	-
Net tax assets/(liabilities)	201	-	-	-	201	-

Under the current tax legislation, the ability to carry forward unutilised reinvestment allowance is restricted to a maximum period of seven consecutive Year of Assessment (“YA”) upon expiry of the qualifying period, effective YA 2019. The Group’s unutilised reinvestment of allowance of RM19,503,000 (2021: RM19,503,000) expires in YA 2025.

NOTES TO THE FINANCIAL STATEMENTS

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)**Unrecognised deferred tax assets (continued)**

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Reinvestment allowance	10,540	10,540	-	-
Other deductible temporary differences	-	298	-	298
	10,540	10,838	-	298

In the prior financial year, the previously unrecognised tax losses of RM14,751,000 of a subsidiary were recognised as management considered it probable that future taxable profits will be available against which they can be utilised. Under the current tax legislation, tax loss carry-forwards can only be carried forward up to ten years from the end of qualifying period with effect from the year of assessment 2022.

In the prior financial year, the Group also assessed its ability to utilise the reinvestment allowance which will expire in year of assessment 2025. The reinvestment allowance which are able to be utilised up to its expiry date amounted to RM8,963,000 and the Group has derecognised the remaining RM10,540,000 of its reinvestment allowance.

Movement in temporary differences during the year

	At	Recognised	At	Recognised	At
	1.1.2021 RM'000	in profit or loss (Note 20) RM'000	31.12.2021/ 1.1.2022 RM'000	in profit or loss (Note 20) RM'000	31.12.2022 RM'000
Group					
Property, plant and equipment	(22,041)	(2,970)	(25,011)	(6,413)	(31,424)
Lease liabilities	15	5	20	679	699
Provisions	9,912	5,710	15,622	5,357	20,979
Unutilised capital allowance carry-forwards	7,132	249	7,381	3,392	10,773
Unutilised reinvestment allowance	4,681	(2,530)	2,151	-	2,151
Tax losses carry-forwards	259	4,494	4,753	1,944	6,697
Other items	(1,771)	12	(1,759)	(368)	(2,127)
Total	(1,813)	4,970	3,157	4,591	7,748

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movement in temporary differences during the year (continued)

	At 1.1.2021 RM'000	Recognised in profit or loss (Note 20) RM'000	At 31.12.2021/ 1.1.2022 RM'000	Recognised in profit or loss (Note 20) RM'000	At 31.12.2022 RM'000
Company					
Property, plant and equipment	-	-	-	(395)	(395)
Provisions	-	-	-	458	458
Unutilised capital allowance carry-forwards	-	-	-	123	123
Right of use assets	-	-	-	(507)	(507)
Lease liabilities	-	-	-	522	522
Total	-	-	-	201	201

9. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current					
Non-trade					
Amount due from subsidiaries	9.1	-	-	54,942	52,300
Current					
Trade					
Trade receivables		131,313	122,415	-	-
Non-trade					
Amount due from subsidiaries	9.1	-	-	223,635	208,217
Other receivables and deposits		7,633	7,383	191	303
Prepayments		6,519	1,904	8	43
		14,152	9,287	223,834	208,563
		145,465	131,702	223,834	208,563
		145,465	131,702	278,776	260,863

9.1 The non-trade amount due from subsidiaries are unsecured, subject to interest at 4.00% – 6.30% per annum (2021: 1.52% – 4.0% per annum) and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

10. INVENTORIES

	Group	
	2022 RM'000	2021 RM'000
Raw materials and consumables	57,164	51,924
Work-in-progress	13,562	5,734
Packing materials	24,526	18,677
Finished goods	139,927	145,857
	235,179	222,192
Recognised in profit or loss:		
Inventories recognised as cost of sales	214,033	230,709
Net inventories written back	(1,712)	(2,182)
Net inventories written off	42,086	9,686

11. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits placed with licensed banks		11,860	8,846	-	-
Cash and bank balances		67,237	97,635	28,456	59,531
Highly liquid investments with financial institutions	11.1	78,540	31,499	78,540	31,499
		157,637	137,980	106,996	91,030

11.1 Highly liquid investments with financial institutions

The Directors regard the highly liquid investments as cash and cash equivalents in view of its liquidity and insignificant risk of changes in value.

12. CAPITAL AND RESERVES

12.1 Share capital

	Note	Group and Company			
		Number of shares	Amount	Number of shares	Amount
		2022 '000	2022 RM'000	2021 '000	2021 RM'000
Issued and fully paid:					
Ordinary shares					
At 1 January		941,765	405,856	706,027	404,922
Issuance pursuant to dividend reinvestment plan	12.1.1	10,474	13,511	303	934
Issuance pursuant to bonus issue	12.1.2	-	-	235,435	-
At 31 December		952,239	419,367	941,765	405,856

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.

12.1.1 Dividend Reinvestment Plan

The Company had implemented the Dividend Reinvestment Plan for its 2021 Second Interim Dividend at a conversion price of RM1.29 per ordinary share and had issued and allotted 10,474,002 new shares on 17 May 2022.

12.1.2 Bonus Issue

On 3 May 2021, the Board of Directors resolved on approval of proposed bonus issue by the Company of up to 239,926,896 new ordinary shares in the Company on the basis of one bonus share for every three existing shares held.

The proposed bonus issue was completed following the listing of and quotation for 235,435,495 new bonus shares on the Main Market of Bursa Malaysia Securities Berhad on 8 September 2021.

12.2 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.

12.3 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity designated at fair value through other comprehensive income until the assets are derecognised or impaired.

NOTES TO THE FINANCIAL STATEMENTS

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.

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current					
Term loan - unsecured	13.1	294,601	297,797	294,601	297,797
Current					
Term loan - unsecured	13.1	32,341	15,075	32,341	15,075
Revolving credit - unsecured	13.2	87,561	84,273	67,560	66,660
Banker's acceptance	13.3	14,239	3,577	-	-
		134,141	102,925	99,901	81,735
		428,742	400,722	394,502	379,532

13.1 Term loan – unsecured

- (a) On 16 June 2017, the Company obtained a RM250 million term loan facility, payable over 10 years (including a grace period of 3 years) from the date of the first disbursement of the facility.

On 29 July 2019, the Company has renewed the term loan facility. The existing tenure of the term loan facility of up to a period of 10 years (including a grace period of 3 years) from the date of the first disbursement of the facility has been revised to be up to a period of 12 years (including a grace period of 5 years) from the date of the first disbursement of the facility.

On 17 February 2022, the Company has accepted a further revision to the terms and conditions of the term loan facility. The tenure of the term loan facility of up to a period of 12 years (including a grace period of 6 years) from the date of the first disbursement of the facility has been revised to be up to a period of 13 years (including a grace period of 6 years) from the date of the first disbursement of the facility.

At the end of the current financial year, the outstanding balance arising from the term loan facility is subject to interest at the rate of 4.55% per annum (2021:3.60%).

13. LOANS AND BORROWINGS (CONTINUED)

13.1 Term loan – unsecured (continued)

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., Duopharma Marketing Sdn. Bhd. and Duopharma HAPI Sdn. Bhd.;
 - ii) 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) Debt-to-equity ratio on consolidated level shall not exceed 1.5 times; and
 - iv) Debt service cover ratio on consolidated level not less than 2 times.
- (b) On 8 July 2020, the Company obtained a RM150 million term loan facility, divided into two tranches, as follows:
- i) Term loan facility for Business Financing-i 1 of RM67 million.
 - ii) Term loan facility for Business Financing-i 2 of RM83 million.

The facility is payable quarterly over 9 years from the date of the first disbursement of the facility and the outstanding balance as at the 31 December 2022 is subject to interest at the average rate of 4.19% (2021: 3.25%).

The significant covenant for the term loan facility is Permodalan Nasional Berhad (“PNB”) is to remain as the Company’s major shareholders during the subsistence of the facility.

13.2 Revolving credit – unsecured

The Group’s and the Company’s revolving credit as at 31 December 2022 amounting to RM87,561,000 and RM67,560,000 (2021: RM84,273,000 and RM66,660,000), respectively, are revolving credits maturing between one to twelve months.

13.3 Banker’s acceptance

The Group’s banker’s acceptance as at 31 December 2022 amounting to RM14,239,000 (2021: RM3,577,000) are banker’s acceptance maturing between one to three months.

NOTES TO THE FINANCIAL STATEMENTS

14. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current					
Lease liabilities		1,921	2,478	1,730	2,173
Current					
Trade					
Trade payables		44,602	23,119	-	-
Refund liabilities	14.1	7,327	8,204	-	-
		51,929	31,323	-	-
Non-trade					
Amount due to subsidiaries	14.2	-	-	3,124	2,570
Other payables		35,951	28,166	2,431	2,646
Accrued expenses		40,463	61,196	3,948	3,902
Lease liabilities		940	641	444	429
		77,354	90,003	9,947	9,547
		129,283	121,326	9,947	9,547
		131,204	123,804	11,677	11,720

14.1 As at the end of the financial year, the Group recorded refund liabilities amounting to RM7,327,000 (2021: RM8,204,000). The Group allows sales return for sales made during the year in exchange with new goods and cash refunds.

14.2 The non-trade amount due to subsidiaries is unsecured, interest free and repayable on demand.

15. REVENUE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers				
External	696,717	639,175	-	-
Related companies	-	-	28,866	25,421
Other revenue				
Dividend income	-	-	34,490	41,534
	696,717	639,175	63,356	66,955

15.1 Disaggregation of revenue

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Primary geographical market				
Malaysia	654,891	596,887	28,866	25,421
Other countries	41,826	42,288	-	-
	696,717	639,175	28,866	25,421
Type of market				
Public sector	297,507	277,777	-	-
Private sector	399,210	361,398	-	-
Others	-	-	28,866	25,421
	696,717	639,175	28,866	25,421
Timing and recognition				
At a point in time	696,717	639,175	-	-
Over time	-	-	28,866	25,421
	696,717	639,175	28,866	25,421

NOTES TO THE FINANCIAL STATEMENTS

15. REVENUE (CONTINUED)**15.2 Nature of goods and services**

The following information reflects the typical transactions of the Group and the Company:

Type of market	Timing of recognition or method used to recognise 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 external 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 external customers based on the total invoice value.	The Group allows returns for exchange with new goods and cash refunds.
Others	Revenue is recognised when the services are delivered and accepted by the customers when the services are rendered.	Credit period of 60 to 90 days from invoice date.	Not applicable.	Not applicable.

There was no warranty in the provision of the goods and services by the Group.

15.3 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

16. RESULTS FROM OPERATING ACTIVITIES

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Operating profit is arrived at after charging/ (crediting):					
Auditors' remuneration:					
- Audit fees					
KPMG in Malaysia		294	279	62	58
Other auditors		62	51	-	-
- Non-audit fees					
KPMG in Malaysia		41	264	29	264
Depreciation on property, plant and equipment	3	33,398	29,583	1,041	890
Write off on property, plant and equipment	3	-	46	-	-
Loss on disposal of property, plant and equipment		-	7	-	-
Amortisation of intangible assets	5	2,799	2,372	888	888
Gain from lease modifications		-	(25)	-	-
(Reversal of)/Loss on impairment on trade receivables	24	(490)	102	-	-
Net inventories written back	10	(1,712)	(2,182)	-	-
Net inventories written off	10	42,086	9,686	-	-
Net realised foreign exchange loss/(gain)		159	629	17	(6)
Net unrealised foreign exchange loss		604	365	820	507
Personnel expenses (including key management personnel):					
- Contributions to state plans		15,307	14,481	1,106	1,071
- Wages, salaries and others		118,151	108,024	12,491	11,048
Dividend income from:					
- A subsidiary in Malaysia (unquoted)		-	-	(33,540)	(40,798)
- A subsidiary in Singapore (unquoted)		-	-	(950)	(736)
Expenses arising from leases:					
- Expenses relating to leases of low-value assets	a	183	366	-	-
- Expenses relating to short-term leases	a	1,039	494	-	-
- Expenses relating to variable lease payments not included in the measurement of lease liabilities		1,009	1,757	-	-

Note a

The Group leases office building, warehouses and office equipment with contract terms of one to three years. These leases are short term leases and/or leases low-value items. The Company has elected not to recognise right-of-use assets and lease liabilities for these leases.

NOTES TO THE FINANCIAL STATEMENTS

17. FINANCE INCOME

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income of financial assets calculated using the effective interest method that are:				
- at amortised cost	480	603	11,621	9,272
- at fair value through profit or loss	1,041	593	1,041	593
	1,521	1,196	12,662	9,865

18. FINANCE COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	9,005	6,377	14,718	10,361
Interest expense on lease liabilities	94	62	86	57
Other finance costs	481	533	11	2
	9,580	6,972	14,815	10,420

19. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors				
- Fees	925	789	925	789
- Remuneration	2,532	2,613	2,532	2,613
- Other short-term employee benefits	22	44	22	44
	3,479	3,446	3,479	3,446
Other key management personnel				
- Remuneration	10,321	9,005	4,596	4,080
Total short-term employee benefits	13,800	12,451	8,075	7,526

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.

20. TAX EXPENSE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Recognised in profit or loss				
Current tax expense				
- current year	26,125	23,829	862	1,207
- (over)/under provision in prior years	(6,795)	(1,559)	(142)	10
Total current tax recognised in profit or loss	19,330	22,270	720	1,217
Deferred tax expense/(benefit)				
Origination and reversal of temporary differences	(6,190)	(5,072)	(201)	-
Under provision in prior years	1,599	102	-	-
Total deferred tax recognised in profit or loss	(4,591)	(4,970)	(201)	-
Total income tax expense	14,739	17,300	519	1,217
Reconciliation of tax expense				
Profit for the year	70,112	65,683	28,782	38,256
Total income tax expense	14,739	17,300	519	1,217
Profit excluding tax	84,851	82,983	29,301	39,473
Income tax calculated using Malaysian tax rate of 24%	20,364	19,916	7,032	9,474
Non-deductible expenses, net of non-taxable income	3,809	4,397	2,232	2,385
Tax exempt income	(57)	(151)	(8,278)	(10,557)
Tax incentives	(4,035)	(3,497)	(253)	-
Effect of deferred tax benefits not recognised	-	2,530	-	-
Recognition of previously unrecognised tax benefits	(72)	(4,381)	(72)	(95)
(Over)/under provision in prior years	(5,196)	(1,457)	(142)	10
Effect of tax rates in foreign jurisdictions	(74)	(57)	-	-
	14,739	17,300	519	1,217

NOTES TO THE FINANCIAL STATEMENTS

21. EARNINGS PER ORDINARY SHARE**(a) Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share at 31 December 2022 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2022	2021
	RM'000	RM'000
Profit attributable to ordinary shareholders	70,112	65,683

	Group	
	2022	2021
	'000	'000
Weighted average number of ordinary shares		
As at 1 January	941,765	692,721
Effect of dividend reinvestment plan	6,543	184
	948,308	692,905
Effect of bonus issue	-	235,435
As at 31 December	948,308	928,340

	Group	
	2022	2021
	Sen	Sen
Basic earnings per ordinary share	7.39	7.08

(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 2022.

22. DIVIDENDS

Dividends recognised by the Company:

	Note	Sen per share	Total amount RM'000	Date of payment
2022				
Second interim dividend 2021 ordinary	22.1	1.8	16,952	13 May 2022
Interim 2022 ordinary		0.5	4,762	14 September 2022
Total amount			21,714	
2021				
Second interim dividend 2020 ordinary	22.1	6.0	42,362	21 May 2021
Interim 2021 ordinary		0.5	3,531	15 September 2021
Total amount			45,893	

22.1 Out of the total distribution of RM16,951,782 (2021: RM42,361,615), a total of RM13,511,463 (2021: RM934,087) was converted into 10,474,002 (2021: 303,275) new ordinary shares of the Company at the conversion price of RM1.29 (2021: RM3.08) per ordinary share under the Dividend Reinvestment Plan.

After the end of the reporting period, the following dividend was declared by the Directors 23 February 2023. This dividend will be recognised in subsequent financial period.

	Note	Sen per share	Total amount RM'000
Second interim 2022 ordinary	22.2	1.8	17,140

22.2 Subject to the Bursa Malaysia Securities Berhad's approval, the Company proposes to undertake a Dividend Reinvestment Plan ("Proposed DRP"). The Directors have resolved that the Proposed DRP will apply to the second interim dividend and shareholders of the Company will be given an option to elect to reinvest the entire second interim dividend in new ordinary shares at 1.8 sen per share in the Company in accordance with the Proposed DRP. As at date of this report, the issue price of the new shares to be issued pursuant to the Proposed DRP has yet to be determined by the Directors.

NOTES TO THE FINANCIAL STATEMENTS

23. OPERATING SEGMENTS

The Group operates principally in Malaysia and its sole business segment being manufacturing and distribution of pharmaceutical products categorised by geographical area as disclosed in geographical segments below. The 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 disclosed 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 are 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	
	2022	2021
	RM'000	RM'000
Revenue from external customers:		
Local	654,891	596,887
Export	41,826	42,288
	696,717	639,175
Trade receivables from external customers:		
Local	123,343	116,434
Export	7,970	5,981
	131,313	122,415

Major customers

Revenue from a major customer with revenue equal or more than 10% of the Group's total revenue amounts to approximately RM165,987,000 (2021: RM144,678,000), generated from local segment.

24. FINANCIAL INSTRUMENTS

24.1 Categories of financial instruments

The table below provides an analysis of financial instruments 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
2022				
Financial assets				
Group				
Other investments	42,151	-	-	42,151
Trade and other receivables	138,946	138,946	-	-
Cash and bank balances	79,097	79,097	-	-
Highly liquid investments	78,540	-	78,540	-
	338,734	218,043	78,540	42,151
Company				
Other investments	42,151	-	-	42,151
Trade and other receivables	278,768	278,768	-	-
Cash and bank balances	28,456	28,456	-	-
Highly liquid investments	78,540	-	78,540	-
	427,915	307,224	78,540	42,151
Financial liabilities				
Group				
Loan and borrowings	(428,742)	(428,742)	-	-
Trade and other payables	(121,016)	(121,016)	-	-
	(549,758)	(549,758)	-	-
Company				
Loan and borrowings	(394,502)	(394,502)	-	-
Trade and other payables	(9,503)	(9,503)	-	-
	(404,005)	(404,005)	-	-

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000	FVTPL RM'000	FVOCI - EIDUIR RM'000
2021				
Financial assets				
Group				
Other investments	73,536	-	-	73,536
Trade and other receivables	129,798	129,798	-	-
Cash and bank balances	106,481	106,481	-	-
Highly liquid investments	31,499	-	31,499	-
	341,314	236,279	31,499	73,536
Company				
Other investments	73,536	-	-	73,536
Trade and other receivables	260,820	260,820	-	-
Cash and bank balances	59,531	59,531	-	-
Highly liquid investments	31,499	-	31,499	-
	425,386	320,351	31,499	73,536
Financial liabilities				
Group				
Loan and borrowings	(400,722)	(400,722)	-	-
Trade and other payables	(112,481)	(112,481)	-	-
	(513,203)	(513,203)	-	-
Company				
Loan and borrowings	(379,532)	(379,532)	-	-
Trade and other payables	(9,118)	(9,118)	-	-
	(388,650)	(388,650)	-	-

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.2 Net gains and losses arising from financial instruments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net gains/(losses) on:				
Equity instruments designated at fair value through other comprehensive income	(31,385)	(40,781)	(31,385)	(40,781)
Financial assets at amortised cost	338	542	11,621	9,311
Financial assets at fair value through profit or loss	1,041	593	1,041	593
Financial liabilities at amortised cost	(10,201)	(8,007)	(15,652)	(10,960)
	(40,207)	(47,653)	(34,375)	(41,837)

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

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 public and private sectors, impairment loss will be generally provided for amounts aged more than 90 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	
	2022	2021
	RM'000	RM'000
Public sector	39,884	37,959
Private sector	91,429	84,456
	131,313	122,415

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 2022.

	2022		
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Not past due	125,863	(359)	125,504
1-30 days past due	1,048	(12)	1,036
31-60 days past due	3,739	(14)	3,725
61-90 days past due	665	(9)	656
	131,315	(394)	130,921
Credit impaired			
More than 90 days past due	2,384	(1,992)	392
Individually impaired	204	(204)	-
	133,903	(2,590)	131,313

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses (continued)

	2021		
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Not past due	109,716	(253)	109,463
1-30 days past due	7,754	(204)	7,550
31-60 days past due	5,766	(1,160)	4,606
61-90 days past due	1,033	(237)	796
	124,269	(1,854)	122,415
Credit impaired			
More than 90 days past due	736	(736)	-
Individually impaired	616	(616)	-
	125,621	(3,206)	122,415

The movements in the allowance for impairment in respect of trade receivables during the year as shown below.

	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Balance at 1 January 2021	1,283	1,849	3,132
Amounts written off	-	(28)	(28)
Net remeasurement of loss allowance	571	(469)	102
Balance at 31 December 2021	1,854	1,352	3,206
Amounts written off	-	(126)	(126)
Net remeasurement of loss allowance	(1,460)	970	(490)
Balance at 31 December 2022	394	2,196	2,590

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (CONTINUED)**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.

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	More than 5 years RM'000
2022							
Group							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	121,016	-	121,016	121,016	-	-	-
Lease liabilities	2,861	5.00	3,048	1,014	1,219	815	-
Term loan – unsecured	326,942	4.19 - 4.55	380,138	46,460	124,387	174,363	34,928
Revolving credit – unsecured	87,561	3.35 - 6.30	90,408	90,408	-	-	-
Banker's acceptance	14,239	3.97 - 4.58	14,707	14,707	-	-	-
	552,619		609,317	273,605	125,606	175,178	34,928
Company							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	9,503	-	9,503	9,503	-	-	-
Lease liabilities	2,174	5.00	2,360	515	1,030	815	-
Term loan – unsecured	326,942	4.19 - 4.55	379,877	46,460	124,387	174,363	34,667
Revolving credit – unsecured	67,560	3.35 - 6.30	69,727	69,727	-	-	-
	406,179		461,467	126,205	125,417	175,178	34,667

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.5 Liquidity risk (continued)

Maturity analysis (continued)

2021	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	More than 5 years RM'000
Group							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	112,481	-	112,481	112,481	-	-	-
Lease liabilities	3,119	3.60 - 5.00	3,443	893	1,052	1,498	-
Term loan – unsecured	312,872	3.25 - 3.60	356,369	25,687	103,752	171,957	54,973
Revolving credit – unsecured	84,273	1.52 - 3.24	85,357	85,837	-	-	-
Banker's acceptance	3,577	3.05	3,587	3,587	-	-	-
	<u>516,322</u>		<u>561,237</u>	<u>228,485</u>	<u>104,804</u>	<u>173,455</u>	<u>54,973</u>
Company							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	9,118	-	9,118	9,118	-	-	-
Lease liabilities	2,602	3.60 - 5.00	2,875	452	1,093	1,330	-
Term loan – unsecured	312,872	3.25 - 3.60	356,369	25,687	103,752	171,957	54,973
Revolving credit – unsecured	66,660	1.52 - 2.77	67,539	67,539	-	-	-
	<u>391,252</u>		<u>435,901</u>	<u>102,796</u>	<u>104,845</u>	<u>173,287</u>	<u>54,973</u>

NOTES TO THE FINANCIAL STATEMENTS

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"), Korean Won ("KRW"), Philippines Peso ("PESO"), British Pound Sterling ("GBP"), Brunei Dollar ("BND") and Indonesian Rupiah ("IDR").

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:

Group	Denominated in USD	
	2022 RM'000	2021 RM'000
Trade and other receivables	3,347	4,647
Trade and other payables	(11,695)	(7,234)
Bank balances	2,821	4,672
Bank borrowings	(16,433)	(16,660)
Net exposure in the statement of financial position	(21,960)	(14,575)

	Denominated in EURO	
	2022 RM'000	2021 RM'000
Trade and other receivables	9,611	9,292
Trade and other payables	(70)	(176)
Net exposure in the statement of financial position	9,541	9,116

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

	Denominated in SGD	
	2022 RM'000	2021 RM'000
Group (continued)		
Trade and other receivables	2,317	1,276
Trade and other payables	(1,014)	(899)
Bank balances	1,605	1,761
Net exposure in the statement of financial position	2,908	2,138
	Denominated in KRW	
	2022 RM'000	2021 RM'000
Trade and other payable	(62)	(78)
	Denominated in PESO	
	2022 RM'000	2021 RM'000
Trade and other receivables	2,040	1,466
Trade and other payables	(2,669)	(2,342)
Bank balances	2,670	1,844
Net exposure in the statement of financial position	2,041	968
	Denominated in GBP	
	2022 RM'000	2021 RM'000
Trade and other receivables	1	-
Trade and other payables	(48)	-
Net exposure in the statement of financial position	(47)	-
	Denominated in BND	
	2022 RM'000	2021 RM'000
Trade and other receivables	498	-

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

Group (continued)	Denominated in IDR	
	2022 RM'000	2021 RM'000
Bank Balances	333	-

Currency risk sensitivity analysis

A 10% (2021: 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.

Group	Profit or loss	
	2022 RM'000	2021 RM'000
USD	1,669	1,108
EURO	(725)	(693)
SGD	(221)	(162)
KRW	5	6
PESO	(155)	(74)
GBP	4	-
BND	(38)	-
IDR	(25)	-
	514	185

A 10% (2021: 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.

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed rate instruments				
Financial assets	11,860	8,846	73,757	84,687
Financial liabilities	(70,421)	(69,779)	(69,734)	(69,263)
	(58,561)	(60,933)	4,023	15,424
Floating rate instruments				
Financial assets	78,540	31,499	283,360	207,329
Financial liabilities	(361,182)	(334,062)	(326,942)	(312,872)
	(282,642)	(302,563)	(43,582)	(105,543)

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (CONTINUED)**24.6 Market risk (continued)****24.6.2 Interest rate risk or net asset value risk (continued)***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.

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.

	2022		2021	
	Profit or (loss)		Profit or (loss)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Group				
Floating rate instruments	(2,148)	2,148	(2,299)	2,299
Company				
Floating rate instruments	(331)	331	(802)	802

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.

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:

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	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		
2022										
Financial assets										
Other investments	34,828	-	7,323	42,151	-	-	-	-	42,151	42,151
Highly liquid investments	78,540	-	-	78,540	-	-	-	-	78,540	78,540
	113,368	-	7,323	120,691	-	-	-	-	120,691	120,691
Financial liabilities										
Term loan	-	-	-	-	-	-	(326,942)	(326,942)	(326,942)	(326,942)
2021										
Financial assets										
Other investments	48,736	-	24,800	73,536	-	-	-	-	73,536	73,536
Highly liquid investments	31,499	-	-	31,499	-	-	-	-	31,499	31,499
	80,235	-	24,800	105,035	-	-	-	-	105,035	105,035
Financial liabilities										
Term loan	-	-	-	-	-	-	(312,872)	(312,872)	(312,872)	(312,872)

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.7 Fair value information (continued)

Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	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		
2022										
Financial assets										
Other investments	34,828	-	7,323	42,151	-	-	-	-	42,151	42,151
Highly liquid investments	78,540	-	-	78,540	-	-	-	-	78,540	78,540
	113,368	-	7,323	120,691	-	-	-	-	120,691	120,691
Financial liabilities										
Term loan	-	-	-	-	-	-	(326,942)	(326,942)	(326,942)	(326,942)
2021										
Financial assets										
Other investments	48,736	-	24,800	73,536	-	-	-	-	73,536	73,536
Highly liquid investments	31,499	-	-	31,499	-	-	-	-	31,499	31,499
	80,235	-	24,800	105,035	-	-	-	-	105,035	105,035
Financial liabilities										
Term loan	-	-	-	-	-	-	(312,872)	(312,872)	(312,872)	(312,872)

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 (2021: no transfer in either direction).

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	Group	
	2022	2021
	RM'000	RM'000
Unquoted shares		
At 1 January	24,800	21,918
Purchases	-	2,070
(Loss)/gain recognised in other comprehensive income	(17,477)	812
At 31 December	7,323	24,800

NOTES TO THE FINANCIAL STATEMENTS

24. FINANCIAL INSTRUMENTS (CONTINUED)**24.7 Fair value information (continued)****Financial instruments carried at fair value**

Level 3 items principally comprise minority shareholdings in unlisted businesses. Unlisted equity investments, initially measured at cost, are revalued where sufficient indicators are identified that a change in the fair value has occurred.

The inputs to any subsequent valuations are based on a combination of observable evidence from external transactions in the investee's equity and adjusted net asset method.

There would be no material effect on the amounts stated from any reasonably possible change in such inputs at 31 December 2022.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Term loan	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 of term loan is 4.42% (2021: 3.45%).

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 2022 and at 31 December 2021 were as follows:

	Note	Group	
		2022 RM'000	2021 RM'000
Loans and borrowings	13	428,742	400,722
Lease liabilities	14	2,861	3,119
Total debts		431,603	403,841
Total equity		655,222	624,004
Debt-to-equity ratios		0.66:1	0.65:1

The Group is also required to maintain a maximum debt-to-equity ratio of 1.5 and minimum debt service cover ratio of 2.0 to comply with debt covenants, failing which, the bank may call an event of default. The Group has complied with the covenants.

26. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Capital expenditure commitments				
Plant and equipment				
Contracted but not provided for	8,113	48,286	93	3,990

NOTES TO THE FINANCIAL STATEMENTS

27. 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Subsidiaries				
Management services fees and other services fees received	-	-	28,866	25,415
Dividend income received from subsidiaries	-	-	34,490	41,540
Interest income received from subsidiaries	-	-	11,571	9,220

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.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 153 to 234 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 2022 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

.....
Leonard Ariff Bin Abdul Shatar

Director

Kuala Lumpur

Date: 14 March 2023

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, do solemnly and sincerely declare that the financial statements set out on pages 153 to 234 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 14 March 2023.

.....
Chek Wu Kong

Before me:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DUOPHARMA BIOTECH BERHAD

(Registration No. 200001021664 (524271-W)) (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Duopharma Biotech Berhad, which comprise the statements of financial position as at 31 December 2022 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 153 to 234.

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 2022, 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 (including International Independence)* Standards ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF DUOPHARMA BIOTECH BERHAD
(Registration No. 200001021664 (524271-W)) (Incorporated in Malaysia)

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.

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
<p>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.</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> • Attended inventory counts to identify whether any inventory was obsolete; • Assessed the basis for the inventory provisions, the consistency of provisioning in line with policy and the rationale for the recording of specific provisions; • Tested the accuracy of the ageing of inventories based on system generated reports; • Tested the provision calculations and determined that they appropriately took into account the ageing profile of inventories; and • Assessed the appropriateness of management's inventory measurement under MFRS 102.

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.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors report thereon), which we obtained prior to the date of this 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF DUOPHARMA BIOTECH BERHAD
(Registration No. 200001021664 (524271-W)) (Incorporated in Malaysia)

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.

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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF DUOPHARMA BIOTECH BERHAD
(Registration No. 200001021664 (524271-W)) (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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

Ameenuddin Bin Khali Kasman
Approval Number: 03470/11/2023 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 14 March 2023

SEC

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OTHER INFORMATION



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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

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

Dato' Dr. Zaki Morad Bin Mohamad Zaher
Independent, Non-Executive Director

Amizar Binti Mizuar
Non-Independent, Non-Executive Director

COMPANY SECRETARY

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

REGISTERED OFFICE

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Fax No. : +603-2161 0507
Website : www.duopharmabiotech.com
E-mail : cs@duopharmabiotech.com

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41200 Klang
Selangor Darul Ehsan
Malaysia
Tel No. : +603-3323 2759
Fax No. : +603-3323 3923

INVESTOR RELATIONS

Contact Person: Vinc Choong Jia Liang
Tel No. : +603-3323 2759
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Email : vinc-choong@duopharmabiotech.com

AUDITORS

Messrs. KPMG PLT
(LLP0010081-LCA & AF 0758)
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

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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
Seksyen 9
Bandar Baru Bangi
43650 Bangi
Selangor Darul Ehsan
Malaysia

Hong Leong Bank Berhad

No 68, Lorong Batu Nilam 3A
Bandar Bukit Tinggi
41200 Klang
Selangor Darul Ehsan
Malaysia

Bank Islam Malaysia Berhad

No 1, Jalan Mohagani 5
Bandar Botanic
41200 Klang
Selangor Darul Ehsan
Malaysia

Overseas - Chinese Banking
Corporation Limited Labuan Branch

Level 8 (C), Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Labuan
Malaysia

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn. Bhd.

Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
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59200 Kuala Lumpur
Malaysia
Tel No. : +603-2783 9299
Fax No. : +603-2783 9222
E-mail : is.enquiry@my.tricorglobal.com
Web : www.tricorglobal.com

Share Registrar's Customer Service
Centre

Tricor Investor & Issuing House Services
Sdn. Bhd.
Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel No. : +603-2783 9299
Fax No. : +603-2783 9222

FINANCIAL YEAR END

31 December

STOCK EXCHANGE LISTING

Exchange : Listed on the Main Market of
Bursa Malaysia Securities Berhad
Sector : Health Care
Date of Listing : 18 July 2002

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2023

Total Number of Issued Shares	: 952,239,690
Class of Shares	: Ordinary Shares
No. of Shareholders	: 20,425
Voting Rights	: One Vote per Ordinary Share

The increase in the number of issued shares of Duopharma Biotech from 941,765,688 Ordinary Shares as at 31 March 2022 to 952,239,690 Ordinary Shares as at 31 March 2023 is as set out in the table below:

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
13 May 2022	10,474,002	Implementation of Dividend Reinvestment Plan for 2021 Second Interim Dividend	952,239,690

ANALYSIS BY SIZE OF HOLDINGS

as at 31 March 2023

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	2,304	11.280	91,838	0.009
100 - 1,000	3,222	15.774	1,426,499	0.149
1,001 - 10,000	11,023	53.968	40,732,598	4.277
10,001 - 100,000	3,459	16.935	88,605,229	9.304
100,001 to less than 5% of issued ordinary shares	415	2.031	316,651,446	33.253
5% and above of issued ordinary shares	2	0.009	504,732,080	53.004
Total	20,425	100.000	952,239,690	100.000

DIRECTORS SHAREHOLDINGS AS PER REGISTER OF DIRECTORS

as at 31 March 2023

Name	No. of Shares Held			
	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	-	-	-	-
Zaiton Binti Jamaluddin	-	-	-	-
Dato' Eisah Binti A. Rahman	-	-	-	-
Datuk Nik Moustpha Bin Hj Nik Hassan	-	-	-	-
Datuk Mohd Radzif Bin Mohd Yunus	25,293	0.002	-	-
Dato' Dr Zaki Morad Bin Mohamad Zaher	-	-	-	-
Amizar Binti Mizuar	-	-	-	-
Total	25,293	0.002	-	-

ANALYSIS OF SHAREHOLDINGS
As at 31 March 2023

DIRECTORS OF SUBSIDIARY COMPANIES' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS

as at 31 March 2023

Name	No. of Shares Held			
	Direct	%	Indirect	%
Leonard Ariff Bin Abdul Shatar	-	-	-	-
Wan Amir-Jeffery Bin Wan Abdul Majid	-	-	-	-
Chek Wu Kong	124	0.000	-	-
Ng Su Yee	65,053	0.006	-	-
Krisnakumara-Reddi A/L Kesava-Reddi	2,841	0.000	-	-
Feizril Nor Bin Nurbi	-	-	-	-
Mohd Fairuz Khan Bin Pret Khan*	-	-	533	0.000
Mohd Idzwan Bin Mohd Malik	-	-	-	-
Mohamed Shazman Merican	-	-	-	-
Noor Aida Binti Jaafar	-	-	-	-
Roziah Hanim Binti Abd Karim	-	-	-	-
Sabrina Binti Haron	-	-	-	-
Suhaizar Bin Mansor	-	-	-	-
Teo Cheng Peow	-	-	-	-
Zaini Bin Said	4,000	0.000	-	-
<i>* held via Kenanga Nominees (Tempatan) Sdn Bhd - Rakuten Trade Sdn Bhd</i>				
Total	72,018	0.008	533	0.000

SENIOR MANAGEMENT'S SHAREHOLDINGS

as at 31 March 2023

Name	No. of Shares Held			
	Direct	%	Indirect	%
Leonard Ariff Bin Abdul Shatar	-	-	-	-
Wan Amir-Jeffery Bin Wan Abdul Majid	-	-	-	-
Dato' Dr Anas Bin Alam Faizli	-	-	-	-
Chek Wu Kong	124	0.000	-	-
Ng Su Yee	65,053	0.006	-	-
Krisnakumara-Reddi A/L Kesava-Reddi	2,841	0.000	-	-
Ibrahim Hussin Salleh	-	-	-	-
Shamsul Idham Bin A.lahad	-	-	-	-
Total	68,018	0.006	-	-

ANALYSIS OF SHAREHOLDINGS
As at 31 March 2023**SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS**

as at 31 March 2023

Name	No. of Shares Held			
	Direct	%	Indirect	%
Permodalan Nasional Berhad	419,032,712	44.004	-	-
Yayasan Pelaburan Bumiputra	-	-	419,032,712	44.004
Employees Provident Fund Board*	-	-	101,531,458	10.658

* held via multiple securities accounts with Citigroup Nominees (Tempatan) Sdn Bhd

TOP 30 SECURITIES ACCOUNT HOLDERS AS PER REGISTER OF DEPOSITORS

as at 31 March 2023

No.	Name	Holdings	%
1.	PERMODALAN NASIONAL BERHAD	419,032,712	44.004
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD Employees Provident Fund Board	85,699,368	8.999
3.	AMANAHRAYA TRUSTEES BERHAD Amanah Saham Bumiputera	42,150,451	4.426
4.	AMANAHRAYA TRUSTEES BERHAD Amanah Saham Malaysia	22,000,000	2.310
5.	LEMBAGA TABUNG HAJI	18,283,500	1.920
6.	PUBLIC NOMINEES (ASING) SDN BHD Pledged Securities Account For Billion Victory Sdn Bhd (KLC)	15,068,798	1.582
7.	AMANAHRAYA TRUSTEES BERHAD Public Islamic Treasures Growth Fund	10,092,037	1.059
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD National Trust Fund (IFM Eastspring) (410140)	8,811,856	0.925
9.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) Trustee Bhd For Manulife Investment Shariah Progress Fund	8,669,538	0.910
10.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB For Prulink Equity Fund	7,061,226	0.741
11.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD Deutsche Trustees Malaysia Berhad For Eastspring INVESTMENTSSMALL-CAP Fund	5,319,527	0.558
12.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB For Participating Fund	5,248,364	0.551
13.	CARTABAN NOMINEES (TEMPATAN) SDN BHD Prudential Assurance Malaysia Berhad For Prulink Strategic Fund	4,686,182	0.492
14.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD Employees Provident Fund Board (F TEMPLETON)	4,373,600	0.459
15.	MAYBANK NOMINEES (TEMPATAN) SDN BHD National Trust Fund (IFM AHAM) (410195)	3,867,473	0.406
16.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) Trustee Bhd For Manulife Investment Progress Fund (4082)	3,620,143	0.380

ANALYSIS OF SHAREHOLDINGS
As at 31 March 2023

TOP 30 SECURITIES ACCOUNT HOLDERS AS PER REGISTER OF DEPOSITORS (CONTINUED)

as at 31 March 2023

No. Name	Holdings	%
17. HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) Trustee Bhd For Manulife Investment Al-Fauzan (5170)	3,526,569	0.370
18. MAYBANK NOMINEES (TEMPATAN) SDN BHD MTrustee Berhad For Principal Dali Equity Growth Fund (UT-CIMB-DALI) (419455)	3,223,766	0.338
19. CITIGROUP NOMINEES (TEMPATAN) SDN BHD Employees Provident Fund Board (AM INV)	3,204,000	0.336
20. HSBC NOMINEES (ASING) SDN BHD HSBC-FS I For ASEAN Growth Fund (Manufacturers L)	3,102,600	0.325
21. MAYBANK NOMINEES (TEMPATAN) SDN BHD Syarikat Takaful Malaysia Keluarga Berhad (ORDPA)	3,089,900	0.324
22. CARTABAN NOMINEES (TEMPATAN) SDN BHD TMF Trustees Malaysia Berhad For Affin Hwang Wholesale Equity Fund	2,657,000	0.279
23. HONG LEONG ASSURANCE BERHAD As Beneficial Owner (UNITLINKED OP)	2,603,943	0.273
24. OOI KENG TAN	2,587,609	0.271
25. CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB Commerce Trustee Berhad For Kenanga Shariah Growth Opportunities Fund (50156 TR01)	2,403,948	0.252
26. CITIGROUP NOMINEES (TEMPATAN) SDN BHD Employees Provident Fund Board (CGS CIMB)	2,380,599	0.249
27. CITIGROUP NOMINEES (TEMPATAN) SDN BHD Employees Provident Fund Board (NIAM EQ)	1,975,233	0.207
28. CITIGROUP NOMINEES (TEMPATAN) SDN BHD Employees Provident Fund Board (CPIAM EQ)	1,849,600	0.194
29. UOBM NOMINEES (TEMPATAN) SDN BHD UOB Asset Management (Malaysia) Berhad For Gibraltar BSN Aggressive FUND	1,791,086	0.188
30. HONG LEONG MSIG TAKAFUL BERHAD As Beneficial Owner (FAMILY FUND)	1,763,339	0.185
Total	700,143,967	73.526

LIST OF TOP 10 PROPERTIES

As at 31 December 2022

No.	Location	Tenure	Lease Period	Area (sq- meter)	Description	Existing Use	Approximate Age of Building	Net Book Value (RM million)	Date of Last Revaluation
1	Duopharma (M) Sendirian Berhad Lot 2599, Jalan Seruling 59, Kawasan 3, Taman Klang Jaya, 41200 Klang, Selangor Darul Ehsan, Malaysia.	Freehold	-	24,261	a. Industrial land built upon with a 2-storey factory building, a 1-storey pump house cum boiler house and a guard house; b. 4-storey factory and office building; c. 2-storey warehouse building with two (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; and e. Construction of 5-storey manufacturing block.	Factory, warehouse and office	a. 30 years b. 20 years c. 11 years d. Under construction e. Under construction	205.83	January 2016
2	Duopharma (M) Sendirian Berhad Lot No. 2707, Jalan Seruling 59, Kawasan 3, Taman Klang Jaya, 41200 Klang, Selangor Darul Ehsan, Malaysia.	Freehold	-	4.38 acres	Industrial land built upon with a warehouse block with lift service, a rooftop car park, a mezzanine floor office and a technical block with motorcycle parking.	Warehouse with rooftop car park and office.	3 years	65.0	January 2016
3	Duopharma Manufacturing (Bangli) Sdn Bhd Lot No. 2, 4, 6, 8 & 10, Jalan P/7, Seksyen 13, Kawasan Perusahaan Bandar Baru Bangli, 43650 Bandar Baru Bangli, Selangor Darul Ehsan, Malaysia.	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 (2) guardhouse buildings.	Industrial land, factory and office	35 years	47.69	November 2014
4	Duopharma Marketing Sdn. Bhd. Lot No. 2, 4, 6, 8 & 10, Jalan P/7, Seksyen 13, Kawasan Perusahaan Bandar Baru Bangli, 43650 Bandar Baru Bangli, Selangor Darul Ehsan, Malaysia.	Leasehold	99 years (1987 - 2086)	12,140	Leasehold land built upon with 2-storey office cum warehouse building	Warehouse and office	35 years	28.88	November 2014

LIST OF TOP 10 PROPERTIES
As at 31 December 2022

No	Location	Tenure	Lease Period	Area (sq- meter)	Description	Existing Use	Approximate Age of Building	Net Book Value (RM million)	Date of Last Revaluation
5	Duopharma Manufacturing (Glenmarie) Sdn. Bhd. No. 2, Jalan Saudagar U1/16, Zon Perindustrian Hicom Glenmarie, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia.	Freehold	-	5,904	Industrial land, factory and offices	Factory and offices	25 years	27.0	December 2022
6	Duopharma Manufacturing (Glenmarie) Sdn. Bhd. Lot No. 1, Technology Park Malaysia, Phase 1, Bukit Jalil, 57000 Kuala Lumpur, Malaysia.	Sub-lease of 30 years	30 years (2001 - 2031)	1.85 acres	A plot of vacant industrial building land	Vacant	-	2.16	December 2022
7	Duopharma Marketing Sdn. Bhd. No. 1, Jalan 4/3, Seksyen 4, Bandar Baru Bangi, 43650 Bangi, Selangor Darul Ehsan, Malaysia.	Leasehold	99 years (1987 - 2086)	1,565	A plot of vacant residential detached building land	Vacant	-	1.05	December 2022
8	Duopharma Marketing Sdn. Bhd. No. 64, Jalan Pernas 9/13, Bandar Baru Pernas Jaya, Masai, 81750 Johor Bahru, Johor Darul Takzim, Malaysia.	Freehold	-	362	An intermediate 1½-storey terraced factory building.	Warehouse	31 years	0.85	December 2022
9	Duopharma (M) Sendirian Berhad No. 51 & 53, Jalan Rebana 3, Off Jalan Seruling 59, Kawasan 3, Taman Klang Jaya, 41200 Klang, Selangor Darul Ehsan, Malaysia.	Freehold	-	835	Two (2) units of 2-storey terrace light industrial building	Warehouse	26 years	0.70	January 2016
10	Duopharma Marketing Sdn. Bhd. No. 309, 310, 411 and 412, Block 4, Jalan 1/9, Seksyen 1, Bandar Baru Bangi, 43650 Bangi, Selangor Darul Ehsan, Malaysia.	Leasehold	99 years (1996 – 2095)	228	Four (4) units of 2-bedroom walk-up low-cost flat unit	Hostel	26 years	0.12	November 2014

NOTICE OF THE 22ND ANNUAL GENERAL MEETING OF DUOPHARMA BIOTECH BERHAD

(Registration No. 200001021664 (524271-W)) (Incorporated in Malaysia)



NOTICE IS HEREBY GIVEN that the Twenty-Second (22nd) Annual General Meeting (“AGM”) of Duopharma Biotech Berhad (“Duopharma Biotech” or the “Company”) will be held entirely through live streaming from the broadcast venue at the **Meeting Rooms 403 & 404, Level 4, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia** (the “Broadcast Venue”) and **via the TIH Online website at <https://tjih.online> on Wednesday, 31 May 2023 at 9.00 a.m.** for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 and the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire in accordance with Article 100 of the Company's Constitution and who, being eligible, offer themselves for re-election:-
 - i. Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir
 - ii. Encik Leonard Ariff Bin Abdul Shatar
 - iii. Puan Zaiton Binti Jamaluddin

Ordinary Resolution 1
Ordinary Resolution 2
Ordinary Resolution 3

Dato' Mohamad Kamarudin bin Hassan will retire in accordance with the Company's Board Charter that limits the tenure of the Non-Executive Directors to not more than 9 years. Hence, he will hold office until the conclusion of the 22nd Annual General Meeting.

3. To approve the payment of Directors' fees and Board Committee fees to each of the Non-Executive Directors for the period commencing 1 June 2023 until the conclusion of the next Annual General Meeting of the Company, as follows:-

Ordinary Resolution 4

DIRECTORS' FEES

Chairman of the Board	RM125,000.00 per annum
Member of the Board (other than Foreign Director)	RM100,000.00 per annum
Foreign Director	the amount in United States Dollars equivalent to RM100,000.00 per annum

BOARD COMMITTEE FEES

Chairman of the Board Committee	RM10,000.00 per annum
Member of the Board Committee (including where member is a Foreign Director)	RM8,000.00 per annum

And further, to authorise the Directors to pay the said fees among them in such proportions and manner as the Directors may determine.

4. To approve the payment of benefits to the Non-Executive Directors up to an amount of RM768,000.00 for the period from 1 June 2023 until the conclusion of the next AGM of the Company.
5. To re-appoint Messrs. KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

Ordinary Resolution 5

Ordinary Resolution 6

NOTICE OF THE 22ND ANNUAL GENERAL MEETING OF
DUOPHARMA BIOTECH BERHAD
(REGISTRATION NO. 200001021664 (524271-W)) (INCORPORATED IN MALAYSIA)



AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following Ordinary Resolution:-

Ordinary 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”)

“**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.”

7. To transact any other business of which due notice shall have been received.

By Order of the Board

IBRAHIM HUSSIN SALLEH

License No.: LS 0009121

SSM Practising Certificate No.: 201908001032

Company Secretary

Kuala Lumpur

Date: 27 April 2023

NOTICE OF THE 22ND ANNUAL GENERAL MEETING OF
DUOPHARMA BIOTECH BERHAD
(Registration No. 200001021664 (524271-W)) (Incorporated in Malaysia)



NOTES:

1. The Company's 22nd AGM will be conducted as a full virtual meeting with online remote voting via Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at <https://tiih.online>. Please follow the procedures provided in the Administrative Guide for the 22nd AGM which is available on the Company's website at <https://duopharmabiotech.com/investor-relations/shareholders-meeting-and-reports/> in order to register, participate and vote remotely via the RPV facilities.
2. The Broadcast Venue of the 22nd AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No member or proxy from the public will be physically present at the Broadcast Venue.
3. All Resolutions in the Notice of AGM are to be conducted by poll voting as per Paragraph 8.29A(1) of the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling/e-polling process and verify the results of the poll respectively.
4. A member who is entitled to attend, speak (including posing questions to the Company via real time submission of typed text) and vote (collectively, "participate") remotely at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him/her. A proxy may but need not be a member of the Company. In the case of a corporation, the corporation may appoint a duly authorised representative to participate in the Meeting on behalf of that corporation.
5. Where a member of the Company appoints two (2) proxies, the appointments shall be invalid unless the member specifies the proportion of his/her shareholdings to be represented by each proxy.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. 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.
8. A member who has appointed a proxy or authorised representative (as the case may be) to participate at this 22nd AGM of the Company via RPV must instruct his/her proxy or authorised representative (as the case may be) to register himself/herself for RPV via **TIIH Online** website at <https://tiih.online>. The proxy or authorised representative (as the case may be) must register at **TIIH Online** website in order to participate in the Meeting via RPV. **Please follow the Procedures for RPV in the Administrative Guide issued by the Company for the 22nd AGM of the Company.**
9. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal, or under the hand of two (2) authorised officers, one of whom shall be a director or of its attorney duly authorised in writing.
10. The instrument appointing a proxy(ies) may be made in a hardcopy form or by electronic means as follows:-
 - a. In Hardcopy Form
The Form of Proxy or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Share 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 or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - b. By Tricor Online System ("TIIH Online")
The Form of Proxy can be electronically lodged with the Company's Share Registrar via TIIH Online. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of proxy form via TIIH Online.

All proxy forms (whether submitted in hardcopy form or by TIIH Online) must be received by the Company's Share Registrar 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.
11. Only depositors whose names appear in the Record of Depositors as at 24 May 2023 shall be regarded as members and entitled to attend and vote at the meeting.



Explanatory Notes on Ordinary Business

1. Audited Financial Statements for financial year ended 31 December 2022 and the Reports of the Directors and the Auditors thereon

The Audited Financial Statements for financial year ended 31 December 2022 and the Reports of the Directors and the Auditors thereon are set out on pages 146 to 239 of the Company's Integrated Annual Report 2022.

The Company's Integrated Annual Report 2022 is available at <https://duopharmabiotech.com/investor-relations/shareholders-meeting-and-reports/>. You may request for a copy of the printed Integrated Annual Report at <https://tiih.online> by selecting "Annual Report Request Form" under the "Investor Relations". Alternatively, you may also make your request by completing and submitting the online requisition form at the Company's Corporate Website at <https://duopharmabiotech.com/investor-relations/shareholders-meeting-and-reports/> under the 'Annual Reports' tab.

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.

2. Ordinary Resolutions 1, 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, 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 22nd AGM, the Nomination and Remuneration Committee ("NRC") had assessed each of the retiring Directors, and considered, among others, the following:-

- (a) the assessment of fit and proper criteria pursuant to the Company's Fit and Proper Policy for the Board of Directors and Senior Management ("Fit & Proper Policy") performed via diligence or screening using established search databases or services as adopted by the Company as well as declarations from the concerned individuals;

- (b) the Director's performance and contribution based on the Self and Peer Assessment results of the Board Effectiveness Evaluation for financial year ended 31 December 2022 ("BEE 2022") (including the assessment of independence by the Independent Director seeking re-election);
- (c) the Company's Diversity Policy for the Board of Directors and Senior Management; and
- (d) the policy on maximum tenure of Non-Executive Directors being limited to maximum of 9 years as set out in the Company's Board Charter.

Based on the said assessment, the NRC had recommended that the three (3) Directors who retire in accordance with Articles 100 of the Company's Constitution were eligible to stand for re-election. The Board had approved the NRC's assessment and recommendation that Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir, Encik Leonard Ariff bin Abdul Shatar and Puan Zaiton binti Jamaluddin who retire in accordance with Article 100 of the Company's Constitution, are eligible to stand for re-election. Among the reasons for the Board's recommendation for re-election of the aforesaid Directors are as follows:-

- (a) the recommendation for re-election were based on objective criteria and merit, namely the said Directors have met the following fit and proper criteria under the Fit & Proper Policy –
 - (i) character and integrity (encompassing the qualities of probity, personal integrity, financial integrity and reputation);
 - (ii) experience and competence (encompassing qualifications, training and skills; and relevant past performance or track record); and
 - (iii) time and commitment (encompassing ability to discharge role having regard to other commitments, and participation and contribution in the Board);
- (b) the overall high score recorded in the Self and Peer Assessment under the BEE 2022 for each of the Directors seeking re-election showed that they had performed well in terms of their respective contribution and performance as well as in terms of their calibre and personality;
- (c) the BEE 2022 highlighted strong recognition of diversity at the Board level and that the variety of skill set present amongst the current Directors allows them to tackle issues in a multifaceted manner; and
- (d) based on the Independent Directors' self-assessment under the BEE 2022, Puan Zaiton had declared her independence.

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.

NOTICE OF THE 22ND ANNUAL GENERAL MEETING OF
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The details of the three (3) Directors seeking re-election are set out in their respective profiles which appear in the Directors' Profiles on pages 72 to 81 of the Company's Integrated Annual Report 2022, as well as in the Statement Accompanying Notice of 22nd AGM. The details of their interest in the securities of the Company are set out in their respective profiles as well as the Analysis of Shareholdings on page 243 of the Company's Integrated Annual Report 2022.

Any of the Directors that is seeking re-election and who is a shareholder of the Company will abstain from voting on the resolution in respect of his/her re-election.

3. Ordinary Resolution 4 – Approval for the proposed payment of Directors' fees and Board Committee fees to each of the Non-Executive Directors for the period commencing from 1 June 2023 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 Directors' fees to be paid to the Non-Executive Directors from 1 June 2023 until the conclusion of the next AGM of the Company in 2024 is based on the following fee structure which has not changed since the last revision of the Directors' fees that was approved at the 20th AGM held on 28 May 2021.

The Board Committee fees to be paid to the Non-Executive Directors from 1 June 2023 until the conclusion of the next AGM of the Company in 2024 is based on the following fee structure which has not changed since it was approved at the 17th AGM held on 31 May 2018:

DIRECTORS' FEES		SHAREHOLDERS' APPROVAL
Chairman of the Board	RM125,000.00 per annum	Approved at the 20 th AGM held on 28 May 2021
Member of the Board (other than Foreign Director)	RM100,000.00 per annum	
Foreign Director	the amount in United States Dollars equivalent to RM100,000.00 per annum	
BOARD COMMITTEE FEES		SHAREHOLDERS' APPROVAL
Chairman of the Board Committee	RM10,000.00 per annum	Approved at the 17 th AGM held on 31 May 2018
Member of the Board Committee (including where member is a Foreign Director)	RM8,000.00 per annum	

The shareholders also resolved that the amount of the Directors' fees and Board Committee fees that was approved as aforesaid shall continue to be in force until varied by resolution passed by the shareholders in a general meeting. The Board has approved the NRC's recommendation for the Directors' fees and the Board Committee fees for the period commencing from 1 June 2023 until the conclusion of the next AGM of the Company in 2024 to remain unchanged as they are still competitive and it was too soon after the last revision in 2021 as aforesaid.

The shareholders had at the 21st AGM of the Company held on 21 June 2022 approved the payment of total Directors' fees (inclusive of Board Committee fees) amounting to RM1,270,000 for the period commencing 22 June 2022 until the conclusion of the next AGM of the Company in 2023. The total Directors' fees (inclusive of Board Committee fees) incurred were as follows:-

APPROVED AT LAST AGM (FROM 22 JUNE 2022 UNTIL CONCLUSION OF 22ND AGM)	ACTUAL (FROM 22 JUNE 2022 UNTIL 31 MARCH 2023)	FORECASTED (FROM 22 JUNE 2022 UNTIL CONCLUSION OF 22ND AGM)
RM1,270,000	RM851,920.00	RM949,335

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This resolution, if passed, will facilitate the payment of Directors' fees and Board Committee fees on current financial year basis until the conclusion of the next AGM in 2024.

Any Non-Executive Director who is a shareholder of the Company will abstain from voting on Ordinary Resolution 4 in respect of the proposed payment of Directors' fees and Board Committee fees.

Note: The Group Managing Director does not receive any Directors' fees nor Board Committee fees other than those specified in his service contract.

4. Ordinary Resolution 5 – Approval for the proposed payment of benefits to the Non-Executive Directors for the period commencing from 1 June 2023 until the conclusion of the next AGM of the Company

The Remuneration Policy and Procedures for Directors and Senior Management includes the payment of Meeting Allowances for meetings of the Board and Board Committees as well as other benefits comprising business travel and lodging, medical coverage, directors and officers liability insurance, directors' training and other claimable benefits. The Chairman of the Board of Directors also receives additional benefits-in-kind that includes the services of a driver and reimbursement of expenses for vehicle maintenance, Touch and Go, and fuel.

Note: The Group Managing Director does not receive any Directors' benefits 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	RM1,300.00 per meeting
Member of the Board (including where member is a Foreign Director)	RM1,000.00 per meeting

FOR MEETINGS OF THE BOARD COMMITTEES

Chairman of the Board Committee	RM1,200.00 per meeting
Member of the Board Committee (including where member is a Foreign Director)	RM1,000.00 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. Although revision of Directors' Fees was proposed and approved by the shareholders at the 20th AGM of the Company held on 28 May 2021, there was no change to the Directors' Meeting Allowances.

The shareholders had at the 21st AGM of the Company held on 21 June 2022 approved the payment of benefits to the Non-Executive Directors up to an amount of RM646,000 for the period commencing 22 June 2022 until the conclusion of the next AGM of the Company on 31 May 2023. The total Directors' benefits incurred were as follows:-

APPROVED AT LAST AGM (FROM 22 JUNE 2022 UNTIL CONCLUSION OF 22ND AGM)	ACTUAL (FROM 22 JUNE 2022 UNTIL 31 MARCH 2023)	FORECASTED (FROM 22 JUNE 2022 UNTIL CONCLUSION OF 22ND AGM)
RM646,000	RM286,695	RM486,966

In determining the estimated total amount of benefits payable to the Non-Executive Directors of the Company, the Board considered various factors including the potential increase in the number of directors on the Board, the number of scheduled meetings for the Board and Board Committees, potential additional unscheduled meetings, and the number of Directors involved in these meetings. The number of Board and Board Committee meetings are determined based on the strategy, plans and operational requirements of the Duopharma Biotech Group.

NOTICE OF THE 22ND ANNUAL GENERAL MEETING OF
DUOPHARMA BIOTECH BERHAD
(Registration No. 200001021664 (524271-W)) (Incorporated in Malaysia)



With respect to the proposed benefits payable to the Non-Executive Directors for the period commencing from 1 June 2023 until the conclusion of the next AGM of the Company in 2024 (“**Relevant Period**”), the amount is estimated to be approximately RM768,000. In the event that the proposed benefits payable to the Non-Executive Directors is insufficient (e.g. due to more meetings or enlarged board size etc.), approval will be sought at the next AGM for the additional amount of benefits 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 Non-Executive Directors to be paid the benefits 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.

Any Non-Executive Director who is a shareholder of the Company will abstain from voting on Ordinary Resolution 5 in respect of the proposed payment of benefits to the Non-Executive Directors of the Company.

5. Ordinary Resolution 6 – Approval for the re-appointment of Messrs. KPMG PLT as Auditors of the Company

The Audit Committee (“AC”) has undertaken a formal and objective annual evaluation to determine the suitability of re-appointment of the external auditors, KPMG PLT, in accordance with the Policy on External Auditors. In its assessment, the AC considered several factors which include the following:

- (a) quality of performance and level of engagement with the AC;
- (b) ability to provide effective recommendations in addressing weaknesses observed during audits;
- (c) particularly on internal controls relevant to financial reporting process; independence of the external auditors and the level of non-audit services rendered by the external auditors; and
- (d) the external auditors’ governance and leadership structure as well as measures taken by the external auditors to uphold audit quality and manage risks, as set out in KPMG PLT’s Audit Transparency Report.

Private sessions without the presence of the Management were also held in 2022 between the AC and KPMG PLT to allow the AC to ask questions on matters that might not have been specifically addressed in the formal part of the AC meeting and allows the lead audit engagement partner to provide his review to the AC.

The AC had at its meeting held on 8 March 2023 reviewed the outcome of the evaluation results and was satisfied with the suitability of KPMG PLT for the audit services provided to the Group.

The Board had at its meeting held on 14 March 2023 approved the AC’s recommendation for the shareholders’ approval to be sought at the 22nd AGM on the re-appointment of KPMG PLT as the external auditors of the Company for the financial year ending 31 December 2023.

6. 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 8, 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 by the Board from time to time, and such authority shall expire at the conclusion of the next annual general meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF THE 22ND ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

The profiles of the Directors who are standing for re-election as per Agenda 2 of the Notice of 22nd AGM are as follows:-

DESCRIPTION	ORDINARY RESOLUTION 1
Name	Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir
Nationality/Age/Gender	Malaysian/70/Female
Date of Appointment	5 April 2016
Length of Service	6 years 11 months (as at 31 March 2023)
Date of last Re-election	17 June 2020
Academic/Professional Qualification/ Membership(s):	<ul style="list-style-type: none"> • Honorary Doctor of Philosophy (Corporate Management) Universiti Utara Malaysia, Malaysia • Honorary Doctor of Letters, University of Reading, United Kingdom • Master of Business Administration, Henley Business School, University of Reading, United Kingdom • Bachelor in Economics, University of Malaya, Malaysia • Member of the Institute of Corporate Directors Malaysia (ICDM) • CEO of the year 2009 by the New Straits Times Press and American Express
Directorship(s) of Other Public Companies/ Listed Issuers	<ul style="list-style-type: none"> • Lotte Chemical Titan Holding Berhad • Awqaf Holdings Berhad
Past Appointments/ Experiences	<ul style="list-style-type: none"> • Planning Officer/Department Manager, Johor Corporation from 1974 to 1978 • Manager of Healthcare Division, Johor Corporation from 1979 to 1988 • Chief Executive, Kumpulan Perubatan (Johor) Sdn Bhd (KPJSB) from 1989 to 1993 • Managing Director, KPJ Healthcare Berhad ("KPJ") from 1993 to 2012 • Corporate Advisor, KPJ from 2013 to 2014 • Independent Non-Executive Director, KPJ from 2015 to 2020 • Chairman, KPJ Healthcare University College ("KPJUC") from August 2011 to December 2016 • ProChancellor, KPJUC from August 2011 to December 2018 • Chancellor, KPJUC from January 2019 to October 2022 • Independent Non-Executive Director, Bursa Malaysia from May 2004 to May 2012 • Board Member, Malaysia External Trade Development Corporation (MATRADE) from August 1999 to December 2012 • Independent Non-Executive Director, Chemical Company of Malaysia Berhad from December 2016 to December 2017 • Senior Independent Director, Duopharma Biotech Berhad from April 2016 to December 2017 • Director, Kulim (M) Berhad from January 2005 to August 2016 • Director, KFC Holdings Malaysia Bhd from January 2010 to February 2013 • Director, QSR Brands (M) Holdings Bhd from January 2010 to February 2013 • President, Malaysian Society for Quality in Health (MSQH) from 1997 to December 2018 • Member of the Leadership Development Committee, Razak School of Government from 2013 to 2018 • Chairman, Universiti Utara Malaysia from June 2016 to September 2018 • Independent Non-Executive Director, OSK Holdings Berhad from April 2016 to June 2021 • Pro- Chancellor, University Teknologi Malaysia from October 2016 to October 2021
Other Current Appointment(s)	<ul style="list-style-type: none"> • Founder, Women Leadership Foundation • Strategy Board, Henley Business School, University of Reading.

Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir does not hold any shares in Duopharma Biotech and its subsidiaries, has no family relationship with any Director and/or major shareholder of Duopharma Biotech, has no conflict of interest with Duopharma Biotech and has not been convicted of any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2022.

STATEMENT ACCOMPANYING NOTICE OF THE
22ND ANNUAL GENERAL MEETING
(Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

DESCRIPTION	ORDINARY RESOLUTION 2
Name	Leonard Ariff Bin Abdul Shatar
Nationality/Age/Gender	Malaysian/58/Male
Date of Appointment	28 December 2017
Length of Service	5 years 3 months (as at 31 March 2023)
Date of last Re-election	17 June 2020
Academic/Professional Qualification/ Membership(s):	<ul style="list-style-type: none"> • Bachelor of Laws (LLB), Monash University, Melbourne, Australia • Bachelor of Economics, Monash University, Melbourne, Australia • A Qualified Risk Director and a Member of the Institute of Enterprise Risk Practitioners (IERP) • Member of the Institute of Corporate Directors Malaysia (ICDM)
Directorship(s) of Other Public Companies/ Listed Issuers	<ul style="list-style-type: none"> • PanGen Biotech Inc. (Korea) • SCM Lifescience Inc. (Korea)
Past Appointments/ Experiences	<ul style="list-style-type: none"> • Chambering Student at Shearn Delamore & Co. in 1988 • Legal Advisor, Petronas subsidiary companies from 1988 to 1991 • Legal Executive, ICI Malaysia from 1991 to 1995 • Business Manager, CCM Chemicals Sdn Bhd from 1996 to 2001 • Managing Director, Usaha Pharma (M) Sdn Bhd from 2000 to 2003 • General Manager, ICI Paints Malaysia Sdn Bhd from 2003 to 2005 • Managing Director, ICI Paints Malaysia Sdn Bhd from 2005 to 2008 • Chief Executive Officer, CCM Duopharma Biotech Berhad from 2008 to 2017 • President, Malaysian Organisation of Pharmaceutical Industries from 2009 to 2014 • Director, Chemical Company of Malaysia (“CCM”) Berhad’s (Chemicals Division) from 2014 until 2015 • Group Managing Director, CCM Berhad from 2015 until 2017
Other Current Appointment(s)	<ul style="list-style-type: none"> • Member of the Board of Trustees, National Institutes of Biotechnology Malaysia • Director, Monash University Malaysia Sdn. Bhd • Advisory Committee, Monash University Malaysia Business School • Adjunct Professor of the Faculty of Pharmacy, Universiti Kebangsaan Malaysia (UKM) • Council Member, Action Group for Entrepreneurship (AGE Council) of Universiti Malaysia Kelantan • Director, MyDIGITAL Corporation • CEO@Faculty, Universiti Sains Malaysia (USM)

Leonard Ariff Bin Abdul Shatar does not hold any shares in Duopharma Biotech and its subsidiaries, has no family relationship with any Director and/or major shareholder of Duopharma Biotech, has no conflict of interest with Duopharma Biotech and has not been convicted of any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2022.

STATEMENT ACCOMPANYING NOTICE OF THE
22ND ANNUAL GENERAL MEETING
(Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

DESCRIPTION	ORDINARY RESOLUTION 3
Name	Puan Zaiton Binti Jamaluddin
Nationality/Age/Gender	Malaysian/63/Female
Date of Appointment	1 September 2016
Length of Service	6 years 6 months (as at 31 March 2023)
Date of last Re-election	17 June 2020
Academic/Professional Qualification/ Membership(s):	<ul style="list-style-type: none"> • Master of Business Administration, Keele University, United Kingdom • Bachelor of Pharmacy, Western Australia Institute of Technology, Australia • Diploma in Management, Malaysian Institute of Management, Malaysia • Member of the Institute of Corporate Directors Malaysia (ICDM) • Qualified Risk Director
Directorship(s) of Other Public Companies/ Listed Issuers	None
Past Appointments/ Experiences	<ul style="list-style-type: none"> • Pharmacist, Ministry of Health Malaysia from 1982 to 1984 • Sales and Marketing, United Italian Trading Corporation from 1984 to 1985 • Assistant Medical Information Manager, South East Asia Regional Office, Novo Industri A/S from 1985 to 1989 • Business Development Manager (Malaysia), Novo Nordisk A/S from 1989 to 1993 • Country Manager (Malaysia), Novo Nordisk A/S from 1993 to 1997 • General Manager, Novo Nordisk Pharma (M) Sdn Bhd from 1997 to 2007 • Member of the MARA Council from 2000 to 2002 • Director, Malaysian Biotechnology Corporation Sdn Bhd from 2006 to 2008 • President, Pharmaceutical Association of Malaysia from 2005 to 2007
Other Current Appointment(s)	None

Puan Zaiton Binti Jamaluddin does not hold any shares in Duopharma Biotech and its subsidiaries, has no family relationship with any Director and/or major shareholder of Duopharma Biotech, has no conflict of interest with Duopharma Biotech and has not been convicted of any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2022.

PROXY FORM

DUOPHARMA BIOTECH BERHAD

[Registration No.: 200001021664 (524271-W)]
(Incorporated in Malaysia)

I/We _____

(Full Name as per NRIC/Passport/Certificate of Incorporation in capital letters)

NRIC No./Passport No./Company No. _____ Tel. No. _____

of _____

being *a shareholder/shareholders of **DUOPHARMA BIOTECH BERHAD** (“the Company”) hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
Address		No. of shares	%

and (if more than one (1) proxy) and

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 Twenty-Second (22nd) Annual General Meeting (“AGM”) of the Company to be held at the **Meeting Rooms 403 & 404, Level 4, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia** (the “Broadcast Venue”) and via the TIH Online website at <https://tiah.online> on Wednesday, 31 May 2023 at 9.00 a.m. and at any adjournment thereof.

My/Our Proxy is to vote as indicated below

(Please indicate with an “X” how you wish to cast your vote)

NO.	ORDINARY BUSINESS	RESOLUTION NO.	FOR	AGAINST
1.	To re-elect Tan Sri Datin Paduka Siti Sa’diah Binti Sh Bakir who retires in accordance with Article 100 of the Company’s Constitution.	Ordinary Resolution 1		
2.	To re-elect Encik Leonard Ariff Bin Abdul Shatar who retires in accordance with Article 100 of the Company’s Constitution.	Ordinary Resolution 2		
3.	To re-elect Puan Zaiton Binti Jamaluddin who retires in accordance with Article 100 of the Company’s Constitution.	Ordinary Resolution 3		
4.	To approve the payment of Directors’ fees and Board Committee fees to each of the Non-Executive Directors for the period commencing 1 June 2023 until the conclusion of the next Annual General Meeting of the Company, as follows:- DIRECTORS’ FEES Chairman of the Board RM125,000.00 per annum Member of the Board (other than Foreign Director) RM100,000.00 per annum Foreign Director the amount in United States Dollars equivalent to RM100,000.00 per annum BOARD COMMITTEE FEES Chairman of the Board Committee RM10,000.00 per annum Member of the Board Committee (including where member is a Foreign Director) RM8,000.00 per annum And further, to authorise the Directors to pay the said fees among them in such proportions and manner as the Directors may determine.	Ordinary Resolution 4		
5.	To approve the payment of benefits to the Non-Executive Directors up to an amount of RM768,000.00 for the period from 1 June 2023 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				
8.	To approve 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	Ordinary Resolution 7		

* delete if not applicable.

Signed this _____ day of _____ 2023.

CDS Account No.	
No. of ordinary shares	

Signature/Seal

- NOTES:
1. The Company's 22nd AGM will be conducted as a virtual meeting with online remote voting via Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at <https://tiih.online>. **Please follow the procedures provided in the Administrative Guide for the 22nd AGM which is available on the Company's website at <https://duopharmabiotech.com/investor-relations/shareholders-meeting-and-reports/> in order to register, participate and vote remotely via the RPV.**
 2. The Broadcast Venue of the 22nd AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No member or proxy from the public will be physically present at the Broadcast Venue on the day of the meeting.
 3. All Resolutions in the Notice of the AGM are to be conducted by poll voting as per Paragraph 8.29A(1) of the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling/e-polling process and verify the results of the poll respectively.
 4. A member who is entitled to attend, speak (including posing questions to the Company via real time submission of typed text) and vote (collectively, "participate") remotely at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him/her. A proxy may but need not be a member of the Company. In the case of a corporation, the corporation may appoint a duly authorised representative to participate in the Meeting on behalf of that corporation.
 5. 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.
 6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
 7. 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.
 8. A member who has appointed a proxy or authorised representative or attorney (as the case may be) to participate at this 22nd AGM of the Company via RPV must instruct his/her proxy or authorised representative or attorney (as the case may be) to register himself/herself for RPV at **TIIH Online** website at <https://tiih.online>. The proxy or authorised representative (as the case may be) must register at **TIIH Online** website in order to participate in the Meeting via RPV. **Please follow the Procedures for RPV in the Administrative Guide issued by the Company for the 22nd AGM of the Company.**
 9. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal, or under the hand of two (2) authorised officers, one of whom shall be a director or of its attorney duly authorised in writing.
 10. The instrument appointing a proxy(ies) may be made in a hardcopy form or by electronic means as follows:-
 - a. In Hardcopy Form
The Form of Proxy or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Share 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 or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - b. By Tricor Online System ("TIIH Online")
The Form of Proxy can be electronically lodged with the Company's Share Registrar via TIIH Online. Kindly refer to the Administrative Guide on the procedures for electronic lodgement of proxy from via TIIH Online.
 11. Only depositors whose names appear in the Record of Depositors as at 24 May 2023 shall be regarded as members and entitled to attend and vote at the meeting.

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Affix Postage Stamp

THE REGISTRAR
DUOPHARMA BIOTECH BERHAD
 [Registration No.: 200001021664 (524271-W)]
 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

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DUOPHARMA

Smarter Solutions. Healthier Life.

DUOPHARMA BIOTECH BERHAD [Registration No.: 200001021664 (524271-W)]

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