



DUOPHARMA

DUOPHARMA BIOTECH BERHAD

Registration No.: 200001021664 (524271-W)



BUILDING A HEALTHIER NATION TOGETHER

ANNUAL REPORT 2020

BUILDING A HEALTHIER NATION TOGETHER

Duopharma Biotech adopts a comprehensive business model, with a global reach and expertise spread beyond pharmaceutical manufacturing, research & development and commercialisation boundaries. Guided by a clear vision and strategy, we are committed to delivering sustainable returns without compromising on improvements for people, planet, and the future.

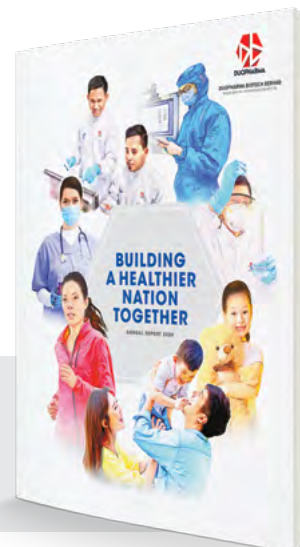
We believe in our people's ability and core values to maximise our operational and strategic potential. Even when times are tough, our strong focus on innovation and optimisation continue to help us remain resilient as an industry leader in the pharmaceutical industry. We look forward to further breakthroughs and exciting discoveries as we clear the pathway towards a healthier tomorrow.



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This report is available online at <https://duopharmabiotech.com/investor-relations/annual-report/>.
For environmental preservation, we encourage the use of online version.



ABOUT DUOPHARMA BIOTECH BERHAD

Duopharma Biotech Berhad Group (“Duopharma Biotech” or “the Company”) began with the establishment of Duopharma (M) Sendirian Berhad in 1978. Duopharma Biotech was incorporated in the year 2000 and is today one of Malaysia’s leading pharmaceutical companies listed on the Main Market of Bursa Malaysia Securities Berhad.

Duopharma Biotech has core competencies in the pharmaceutical industry inclusive of Manufacturing, Research & Development and Commercialisation & Marketing of over 300 generic drugs - among others, Omesec and Prelica as well as its Consumer Healthcare (CHC) products such as CHAMPS®, FLAVETTES®, PROVITON® and Uphamol, which are well recognised and accepted by consumers in Malaysia, regionally and globally. The Company has also diversified into the biosimilars space with technology and commercialisation collaborations with credible and strong international partners.

The Company’s headquarters is located in Kuala Lumpur, Malaysia. Duopharma Biotech owns and operates three (3) manufacturing plants that are based in Klang, Bangi and Glenmarie, Selangor. Duopharma Biotech also has subsidiary companies in the Philippines and Singapore. A subsidiary of Duopharma Biotech has a representative office in Jakarta, Indonesia.

OUR CORE VALUES

Duopharma Biotech conducts our business operations in accordance with our CORE VALUES

P

PASSION

We inspire and energise everyone to be the best

E

EXCELLENCE

We consistently deliver outstanding performance through innovative solutions

T

TEAMWORK

We succeed together because we work as one

I

INTEGRITY

We conduct ourselves with pride in being honest and ethical

R

RESPONSIBLE

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



VISION

Providing Smarter Solutions
For a Healthier Life



MISSION

Leading Healthcare Group
Providing Quality and
Innovative Solutions

TAGLINE

*Smarter Solutions.
Healthier Life.*

R

RESPECT

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

INSIDE THIS REPORT

SECTION 1 : ABOUT US

Corporate Information	04
Board Structure	05
Corporate Structure	05
Financial Highlights	06

SECTION 2 : STRATEGIC REPORT

Chairman's Statement	09
Group Managing Director's Management Discussion and Analysis	14
Strategy	23
Sustainability Statement	24

SECTION 3 : GOVERNANCE

Board of Directors' Profile	30
Senior Management Team's Profile	39
Corporate Governance Overview Statement	43
• Report of the Audit and Integrity Committee	
• Report of the Nomination and Remuneration Committee	
• Report of the Risk Management and Sustainability Committee	
• Report of the Halal Committee	
• Report of the Medical Advisory Committee	
Statement on Risk Management and Internal Control	68
Other Disclosures	79

SECTION 4 : FINANCIAL REPORT

Financial Statements	84
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SECTION 5 : OTHER INFORMATION

Analysis of Shareholdings	169
List of Top 10 Properties	172

SECTION 6 : AGM INFORMATION

Notice of the 20 th Annual General Meeting of Duopharma Biotech Berhad	175
Statement Accompanying Notice of 20 th Annual General Meeting Proxy Form	182

This annual report focuses on our activities, performance and results for the financial year from 1 January till 31 December 2020. It should be read together with Corporate Governance Report 2020 and our standalone Sustainability Report 2020.

AT A GLANCE

Achieved
record PBT of
RM76.20
million
7.6%
increase year-on-year

**ISO 37001:2016 ANTI-BRIBERY
MANAGEMENT SYSTEM CERTIFICATION
FOR DUOPHARMA BIOTECH GROUP OF
COMPANIES, INCLUDING OVERSEAS
ENTITIES**

Share price
surged by
138% from
RM1.42 at end 2019 to
RM3.38
at end 2020

1st 
in Malaysia to commercially
produce a cancer drug,
Lebretra

ERYSAA®
our biosimilar
erythropoietin, gained
halal certification by
the Korea Muslim Federation,
a JAKIM recognised foreign
halal certification body

Invested in AZT,
US-based innovator of
novel treatments for
**Neurodegenerative
Diseases** such as
**Alzheimer's
and Amyotrophic
Lateral Sclerosis**


Ventured into
Digital Therapeutics
in collaboration with
NALURI


Pilot programme to use
**Biodegradable
Plastic** for
storage purposes

Inclusion in
FTSE4Good
Bursa Malaysia
Index

**ONE OF THE BEST COMPANIES
TO WORK FOR IN MALAYSIA**
by HR Asia for the fifth consecutive year

SECTION 01

LETROZOLE

In 2020, Duopharma Biotech became the first pharmaceutical company in Malaysia to produce and market a cancer drug, Letrozole (Lebreta, under the Duopharma Biotech brand), which is used in the treatment of breast cancer

SECTION 1 : ABOUT US

Corporate Information	04
Board Structure	05
Corporate Structure	05
Financial Highlights	06

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,
Executive 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

COMPANY SECRETARY

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

REGISTERED OFFICE

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

BUSINESS ADDRESS

Lot 2599
Jalan Seruling 59, Kawasan 3
Taman Klang Jaya
41200 Klang
Selangor Darul Ehsan
Malaysia
Tel No. : 03-3323 2759
Fax No. : 03-3323 3923
Website : www.duopharmabiotech.com
E-mail : cs@duopharmabiotech.com

AUDITORS

Messrs. KPMG PLT
(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
No.19, Jalan Stesen
41000 Klang
Selangor Darul Ehsan
Malaysia

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

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

Hong Leong Bank
68, Lorong Batu Nilam 4A
Bandar Bukit Tinggi
41200 Klang
Selangor Darul Ehsan
Malaysia

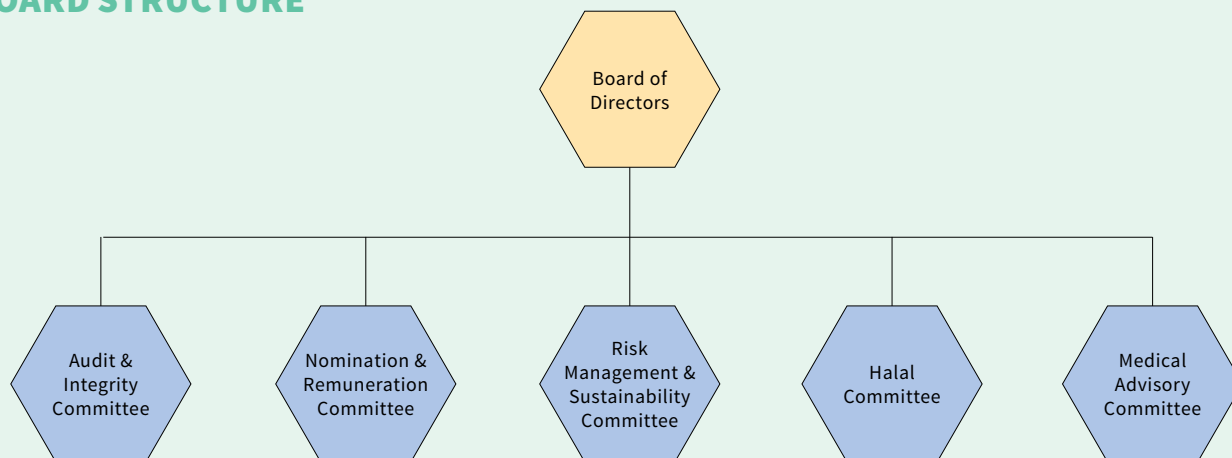
Bank Islam Malaysia Berhad
No.1, Jalan Mahogani 5
Bandar Botanic
41200 Klang
Selangor Darul Ehsan
Malaysia

SHARE REGISTRAR

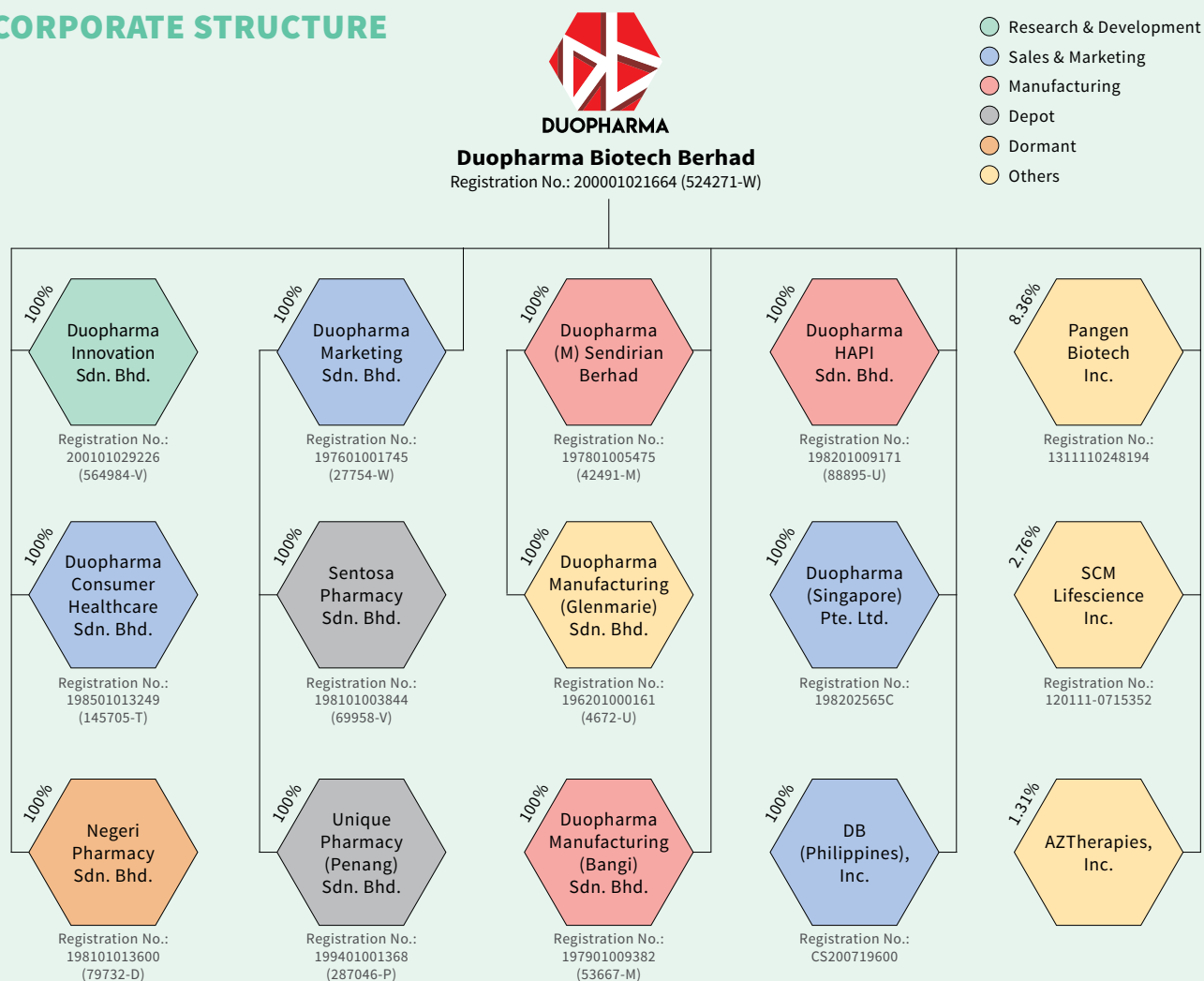
Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia
Tel No. : 03-2783 9299
Fax No. : 03-2783 9222

BOARD & CORPORATE STRUCTURE

BOARD STRUCTURE



CORPORATE STRUCTURE



FINANCIAL HIGHLIGHTS

INTERIM DIVIDEND OF 0.5 SEN PER SHARE

Entitlement Date:

1 September 2020

Payment Date:

11 September 2020

SECOND INTERIM DIVIDEND OF 6.0 SEN PER SHARE

Entitlement Date:

22 April 2021

Payment Date:

21 May 2021

QUARTERLY RESULT

Quarter 1

Released on 18 May 2020

Quarter 2

Released on 13 August 2020

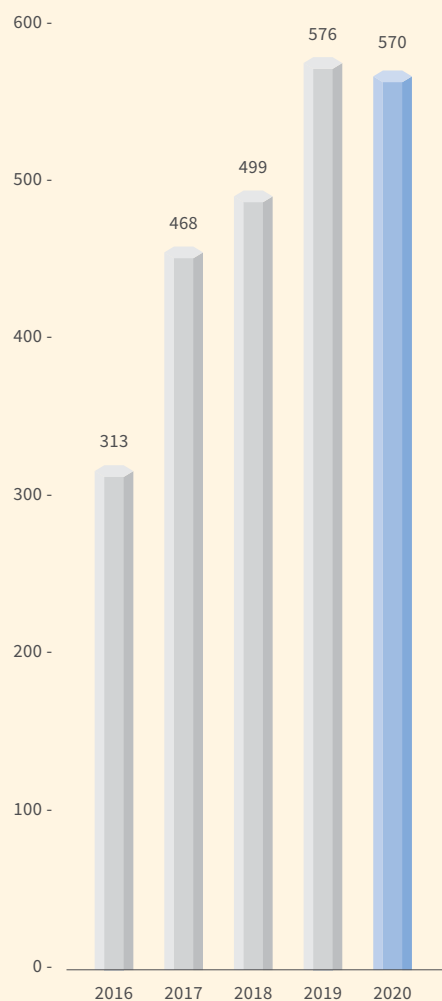
Quarter 3

Released on 12 November 2020

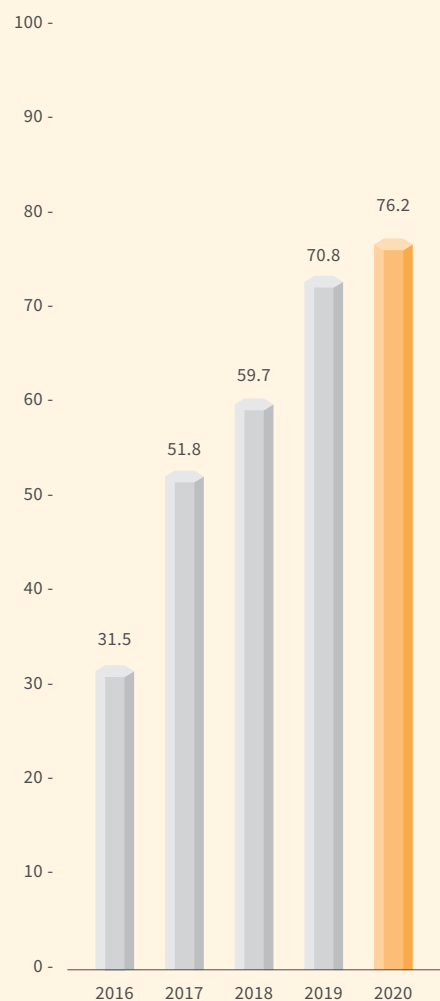
Quarter 4

Released on 22 February 2021

Revenue
(RM Mil)



Profit Before Tax
(RM Mil)



CONSOLIDATED FINANCIAL POSITION

	2020 RM'000	2019 RM'000
Non-Current Asset	598,739	502,596
Current Asset	459,693	417,205
Total Asset	1,058,432	919,801
Current Liabilities	150,321	239,442

FINANCIAL HIGHLIGHTS



FINANCED BY:

	2020 RM'000	2019 RM'000
Share Capital	404,922	374,404
Non-distributable Reserves	18,717	(27,600)
Retained Earnings	220,182	182,946
Shareholders' Fund	643,821	529,750
Deferred Tax Liabilities and Other Payables	11,009	10,871
Loans and Borrowings	253,281	139,738

CONSOLIDATED INCOME STATEMENT

	2020 RM'000	2019 RM'000
Turnover	569,902	576,462
Profit Before Tax	76,157	70,809
Taxation	(17,547)	(15,536)
Profit After Taxation	58,610	55,273
Profit Attributable to Shareholders	58,610	55,273
Dividends	(37,749)	(33,276)
Transfer upon the disposal of equity investment designated at FVOCI	16,375	-
Transfer to Retained Earnings	37,236	21,997

SECTION 02



GLOBAL

Exporting to 27
countries including
Laos, UAE, Kuwait,
Swaziland and Uganda

SECTION 2 : STRATEGIC REPORT

Chairman's Statement	09
Group Managing Director's Management Discussion and Analysis	14
Strategy	23
Sustainability Statement	24

CHAIRMAN'S STATEMENT

WE WERE ALLOWED TO OPERATE DURING THE GOVERNMENT-IMPOSED MOVEMENT CONTROL ORDER

This was a privilege and we made the most of the opportunity to contribute to the nation's well-being. We recognised that, to maintain our supply of products to the market, we had first and foremost to protect our people.

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

DEAR STAKEHOLDERS,

As we prepare this annual report, the world is still in the grips of COVID-19. Hopes of overcoming the virus within the year have been dashed as it has spread far and wide, with fatal effects on the elderly and immuno-compromised.

REVENUE

**RM569.90
MILLION**

PROFIT BEFORE TAX

**RM76.16
MILLION**

SHARE PRICE

RM3.38

as at 31 December 2020

Today, indeed, we live in a new norm in which we need to maintain social distancing and wear masks to keep ourselves and others safe. While causing unprecedented damage to lives and economies, however, there have been some silver linings. Among these has been a higher level of multi-stakeholder cooperation as the world presents a more united front in battling the pandemic.

Not only are governments and non-governmental organisations ("NGOs") distributing aid where needed, they are also sharing vital information on the nature of the virus. Pharmaceutical companies are collaborating with each other, and with academia, on the development of vaccines which are seen to be critical in creating herd immunity. Within the space of just over a year since the virus first emerged, no less than seven (7) vaccines have been approved and are being administered. Never before have we seen vaccine development progress at this speed, and with such promising results.

What these events show is the potential of those involved in the health sciences to overcome the most insidious threats. With cooperation, determination and, above all, integrity, there is so much that we can accomplish to save and enhance lives. This is something that resonates with us at Duopharma Biotech, and inspires us to work even more closely with our partners to create excellence in everything that we do.



CHAIRMAN'S STATEMENT

PROTECTING OUR PEOPLE

As pharmaceutical companies provide essential services, we were allowed to operate during the government-imposed Movement Control Order ("MCO"). To us at Duopharma Biotech, this was a privilege and we made the most of the opportunity to contribute to the nation's well-being. We recognised that, to maintain our supply of products to the market, we had first and foremost to protect our people. And this was given top priority.

Planning to keep our employees safe began in February, even prior to the MCO. A committee was set up to look into existing pandemic plans as well as guidelines from the World Health Organization ("WHO") and Ministry of Health ("MOH"). Based on the committee's recommendations, we split our workforce into teams which alternated between working from home and at the office. As the authorities released new guidelines and standard operating procedures ("SOPs") for workplaces, these were adopted. To ensure all SOPs were adhered to, we conducted frequent site visits and checks.

Meanwhile, we continued to focus on the professional development of our people through training and mentoring. We also worked rigorously to further develop our succession planning, which is key to a robust leadership pipeline. Together with active engagement, despite the MCO, we have maintained a healthy and vibrant work culture which is reflected in numerous awards. In 2020, we were the first runner-up in the pharmaceutical category of the Graduates' Choice Award, which recognises the most attractive employer brands from among 700 companies across 26 industries. We were also named one of the Best Companies to Work For in Asia 2020 by the Malaysia Edition of HR Asia, for the fifth consecutive year.

PROTECTING THE COMMUNITY

With COVID-19 in our midst, we are made even more aware of our *raison d'être* (or reason for being), namely to promote better health and well-being. It is something that doesn't just drive our business, but also influences the way we give back to the community. This year, we demonstrated our corporate stewardship by supporting efforts by the Government and NGOs to contain and manage the pandemic. Together with our major shareholder, Permodalan Nasional Bhd (PNB), we contributed RM500,000 worth of medical equipment and cash to the MOH, including ventilators and three (3) patient monitoring devices for use in intensive care units in hospitals.

Additionally, we donated RM10,000 to Epic Society, an NGO which works closely with Orang Asli communities; and RM50,000 to the Government-Linked Companies' Disaster Response Network (GDRN).

COMMENDABLE PERFORMANCE

Despite operating throughout the MCO, pharmaceutical companies – Duopharma Biotech included – faced our own challenges. On the supply side, we had to contend with the disruption in supply of certain raw materials, which fortunately we were able to overcome through the resourcefulness of our team. The drop in demand for prescription drugs, however, was beyond our control.

Yet, we were able to achieve very commendable financial results, with a mere 1.1% drop in revenue year-on-year to RM569.90 million, while achieving yet another record profit before tax (PBT) of RM76.16 million, exceeding last year's high by RM5.35 million. This was mainly due to the team's resourcefulness and efficiency in reducing our controllable fixed costs by 15%. We also stood to benefit from the listing of our Korean partner, SCM Lifescience Inc. ("SCM Lifescience") as it provided an opportune moment to cash in on our investment in the company to make a handsome profit.

Based on our performance, we declared an interim dividend of 0.5 sen per share in August 2020, which was paid out on 11 September 2020. In February 2021, the Board declared a further second interim dividend of 6.0 sen per share, equivalent to RM42.36 million, for the financial year ended 31 December 2020, thereby making a total dividend of 6.5 sen per share for 2020. Our shareholders will also be very pleased with our share price, which increased by 138% from RM1.42 at end 2019 to RM3.38 at end 2020. Their confidence in our market share performance was reflected in an 89.2% subscription rate of our Dividend Reinvestment Plan ("DRP") in FY2019. To enable them to further expand their shareholding, we are offering a DRP on the second interim dividend for FY2020 at an issue price of RM3.08 per share.

Our performance also led to Duopharma Biotech being added to FTSE Bursa Malaysia Mid 70 Index pursuant to the FTSE Bursa Malaysia KLCI December 2020 Semi Annual Review.

With COVID-19 in our midst, we are made even more aware of our *raison d'être* (or reason for being), namely to promote better health and well-being. It is something that doesn't just drive our business, but also influences the way we give back to the community.

CHAIRMAN'S STATEMENT

SMARTER SOLUTIONS. HEALTHIER LIFE



I am especially proud of the fact that we continue to live up to our promise of 'providing smarter solutions for a healthier life' as we further enhance our portfolio of products. Of note, in 2020 we became the first pharmaceutical company in Malaysia to produce and market a cancer drug, Letrozole (Lebreta, under the Duopharma Biotech brand), which is used in the treatment of breast cancer. What this means is security of supply of affordable treatment for Malaysian women, two (2) million of whom were diagnosed with breast cancer in 2018.¹ We are now in the midst of technology transfer for a drug to treat leukaemia, which should be completed in early 2021.

Further building our biosimilars portfolio, we have signed a tripartite memorandum of understanding with our Korean partner, PanGen Biotech Inc. ("PanGen"), and VentureTECH Sdn. Bhd. for the establishment of a biosimilars plant to supply Malaysia and the region.

We have also invested in a United States ("US")-based biopharmaceutical company, AZTherapies, Inc. ("AZT"), which is developing novel therapies for neurodegenerative diseases such as Alzheimer's and Amyotrophic Lateral Sclerosis ("ALS") which are becoming more prevalent along with aging populations. We are very enthusiastic about our partnership as it will enable us to introduce the latest, most effective medications for diseases which have traditionally been very difficult to treat.

Most excitingly, leveraging our vaccine fill and finish facilities and cold chain distribution capabilities, we are hoping to be able to supply MOH with Russian COVID-19 vaccine, Sputnik-V. We have executed Term Sheets with the Government of Malaysia ("Government") and the Russian Direct Investment Fund (RDIF), which is the marketing agent for the vaccine. Subject to the fulfilment of conditions precedent including the execution of a definitive

supply agreement we should be able to contribute to the national vaccination programme starting from 2021.

ENTRECHING HALAL LEADERSHIP

Having established our leadership in halal pharmaceuticals, we have continued to create awareness of the quality and availability of halal-certified drugs. Many do not realise that all our manufactured products have passed stringent conventional and halal standards. In other words, they can be consumed without anxiety by anyone especially those who are conscious about halal pharmaceuticals.

Last year, I had mentioned efforts to obtain halal certification for ERYSAA®, our erythropoietin (EPO) biosimilar. I'm pleased to share that, this year, we embarked on a study with Universiti Sains Islam Malaysia (USIM) on the halal status of its active ingredients. This would go a long way towards obtaining Jabatan Kemajuan Islam Malaysia (JAKIM)'s certification.

It was a pleasure to share my convictions on halal pharmaceuticals with @Halal newspaper, for an article on 'Halal and Integrity'. Producing halal drugs means adhering to an additional set of requirements to ensure the end products are not only efficacious and safe but also wholesome, hygienic and contamination-free. This entails a high level of integrity which we have demonstrated in making the investments necessary to transform our entire value chain. Today, we are happy to share our knowledge with other market players to help develop an industry that has immense potential.

¹ <https://www.cancerresearch.my/our-work/breast-cancer/>

CHAIRMAN'S STATEMENT

MAINTAINING GOOD GOVERNANCE

At Duopharma Biotech, we have been working diligently to enhance and integrate all the required systems and frameworks to assure a high level of governance. We recognise that good governance, together with strong social citizenry and environmental stewardship - in other words strong Environmental, Social and Governance ("ESG") principles - is critical not only to our sustainability but that of important communities that we serve and which also serve us.

Guided by the Malaysian Code on Corporate Governance (MCCG), we conducted our Annual General Meeting ("AGM") virtually in June 2020, leveraging technology to facilitate the remote participation of shareholders and their voting in absentia. We also engaged an independent moderator to ensure objectivity during the question and answer session.

The Company was the first in corporate Malaysia to engage an independent moderator

The AGM was successful, and saw the approval of various amendments to the Constitution, including the insertion of the new company registration number of Duopharma Biotech that was introduced by the Companies Commission of Malaysia in 2019, certain amendments to clarify and align with relevant sections of the Companies Act 2016 and the Companies (Amendment) Act 2019; as well as the enhancement of internal control and governance by providing for a more equitable quorum for meetings of the Board of Directors.

A key highlight in 2020 was to further strengthen our corporate integrity by ensuring full compliance with Section 17A of the Malaysian Anti-Corruption Commission Act. This resulted in us attaining the ISO 37001:2016 Anti-Bribery Management Systems certification for the Duopharma Biotech Group of Companies, including our subsidiaries in the

Philippines and Singapore. Of particular pride, not a single Non-Conformance Report (NCR) was raised by the auditors, indicating best practices in our Integrity and Anti-Corruption processes and systems that can be benchmarked by other organisations.

Our leadership's stand on ethics and integrity was recognised when Duopharma Biotech was awarded the Five Petals Gold Ethics Award by the Business Ethics Institute of Malaysia ("BEIM"). The award is evaluated by the BEIM Council including KPMG as validators.

In light of COVID-19, we also accelerated our planned implementation of a new Enterprise Risk Management system complete with a Business Continuity Plan (BCP). At the same time, we reviewed and updated our Risk Management and Guidelines Manual while amending the Terms of Reference (TORs) of the Audit & Integrity Committee, and the Risk Management & Sustainability Committee to streamline certain governance aspects.

Meanwhile, it is with great pride to share that we have also set up a Medical Advisory Committee ("MAC"), under the Chairmanship of Dato' Dr. Zaki Morad bin Mohamed Zaher. Such a committee has become increasingly critical as we venture deeper into specialist and niche biotherapies. The MAC comprises one (1) Board member and four (4) distinguished specialists who are all key opinion leaders in their respective fields. The MAC met virtually for the first time on 28 November 2020 to discuss the company's strategies and pipeline of products to be developed at our Research & Development (R&D) Centre.



CHAIRMAN'S STATEMENT

Pursuant to the requirement under the Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries issued by the Securities Commission Malaysia requiring a listed corporation and its directors to ensure there is an adequate group-wide framework on corporate governance, the Board on 22 February 2021 approved the Management and Monitoring Framework.

Our efforts to adopt best governance practices continue to be recognised. In 2020, Duopharma Biotech won an Excellence Award for Corporate Governance Disclosure at the MSWG-ASEAN Corporate Governance Awards 2019. We were placed second among companies with market capitalisation of between RM300 million and RM1 billion; 39th for Corporate Governance Disclosure and 40th in terms of Overall Corporate Governance & Performance.

We were also included in the FTSE4Good Bursa Malaysia Index for the first time, a milestone achievement which reflects not only good governance but also our commitment towards balancing our financial performance with environmental and social imperatives.

The quality of our reporting, meanwhile, was acknowledged at the Australasian Reporting Awards where we won a Silver award. In Malaysia, we won a Silver Excellence Award at the National Annual Corporate Report Awards (NACRA) 2020, in the category of companies with market capitalisation of less than RM2 billion.

ESG AT THE HEART OF OUR OPERATIONS

Good governance forms part of efforts at Duopharma Biotech to ensure we operate sustainably, in a manner that contributes to global imperatives. Currently, there exist many global issues that need to be redressed in order to assure a more equitable and environmentally sustainable world. We recognise that corporations have a key role to play in this regard, given our resources and the fact that we already have a significant impact on the communities and environment around us. In recent years, therefore, we have been placing greater focus on ESG principles, integrating these into the core of our business.

The fact that we were included in the FTSE4Good Bursa Malaysia Index for the first time in 2020 is an indication that we are moving in the right direction. This milestone achievement is something we can truly be proud of. Our intention is to remain on this index as we further strengthen our ESG commitments.

ACKNOWLEDGEMENTS

That we have maintained business 'as normal as possible' in 2020 despite all the challenges is due to our fantastic team. I would like to express a heartfelt thank you to all our employees for living our corporate values of Passion, Excellence, Teamwork, Integrity, Responsible and Respect thus enabling us not just to survive the year but to continue to grow in important areas in a manner that is meaningful.

Our performance is also a direct consequence of our able leadership. For this, I would like to thank our Group Managing Director, Encik Leonard Ariff bin Abdul Shatar, for guiding the management team and all our employees as we settled into a new way of working without losing sight of our short and long-term goals.

To my colleagues on the Board and the Board Committees, thank you for your continued time and counsel which have been even more valuable than ever in these challenging times.

Finally, I would like to express my gratitude to the Government, especially the MOH and the Ministry of Science, Technology and Innovation (MOSTI), for their unstinting efforts to contain the virus. It is heartening to see the National COVID-19 Immunisation Programme kick off, and even more uplifting to have been given the vote of confidence by the Government to supply the Sputnik V vaccine developed in Russia. We are awaiting definitive agreements from the supplier and MOH, as well as approval from the Drug Control Authority for the vaccine. Once these are obtained, 6.4 million doses will be administered to 3.2 million Malaysians.

As for the country's dedicated frontliners, words cannot express how much we appreciate your commitment to keeping Malaysia and her people safe.

Duopharma Biotech is just one among many players in a vibrant and dynamic healthcare ecosystem. Yet we are a committed player, and determined to bring back some semblance of normalcy to our lives. The pandemic has proven to be persistent; but if we all work together, we can develop effective and equitable solutions to build a healthier nation.

To all our valued stakeholders, thank you for your continued support and for being with us through these difficult times. Stay safe. Stay healthy.

TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SH BAKIR

Non-Independent Non-Executive Chairman

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

2020 will go down in history as one of the most devastating year since the Great Depression. By year end, COVID-19, declared a global pandemic by the WHO in March, had infected over 73.5 million people and caused 1.6 million deaths² while also wreaking havoc on economic activity.

While the search for a vaccine has thrown the spotlight on the pharmaceutical industry, this sector has not been spared either. Innovators, many of which engage in offshore contract manufacturing and depend on foreign supplies of active ingredients, have seen production levels drop. Likewise, sales have suffered, especially that of new drugs that rely on the initial stages of sales personnel-physician interaction.

The greatest impact on the industry in Malaysia has been a decrease in the number of patients seeking treatment for existing or new ailments. Not only is there a reluctance to spend if it is avoidable, but people are also fearful of the possible risk of contracting the virus at a clinic or hospital.

For Duopharma Biotech, this has translated into reduced demand for our prescription drugs, and the inevitable lag on performance. Amid the challenges, however, we have continued to strengthen our portfolio of biotherapeutics and other critical drugs, either in partnership with leading pharmaceutical players or through our own Highly potent Active Pharmaceutical Ingredients ("HAPI") plant. In June, we became the first in Malaysia to commercially produce a cancer drug, Lebreta, with another one on the way. We have also expanded our network of partners, investing in a US-based innovator of novel treatments for neurodegenerative diseases such as Alzheimer's and ALS. We have even made our first foray into digital therapeutics.



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

Just as importantly, we have strengthened the trust of our stakeholders in the Group's integrity and our ability to deliver. Since the outbreak, we have taken every precaution to protect our employees while ensuring continuity of supply to customers. Despite operating our plants at only 50% of the workforce during the most intense period of the MCO, we maintained productivity at 60%. In other words, productivity per employee actually increased. And, in spite of supply chain disruptions, our team managed to source for alternatives. This, together with an effective stocking policy, meant we were able to meet our various commitments.

² <https://www.statista.com/statistics/1104709/coronavirus-deaths-worldwide-per-million-inhabitants/> as of 16 December 2020

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

Indeed, this pandemic has brought out the best in our people, and I would like to express a heartfelt 'thank you' to the entire team for rising to the challenges. As a result of their hard work and values, we have not only pulled through the year meeting internally set financial targets, but done so in a manner that has been socially and environmentally sustainable, leading to the Group being included in the FTSE4Good Bursa Malaysia Index. *Syabas* to the team! Let's now work together to stay on the listing.

OUR SUCCESSES IN 2020

- ✓ Inclusion in the FTSE4Good Bursa Malaysia Index in recognition of sustainable operations
- ✓ Inclusion in the FTSE Bursa Malaysia Mid 70 Index
- ✓ Robust financial performance, with revenue at RM569.90 million and record profit before tax ("PBT") of RM76.20 million
- ✓ Commencement of commercial production at our HAPI plant with Lebretra, a breast cancer drug
- ✓ Tripartite MOU with PanGen and VentureTECH for the establishment of Malaysia's first commercial biosimilar production facility
- ✓ ISO 37001:2016 Anti-Bribery Management System Certification for Duopharma Biotech Group of Companies, including our overseas entities
- ✓ Successfully conducted a fully virtual AGM for the first time in the Company's history, in line with SOPs under the MCO
- ✓ Maintained position as a leader in halal pharmaceutical

MACROECONOMIC ENVIRONMENT

Since the unravelling of the pandemic, governments have faced the daunting task of saving livelihoods as well as lives. To minimise economic loss, many relaxed their shutdown measures along with stabilisation of infection rates in the second half of the year. However, this only precipitated a widespread resurgence of the infection, prolonging the period of recovery which is now expected to extend well into the year 2021.

According to the World Bank, the global economy contracted by 4.3% in 2020.³ As always, the impact on countries is not uniform, influenced by factors such as effectiveness of early containment measures, and the principal drivers of each country's economy, particularly its dependence on tourism and exports. The US, which imposed minimal socio-economic restrictions, is estimated to have seen a 3.6% contraction in gross domestic product ("GDP") along with the highest number of daily infections in the world. China, on the other hand, successfully broke the chain of infection with strict regulations and restrictions, and is now among a handful of countries that will record positive economic growth. Emerging market and developing economies are anticipated to contract by 5%.

Based on Bank Negara Malaysia's statistics, the country's GDP shrank by 5.6% in 2020.⁴ Economic growth plummeted by 17.1% in the second quarter, following the implementation of the MCO. However, provision of stimulus packages together with the eventual resumption of operations in various sectors allowed for a gradual strengthening of the economy, which is projected to grow between 6.5% and 7.5% in 2021.⁵

In June, we became the first in Malaysia to commercially produce a cancer drug, Lebretra, with another one on the way. We have also expanded our network of partners, investing in a US-based innovator of novel treatments for neurodegenerative diseases such as Alzheimer's and Amyotrophic Lateral Sclerosis.

³ <https://www.worldbank.org/en/news/press-release/2021/01/05/global-economy-to-expand-by-4-percent-in-2021-vaccine-deployment-and-investment-key-to-sustaining-the-recovery>

⁴ <https://www.bnm.gov.my/-/qb-q4-2020>

⁵ <https://www.theedgemarkets.com/article/economic-report-malaysias-economy-grow-65-75-2021-after-contracting-45-2020>

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

Contributing to this uptick is the rollout of COVID-19 vaccination beginning in February. Since China revealed the virus' genome sequence in January 2020, scientists have worked assiduously to produce an antidote. Of more than 100 vaccine candidates being developed, at least seven (7) are already being administered globally, including the Pfizer-BioNTech and AstraZeneca/University of Oxford vaccines.⁶ The Malaysian Government, meanwhile, has joined COVID-19 Vaccines Global Access (COVAX), a programme led by WHO, the Coalition for Epidemic Preparedness Innovation (CEPI) and Gavi the vaccine alliance, by investing RM94 million into the initiative that seeks to deploy approved vaccines equitably around the world.

The investments into COVID-19 vaccines are over and above a 6.6% increase in allocation to the healthcare sector to RM30.6 billion in the Budget 2020, the highest allocation ever in the country.

EARNINGS PER SHARE

8.46 SEN

DIVIDEND PER SHARE FOR THE YEAR

6.5 SEN

DOMESTIC SALES

RM525.43 MILLION

FINANCIAL REVIEW

For the financial year, Duopharma Biotech recorded a minimal 1.1% decrease in revenue to RM569.90 million from RM576.46 million in 2019. However, focused cost management led to a 2.2% drop in cost of sales and 5.4% drop in distribution costs. Together with efforts to minimise forex losses by converting US-denominated loans into Ringgit, we were able to achieve a 6.0% increase in profit after tax (PAT) from RM55.27 million in 2019 to RM58.61 million. Earnings per share also grew, from 8.25 sen in 2019 to 8.46 sen.

“Buoyant stock market sentiment on the healthcare sector, meanwhile, led to good performance of our share price, which surged in value by 138% from RM1.42 at end 2019 to RM3.38 at end 2020”

Segmental Performance

We report on two (2) segments based on geographical sales – domestic and export. In 2020, of our total sales of RM569.90 million, domestic sales contributed RM525.43 million (or 92.2%), roughly on par with its contribution in 2019. Domestic sales also accounted for RM218.90 million (or 93.9%) of gross profit, up from 92.4% in 2019.

Cash Management

Our focus during the year has been to ensure sufficient cash to manage our commitments. In June, following the listing of our Korean partner SCM Lifescience on the Korea Exchange trading board (KOSDAQ), we sold about half of our shares in the company for a net profit of RM16.38 million, which has been used for various capital expenditure (“CAPEX”) needs. We are now left with 2.76% equity in the biotech company, still sufficient to benefit from its innovations.

We also refinanced a couple of loans with a facility from Bank Islam Malaysia Berhad (BIMB). While smoothening our repayments, the facility also enhances our cash flow. By the end of the year, our cash balance stood at a robust RM158.00 million.

Dividend

For FY2020, the Board of Directors has declared a second interim dividend of 6.0 sen, equivalent to a payout of RM42.36 million. Together with the interim dividend of 0.5 sen per share paid out on 11 September 2020, we are offering our shareholders a total dividend of 6.5 sen per share for the year, which translates into a total payout of RM45.89 million. The Board has resolved that the Dividend Reinvestment Plan (“DRP”) approved by the shareholders on 31 May 2018 will apply to this second interim dividend. The new ordinary shares to be issued will be offered at RM3.08 each, marking a discount of approximately 10% from the five-day ex-dividend volume weighted average market price (“VWAMP”) of RM3.42 as at 19 February 2021.

⁶ [https://www.who.int/news-room/q-a-detail/coronavirus-disease-\(covid-19\)-vaccines](https://www.who.int/news-room/q-a-detail/coronavirus-disease-(covid-19)-vaccines)

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGIC OVERVIEW

In 2019, we had outlined a seven-year corporate strategy aimed at attaining our 2025 objective of becoming a RM1 billion company with a greater regional presence. This roadmap is guided by seven (7) key priorities, namely:

1	Growth of our core business;
2	Expansion of our biotherapeutics portfolio;
3	Investment in new niche areas;
4	Leveraging merger and acquisition ("M&A") opportunities;
5	Digitalisation;
6	Strengthened international business; and
7	Focus on the halal market.

Our strategy was reviewed by Management as a matter of routine at the beginning of the year, and then again in the third quarter, in light of the pandemic. In view of the COVID-19 situation, the strategic direction remains the same with emphasis on M&A opportunities and Digitalisation Strategy, with additional strategic focus on Collaboration with universities. The strategic priorities are relevant given our business objectives and current capabilities.

We have made progress in all areas, with the exception of M&As. While this is the area we had been pursuing aggressively pre-pandemic, we have since taken a more backseat approach as travel restrictions create a number of obstacles in evaluating potential acquisitions, especially those that are outside of Malaysia. As soon as circumstances permit, this will be among our top focus once again.

In addition to the successes mentioned, we are very excited about a USD5 million investment made during the year in AZT. AZT is a private late-stage clinical biopharmaceutical company based in Boston, US, focusing on treatment of neurodegenerative diseases. It is currently in Phase 3 of clinical trials on a treatment for Alzheimer's. Neurodegenerative diseases are particularly challenging because of the blood brain barrier which makes it difficult for most molecules to reach their targets. However, AZT is working on a unique multimodel combination treatment which, if successful, would represent a medical breakthrough. We are eagerly awaiting results of their clinical trials, which are expected to be released in 2021. In the meantime, we are negotiating for manufacturing and distribution rights of their drugs for ASEAN.

BUSINESS REVIEW

Consumer Healthcare

2020 marked a turning point for our Consumer Healthcare ("CHC") business. As of 1 January, it has become Duopharma Consumer Healthcare Sdn. Bhd. (Duopharma CHC), an independent subsidiary within the Group. The decision to spawn off CHC was premised on the fact that its business is sufficiently different from that of our ethical/prescription drugs as to warrant the separation.



In hindsight, the decision proved to be judicious, as Duopharma CHC has recorded strong double-digit growth and its contribution to the Group has increased significantly. While the pandemic dampened sales of our prescription drugs, it had the opposite effect on over-the-counter vitamins and supplements, which saw higher demand as consumers are eager to boost their immunity. Performance of the Vitamin C category was particularly strong, mainly the FLAVETTES® and CHAMPS® brands.

FLAVETTES® gained recognition as the Best Beauty Supplement Brand by both Guardian and Watsons, while Duopharma CHC was recognised as the Best Collaborative Business Partner 2020 (Health Care) by Guardian Malaysia.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

Ethical Classic

Demand for our Ethical Classic drugs dropped from both the private and public healthcare sectors. The former was due to temporary closure of clinics and pharmacies, plummeting health tourism, and patients delaying elective surgery. For the government sector, we saw decreased uptake and stock-keeping levels in hospitals and *Klinik Kesihatan* as patients stayed home.

On a positive note, supply of 53 Ethical Classic treatments to government hospitals that fall under the Approved Product Purchase List (APPL) was assured given a two-year extension by the MOH until 31 December 2021. We also launched a new anti-cholesterol atorvastatin, Crystorvas, in 20mg and 40mg dosages.

Ethical Specialty

The Ethical Specialty business grew 2.5% year-on-year, boosted primarily by ERYSAA®, our erythropoietin which brought in revenue of RM12 million. This helped to offset a general contraction in demand for treatments due to the pandemic as well as a prolonged disruption in the supply of insulin, beginning August 2019.

Following its private launch by our Renal Care Franchise in April 2019, we secured a three-year MOH tender for the supply of ERYSAA® worth RM37.72 million. We also won a two-year tender to supply ERYSAA® for a network of dialysis treatment centres throughout Malaysia. In addition, we have applied to register ERYSAA® in the Philippines and expect approval in Q2 2021. Another highlight was the launch of Haemosol C in Q1 2020, which is used in dialysis. Boosted by ERYSAA® and Haemosol C, our Renal Care Franchise grew 104% year-on-year.

Under Diabetes Care, we achieved commendable success with our insulin glargine Basalog One, for which we were awarded a three-year Ministry of Defence tender worth RM1.2 million. We also successfully registered Basalog One with the Health Sciences Authority in Singapore. Domestically, we submitted Sitagliptin HCL for registration with the National Pharmaceutical Regulatory Agency (NPRA) in November. Sitagliptin HCL is an oral medication for Type 2 Diabetes that has been developed in-house. Meanwhile our Insugen Off-Take Agreement has been extended for another year until December 2021, with the contract sum also increasing by an additional RM19.63 million.

A highlight in the Cancer Care Franchise was the commercialisation of Letrozole (Lebreta), the first drug to be produced at our HAPI plant. Prescribed in breast cancer treatment, Lebreta will be supplied to both the government and private sectors. We have also signed an agreement with a leading pharmaceutical company in Pakistan, for its export. Meanwhile, preparations are progressing well for the production of our second cancer drug, Imatinib ("TREVIVE"), which treats chronic myeloid leukaemia. Technology transfer for Trevive from our Indian partner, Natco Pharma Limited, is expected to be completed by Q1 2021. Even before its commercialisation, we have received positive response from the market for Trevive. This includes winning a tender from University Malaya Medical Centre ("UMMC") for a period of three (3) years.

Under the Cardiovascular Care Franchise, we launched Vytan (Valsartan) 80mg and 160mg, targeted for government hospitals sector. We also won a three-year tender from UMMC for Vascor 20mg. Valsartan helps to control high blood pressure while Vascor lowers cholesterol levels in patients.

Collaboration Updates

In 2020, Duopharma Biotech further extended our network of partnerships by investing USD250,000 into local digital health and wellness company, Naluri Hidup Sdn. Bhd. ("Naluri"); and USD5 million into AZT.

- Naluri, a Malaysian pioneer in digital therapeutics, has developed an app that combines behavioural science, data science and digital design to offer a holistic health management programme for users. Our collaboration provides Duopharma Biotech a stepping stone into digital healthcare, an area that we believe holds immense growth potential.
- AZT is creating breakthroughs in the treatment of neurodegenerative diseases.
- SCM Lifescience has completed Phase 1 of clinical trials for stem cell treatment for atopic dermatitis, and started Phase 2 trials which are expected to be completed in 2022.
- PanGen, Duopharma Biotech's technology partner successfully developed ERYSAA®, an erythropoietin biosimilar product and completed Phase III clinical study in Malaysia. ERYSAA® is halal-certified by Korea Muslim Federation ("KMF").

International

Our focus during the year was for our operations in Singapore and the Philippines to enhance their business leveraging new Ethical Specialty product launches, while penetrating into new markets regionally and further afield. Despite logistics constraints and order cancellations that were pandemic-related, our operations in Singapore performed commendably. However, the Philippines operation suffered a loss for the year. Overall, the International Business saw a 2% decline in revenue.

In terms of expanding our export markets, we managed to penetrate and secure maiden sales in Laos, Kuwait, United Arab Emirates, Swaziland and Uganda. With these additions, we now export to 27 countries, mainly in ASEAN, Africa and the Middle East.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

Halal

Our halal business supports our plans to grow in the international space. Most of the countries we have identified for expansion are in ASEAN – for example Indonesia, the Philippines and Thailand – which also have sizeable Muslim populations.

As part of efforts to market halal products in these countries, we are building awareness of what is available, drawing the attention of relevant stakeholders to the halal certification MS 2424:2012 that has been developed in Malaysia, and the growing portfolio of drugs that have been certified under this programme. Our efforts this year included various online initiatives, including a knowledge-sharing session with the Islamic Medical Association, Philippines (IMAN) and webinars organised by the Halal Development Corporation (“HDC”). Also in collaboration with HDC, we participated in a virtual Business-to-Business (B2B) meeting between Malaysian companies and Korean buyers.

**Our ERYSAA® is
halal certified by
the Korea Muslim
Federation,
a recognised
foreign halal
certification body
by JAKIM**

The halal pharmaceuticals market is expected to be worth USD134 billion by the year 2024. Duopharma Biotech seeks to leverage and, indeed, stimulate this growth.

SUSTAINABLE OPERATIONS

Manufacturing Optimisation

Since 2016, Duopharma Biotech has been upgrading our plants and incorporating greater process automation to increase their capacity, capability and efficiency. Along with the quality improvements, we also aim to meet Good Manufacturing Practice (GMP) standards.

Several projects are ongoing and, despite delays caused by the pandemic, we were able to complete the replacement of existing compression lines in Bangi with the most up-to-date version. At the same time, we will be installing a completely new compression line which will enable the production of MUPS tablets (which allow for modified drug release) in 2021. In Klang, we obtained the Certificates of Completion and Compliance (CCC) for the K6 Warehouse and roof-top carpark on 31 December 2019, following which these have been operational.

Other ongoing projects in Bangi include the following:

- *New Liquid Plant in Bangi 1.* Pilot process validation (PV) batches for product registration have been manufactured and variation submissions submitted to the regulators. Commercial operations are expected to commence by Q3 2021.
- *Dry Packing Relocation & Renovation project.* This entails the transfer of the entire dry packing operation from Bangi 1 to Bangi 2, which will be extensively renovated and will incorporate new automated high-speed blistering and tablet coating machines. Works in Bangi 2 will commence in Q1 2021.

In Klang:

- *Tablet Inspection System.* All the required equipment have been procured and the system is expected to be implemented in Q1 2021, ensuring the highest quality products while maintaining throughput.

Meanwhile, the Quality Control Laboratory at Duopharma (M) Sendirian Berhad in Klang successfully obtained the MS ISO/IEC 17025:2017 accreditation in September 2020.



GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

Digitalisation

Among its other impacts, COVID-19 has made it imperative that organisations have the capability to conduct remote operations. Although we did not know it at the time, the step changes we had made as a result of years of investment into different software meant we had that capability. Hence, when the MCO was declared, we were able to make a smooth transition into the new working norm. There was no disruption to internal meetings nor meetings with external stakeholders as these continued online.

Leveraging our digital capabilities, we were even able to conduct virtual Factory Acceptance Tests (FAT) for machinery purchased from overseas, and take part in industry events. Internally, we reinforced our commitment to integrity by organising our annual Halal, Integrity and Sustainability (HIS) programme online.

Our digital capabilities were further strengthened in July when we migrated our Systems, Applications and Products (SAP) onto a private cloud, marking the successful completion of a process that had begun a year earlier. Also in July, we launched RiskBond, a risk management platform that facilitates risk analysis and the sharing of important data across different levels in the organisation.

Our focus now is more on digitalisation of our service offerings. Globally, we are witnessing a transformation of healthcare through greater use of apps and the replacement of face-to-face interaction with telemedicine. The benefits of telemedicine are many. Today, for example, as patients avoid hospitals, they are not replenishing their prescribed medications for ongoing ailments. With telemedicine, this would not happen. We intend to be part of this transformation and are looking at how digitalisation could have the greatest

positive impact on healthcare in the country. Our investment in Naluri serves as a launchpad into this arena.

We are also switching to more digital interaction with customers. Due to capacity constraints, in 2019 we had set up an in-house team to call some of our smaller customers on a regular basis as we were not able to make frequent personal visits. Given increasing preference for virtual contact, we are going to scale this up with a comprehensive online marketing and sales channel.

Talent Management

Last year, I had mentioned that our Human Resources Department (HR) had instituted a structured Talent Management & Succession Planning programme. In 2019, we also identified talents as well as successors to be groomed for positions of greater responsibility within the Company. This year, based on various competency and capability assessments, Individual Development Plans (IDPs) have been drawn up for each talent/successor. Integral to their IDPs is leadership coaching, which is being conducted by professional external trainers. Meanwhile, the coaching programme for recruits under our graduate programme, ProGrad, entered its second year and involves the participants being exposed to different departments with different internal coaches as they undertake more challenging projects to work on.

Other than professional development of our employees, we take seriously the level of engagement of our employees. This year, as a significant number of employees have been working from home, we have placed greater emphasis on ensuring a sense of connectedness to the Company through regular communication online, online meetings and virtual events organised by our Kelab PETIRR Duopharma. Our efforts

have been validated by an encouraging level of satisfaction among employees, as indicated by our annual Employee Engagement Survey. Conducted in-house for the first time, we achieved a score of 88%, exceeding our target of 87%.

Although we are motivated to create a stimulating and rewarding work environment for the benefits it brings to our people and the organisation, it is encouraging when our efforts are also recognised by industry. This year, we were pleased to have been named one of the Best Companies to Work for in Malaysia by HR Asia for the fifth year running; and to have won the Most Attractive Graduate Employers to Work For award under the Graduates' Choice Award 2020.

Bumiputera Empowerment

As part of efforts to contribute towards capability and capacity building at the national level, we have been a strong supporter of the Bumiputera Vendor Development Programme (BVDP) run by the Ministry of Entrepreneur Development and Cooperatives (MEDAC). To date, we have mentored a total of six (6) small and medium-sized enterprises (SMEs) under this programme. Each company is closely supervised until it reaches a certain level of entrepreneurial maturity upon which it graduates from the programme. Currently, six (6) companies are being mentored that represent the manufacturing, logistics and engineering industries.

We also provide on-the-job training to aspiring Bumiputera entrepreneurs under the Professional Training and Education for Growing Entrepreneurs (PROTÉGÉ) programme. Despite the pandemic, we attracted 50 participants to the programme in 2020. Of this number, 28 were offered full-time employment at the end of the year.

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

Greater Focus on Environmental, Social and Governance

Duopharma Biotech has always recognised the need to operate sustainably to protect our business as well as our stakeholders. In recent years, however, we have placed greater emphasis on aligning our operations with ESG imperatives. This has been motivated by enhanced awareness of the urgent need to better manage global issues such as equal access to healthcare and education, poverty and climate change.

To ensure ESG issues are considered at every level in the organisation, we have been strengthening our sustainability governance, setting up a dedicated Sustainability Management Council represented by heads of departments as well as a Board Risk Management and Sustainability Committee. We have also become a participatory member of the United Nations Global Compact Malaysia and Brunei ("UNGCMYB"), which commits us to accepting shared responsibility for achieving a better world guided by the UN's Sustainable Development Goals (SDGs).

Along with greater awareness and focus on ESG matters, related risks are now also included in our risk register. Our objective is to continue to build our ESG platform such that it supports all key business decisions and influences our strategic direction.

RISK MANAGEMENT

Our risk profile reflects the prevailing economic, social and financial landscape, and has therefore changed significantly along with the pandemic. As always, we have been vigilant in monitoring our risks and adapting to these so as to minimise their potential to impact Duopharma Biotech's performance.



While monitoring our risks, we have also strengthened our overall risk management framework with the launch of RiskBond in July, and implementation of an effective Business Continuity Management (BCM) system. The BCM was rolled out at our Malaysian sites in October 2020, and in Singapore as well as the Philippines in November.

Some of the more critical risks, and actions taken to mitigate them, are outlined in the table below.

Risk	Mitigation
COVID-19 infection of employees	<ul style="list-style-type: none"> • Strict adherence to government's regulations and SOPs • Installation of screens to shield individual work areas • Daily emails from Safety team and weekly emails from Group Managing Director ("GMD") to enforce the SOPs
Sense of 'disconnectedness' among staff, especially new recruits, because of remote work arrangements	<ul style="list-style-type: none"> • Weekly emails from GMD to engage with all employees • Engagement via Kelab PETIRR Duopharma's online activities including competitions, e-sports, etc.
Delays in CAPEX projects due to inability of international suppliers to travel to conduct testing, commissioning & qualification-related tasks at site	<ul style="list-style-type: none"> • Engaged local agents with the capabilities to provide support • Conducted online FAT • Detailed planning to ensure minimised impact on project timelines and cost
Disruption in supply of raw materials	<ul style="list-style-type: none"> • Sourced alternatives, enabling us to maintain a high level of productivity
Reduced margin due to depreciation of the Ringgit and increase in cost of raw materials as well as freight	<ul style="list-style-type: none"> • Converted our short-term USD loan to Malaysian Ringgit via RM150 million BIMB facility
Delayed/Non-payment by customers for products supplied	<ul style="list-style-type: none"> • Revision of our collection and penalty scheme to incentivise payment within the stipulated timeframe, enabling us to maintain a healthy Days Sales Outstanding (DSO)

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK



The year has already begun on a positive note for Duopharma Biotech, in light of the Sputnik V programme, and extensions of supply of our products to the Government. Overall, we expect to chart growth across all our businesses. Duopharma CHC will continue to perform well as more and more people invest in their well-being. And, as patients start going back to their GPs and specialists, take-up of our prescription drugs will increase. We look forward to commercial production of Trevive, adding to our portfolio of affordable cancer treatments, while working with our partners to bring in more biotherapeutics and other novel treatment modalities for a wider range of prevalent ailments. Our partnership with AZT will provide fresh impetus in growing our portfolio of psychotropic drugs, for which demand is steadily increasing.

As the year 2021 unfolds, the country is grappling with the third wave of the COVID-19 pandemic. However, the number of cases has not skyrocketed as in some other nations, thanks to effective government intervention. Even more encouragingly, the first batch of vaccines arrived on 21 February and the National COVID-19 Immunisation Programme kicked off on 23 February. Barring any obstacles, experts expect the country to reach herd immunity by early 2022 when at least 80% of the population will have been inoculated.

Duopharma Biotech is proud to be part of this inoculation programme. Towards the end of January 2021, we signed a Term Sheet Agreement with the Russian Direct Investment Fund (RDIF) to secure 6.4 million doses of Sputnik V, which has been developed by Gamaleya National Research Institute of Epidemiology and Microbiology. Sputnik V, a human adenoviral vector-based vaccine, has a 92% efficacy rate and has been used to vaccinate more than 200,000 people across Russia as of mid-December 2020. We have also signed a Term Sheet Agreement with the MOH for use of this vaccine as part of the Government's immunisation programme upon approval by the Drug Control Authority under the National Pharmaceutical Regulatory Agency (NPRA).

Economic recovery, together with a 4.2% increase in allocation under Budget 2021 for the healthcare sector to RM31.9 billion, the highest ever, are positive indicators for further growth of the pharmaceutical sector.

We will also build on the knowledge gained from our partnership with Naluri to tap into the potential of digital therapeutics, while fully leveraging digital technologies to create efficiencies across our entire value chain, from production to sales and marketing.

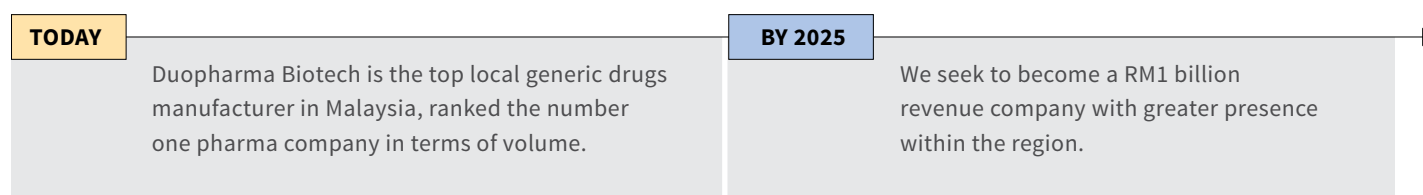
Our ultimate objective is to ensure affordability of drugs for the maximum benefit of the maximum number of people. In this manner, we hope to contribute towards healthier people and, eventually, healthier nations.

LEONARD ARIFF BIN ABDUL SHATAR

Group Managing Director

STRATEGY

IN 2019, A CORPORATE STRATEGY WAS APPROVED TO FURTHER STRENGTHEN THE GROUP'S POSITION DOMESTICALLY AND IN THE REGION AS WE CONTINUE TO VENTURE INTO HIGH-VALUE AND INNOVATIVE NICHE AREAS TO FULFIL DEMAND, MAKING OUR PRODUCTS AND TREATMENTS ACCESSIBLE AND AFFORDABLE TO PATIENTS AND CLINICIANS.



OUR ROAD MAP

Our strategy focuses on seven (7) key areas.

- 1. GROWTH OF CURRENT CORE BUSINESS WITH A FOCUS ON KEY SPECIALTY AREAS SUCH AS DIABETES, ONCOLOGY, CARDIOVASCULAR, RENAL AND CONSUMER HEALTHCARE**
 - We are committed to expanding our generic range in the Ethical and Consumer Healthcare segments with quality, affordable products.
 - We will build a stronger pipeline of innovative, first in-market products through synergistic efforts of in-house R&D and externally developed projects.
- 2. EXPANSION OF BIOTHERAPEUTICS PORTFOLIO IN AREAS SUCH AS BIOSIMILARS, REGENERATIVE MEDICINE AND VACCINES**
 - We will continue to expand our portfolio of biosimilars through the Ethical Specialty business; making drugs that are in demand, accessible and affordable to patients.
- 3. STRATEGIC INVESTMENTS IN NEW NICHE AREAS WITHIN PHARMA AND HEALTHCARE SECTOR**
 - Duopharma Biotech will continue to consider and pursue strategic investments in high-technology areas and emerging markets to foster growth.
- 4. M&A OPPORTUNITIES IN MALAYSIA AND ASEAN**
 - We seek business ventures which not only add value to the Group by expanding our manufacturing capabilities but also enhance economic growth and development of the industry both locally and regionally.
- 5. DIGITALISATION OF OPERATIONS AND PROVISION OF HEALTHCARE SOLUTIONS USING TELEMEDICINE AND DIAGNOSTICS**
 - Through digitalisation of our Quality Management System, we are integrating all data in a centralised system which will allow Duopharma Biotech to gain efficiencies and improve our compliance processes.
 - We will offer digital solutions to support our specialty businesses and provide value added services to end users.
- 6. STRENGTHENED INTERNATIONAL BUSINESS**
 - Our priority is to expand our regional presence to take advantage of growing markets.
 - Specific market access plans have been put together and are being implemented.
- 7. FOCUS ON HALAL PHARMA AS A KEY STRATEGIC AREA ALONGSIDE THE OTHER MARKETS**
 - We will continue to ensure all our products and manufacturing processes are Syariah-compliant.
 - Our dedicated team will strengthen Duopharma Biotech's position as the leader in the halal pharma market through outreach programmes and roadshows to enhance awareness of halal pharma initiatives in Malaysia and the region.



SUSTAINABILITY STATEMENT

Sustainability is about operating in a manner that enhances our business growth while respecting the needs and interests of our 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.

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-related risks are entered into our risk register. We have appointed a sustainability expert within the organisation who is tasked with creating greater awareness of sustainability issues among our employees. This is achieved through training programmes, the issuance of a monthly newsletter, and the inclusion of sustainability matters at the quarterly Townhalls.

In 2019, we became a participatory member of UNGCMYB, acknowledging our acceptance of shared responsibility to shape a better world through our actions. At the same time, our membership provides us access to UNGCMYB's resources to enhance our knowledge

and capabilities. This year, we have also received acknowledgement of alignment of our processes with the United Nations' Sustainable Development Goals (SDGs). Recognising the value of this partnership, we have pledged to extend our UNGCMYB membership until 2025.

Duopharma Biotech's commitment to sustainability, and progress made in terms of our performance, has been validated by industry. In June 2020, we were listed on the FTSE4Good Bursa Malaysia's Index. We also seek continuously to enhance our reporting by expanding the scope and depth of disclosure, in line with the Global Reporting Initiative ("GRI"): Core Option and Bursa Malaysia's Sustainability Reporting Guide. Underlining the veracity of data, our sustainability report 2020 is assured by Lloyd's Register.

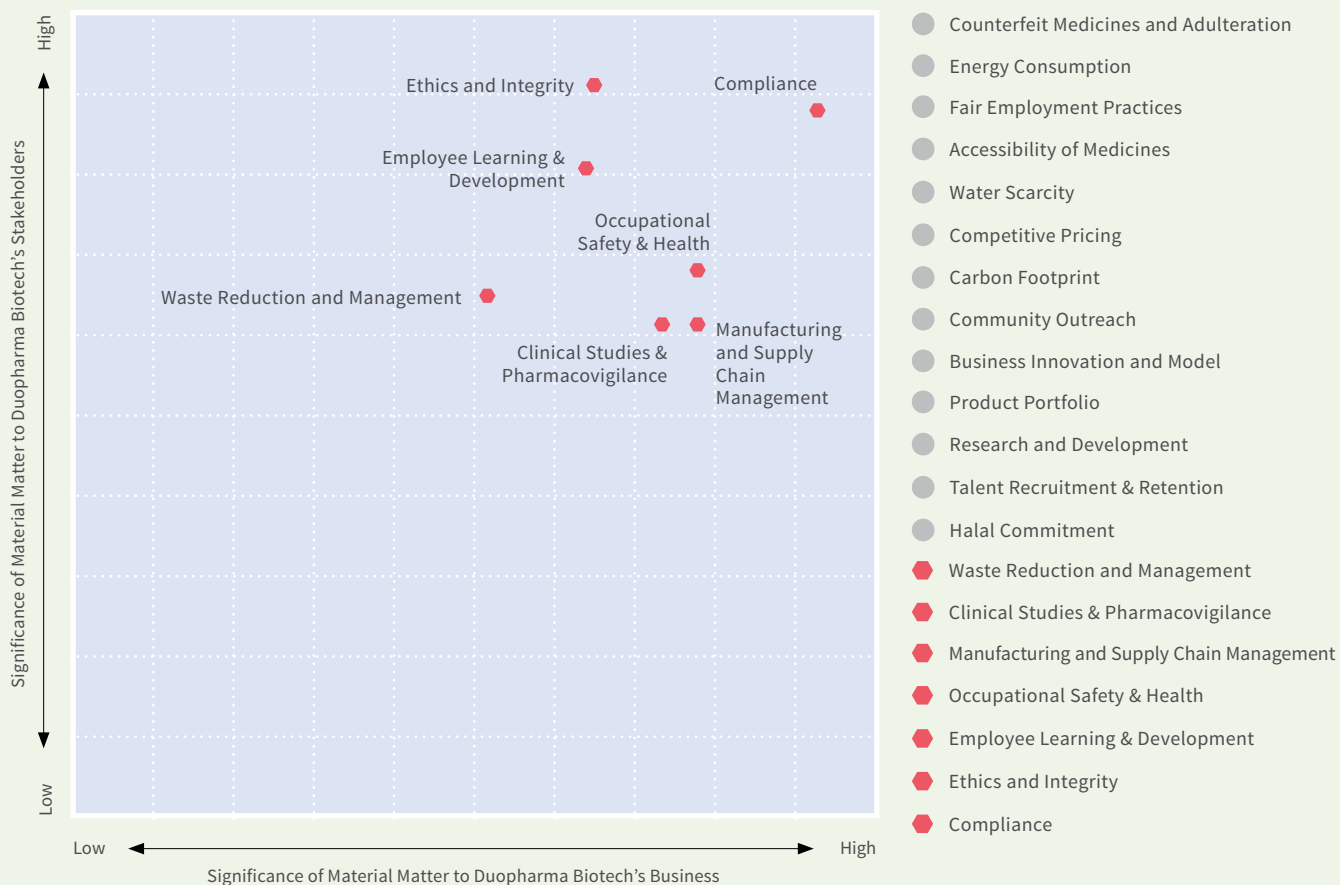
SUSTAINABILITY STATEMENT

IN 2019, WE BECAME A MEMBER OF UNITED NATIONS GLOBAL COMPACT MALAYSIA AND BRUNEI, ACKNOWLEDGING OUR ACCEPTANCE OF SHARED RESPONSIBILITY TO SHAPE A BETTER WORLD THROUGH OUR ACTIONS

MATERIAL MATTERS

We had determined 20 material matters through a comprehensive materiality assessment in 2018. Since then, the matters have been reviewed annually by management. Upon the review in 2020, management agreed that our material matters continue to be relevant. By focusing our sustainability efforts on these matters, we believe we reduce our ESG-related risks while creating more value for our stakeholders.

DUOPHARMA BIOTECH'S MATERIALITY MATRIX



For reporting purposes, these materiality matters have been categorised according to their ESG impact under the following themes: Sustainability-led Business Commitment (for a combination of Governance and Economic-related matters), Workforce & Community (Social matters) and Planet Performance (Environmental matters). In the following pages, we highlight key achievements for the year 2020 in each theme.

SUSTAINABILITY STATEMENT

SUSTAINABILITY-LED BUSINESS COMMITMENT

The year saw Duopharma Biotech further strengthen our integrity framework by developing and introducing two new supplementary policies to support our Anti-Bribery and Anti-Corruption Policy, namely the Anti-Bribery Management System Policy and Business Ethics Policy. The Group also obtained the ISO 37001:2016 Anti-Bribery Management Systems certification without a single Non-Conformance Report issued by SIRIM QAS International Sdn Bhd, the certification body. In addition, we received recognition from the BEIM via the presentation of a Five Petals Gold Ethics Award.

We also further enhanced our risk management through the establishment of Business Continuity Strategy & Solutions and individual Business Continuity Plans (BCPs) for each business unit. These were incorporated into a revised Business Continuity Management Framework.

In terms of access to affordable medicines, we achieved a milestone by becoming the first Malaysian pharmaceutical company to produce a cancer drug at our HAPI plant. Meanwhile, our technology partner PanGen obtained the company's first halal certification for a biosimilar when ERYSAA®, our erythropoietin, was certified by the Korea Muslim Federation, a recognised foreign halal certification body by JAKIM.

WORKFORCE AND COMMUNITY

We have always maintained that our people are our greatest asset; and in 2020 we demonstrated the value we place in our employees by ensuring no stone was left unturned to safeguard their well-being. Our manufacturing employees continued to work throughout the year, despite the MCO and its iterations, as we provide an essential service. To protect them, we implemented a range of measures to keep

them safe, from conducting temperature checks and providing them with protective gear, as well as partitioning sections at our sites to restrict movements.

[For a complete list of measures undertaken, please refer to our response to COVID-19 on page 27 of this report.]

Employee engagement was also emphasised in order to maintain a sense of connectedness among employees working from home. In this regard, our Group Human Resources sends out daily emails with updates on COVID-19, the GMD shares his thoughts in weekly emails and our Kelab PETIRR Duopharma continues to get employees together for various virtual events. The downtime was also used to press on with training, which was conducted online. Although the Human Resources Development Fund (HRDF) restricted the number of participants and duration (hours) per training session, we exceeded our targets for the number of training hours per employee. Our efforts were validated by Duopharma Biotech maintaining a high employee engagement score in our annual survey, once again exceeding the target set.

PanGen, Duopharma Biotech's technology partner obtained the company's first halal certification for a biosimilar, when ERYSAA®, our erythropoietin, was certified by the Korea Muslim Federation, a recognised foreign halal certification body by JAKIM

Unable to carry out community programmes, we shifted our focus towards supporting various efforts to contain the virus as well as to provide for those impacted by the economic slowdown. We contributed close to RM1 million worth of cash, medical equipment (including ventilators, monitoring devices and a haemodialysis machine), food and other necessities to the MOH, a non-profit NGO for Orang Asli (Epic Society), the Government-Linked Companies' Disaster Response Network (GRDN), Yayasan Hasanah and various hospitals throughout the country.



SUSTAINABILITY STATEMENT

OUR RESPONSE TO COVID-19

The pandemic has necessitated various initiatives to ensure the safety and continued well-being of our employees, contractors and business partners. Following the establishment of a Group Pandemic Response Committee, which reviewed the WHO's guidelines as well as all SOPs advocated by the MOH, we have implemented a number of policies and procedures at our sites and offices. Site committees set up at our plants in Bangi, Klang and Glenmarie, as well as at our head office in Kenanga International, Kuala Lumpur ensure adherence to the new SOPs.

Our response platform serves not only to keep everyone safe, but also to maintain a high level of employee engagement.

PREVENTIVE MEASURES

- All staff entering any company premises must have their temperature taken. Anyone with temperature above 37.5°C or with COVID-19-like symptoms will be denied entry and advised to obtain medical help immediately. The Company will provide transportation if necessary.
- Staff reporting for work are provided face masks and are required to wear these in common areas.

SOCIAL DISTANCING

- Controls are in place to limit interaction between staff from different departments or work areas.
- All workplaces, including washrooms and common areas are sanitised at least three (3) times a day.
- Sanitisers are installed in common areas and entry points.
- Visitors are discouraged at all sites; where possible, meetings are held online.
- Physical meetings among staff are discouraged and the number of participants is limited if a physical cannot be avoided. All meetings, including our annual general meeting, are held online. The Company has invested in and enhanced existing hardware and software to enable migration to online.
- During the MCO, as per Government SOPs, we allowed only 50% of our staff to come to work. Priority was given to production/production support and supply chain staff.
- During the RMC0, we split our office-based team into two and installed barriers in the workplace to maintain physical distancing.
- We split break times to reduce contact between departments at the canteen. There are also physical barriers on canteen tables to ensure staff safety.

- Muslim staff are encouraged to bring their own prayer mat and/or *telekung*, while the number of staff allowed inside the *surau* (prayer room) is limited according to its size.

STAFF ENGAGEMENT

- Daily COVID-19 updates are emailed to everyone, while our GMD also sends out weekly emails. Posters and notices have been put up everywhere to remind staff about SOPs.
- Staff are constantly reminded to stay away from work if they have any COVID-19-like symptoms and to seek medical attention immediately.
- Staff working from home are encouraged to come to the office at least once a week. Department heads organise frequent online meetings with their staff to maintain morale and productivity. Training has continued, but now online.
- Quarterly Townhall meetings and the annual dinner are now conducted online.
- Site committees have been set up to look into and manage COVID-19-related issues/concerns. At senior management level, there is a special committee to manage all COVID-19-related matters.

CONTRACTORS

- Only pre-approved contractors are allowed, and have to fill in a health declaration form, present their pre-approved permit, scan/record their entry and sanitise themselves before entering our premises.
- All foreign contractors/suppliers have to show proof that they are free from COVID-19.
- Suppliers/contractors are separated at common areas such as the canteen and washrooms. They are allocated different times and space for their breaks.

SUSTAINABILITY STATEMENT

PLANET PERFORMANCE

As a responsible organisation, Duopharma Biotech is aware of our duty to contribute towards a healthier environment, one that will sustain future generations. Accordingly, we adhere to all regulations and requirements issued by the Department of Environment (DOE) including its Environmental Quality Act 1974.

We recognise the urgency of mitigating climate change and have set the target of reducing our energy intensity by 5% every year. Towards this end, various initiatives have been implemented to reduce our energy consumption. In 2020 itself, we installed an energy monitoring device (EMD) at our site in Bangi. Installation in Klang and Glenmarie was postponed because of the pandemic. Plans to install solar panels at our plants in Klang and Bangi have also been delayed. Additionally, we did not achieve our energy intensity reduction target. In response, we plan to engage a consultant to carry out a comprehensive energy audit in 2021. The objective is to identify gaps in our current systems and processes in order to get back on track towards meeting our carbon footprint goal.

Meanwhile, we are taking a more proactive approach with regard to waste management, and especially the use of plastic. During the year, we embarked on a pilot programme to use biodegradable plastic for storage purposes. Based on outcomes, the project may be adopted permanently.

GOING FORWARD

Although some of our sustainability plans have been impacted by the pandemic, we continue to place the highest priority on managing our material matters to the best of our ability in order to enhance our value to stakeholders. Sustainability is by its nature an ongoing endeavour and we are committed to continuously reviewing and improving our policies, procedures and practices. In 2021, we seek to outline a new sustainability blueprint with an even broader scope and objectives, taking our platform to a new level.

For more information on our sustainability initiatives and progress, please refer to our Sustainability Report which is available on our corporate website at <https://duopharmabiotech.com/sustainability-report/>



In 2021, we seek to outline a new sustainability blueprint with an even broader scope and objectives, taking our platform to a new level

SECTION 03



SECTION 3 : GOVERNANCE

Board of Directors' Profile	30
Senior Management Team's Profile	39
Corporate Governance Overview Statement	43
• Report of the Audit and Integrity Committee	
• Report of the Nomination and Remuneration Committee	
• Report of the Risk Management and Sustainability Committee	
• Report of the Halal Committee	
• Report of the Medical Advisory Committee	
Statement on Risk Management and Internal Control	68
Other Disclosures	79

AZT

We invested in a US-based biopharmaceutical company, AZTherapies, Inc. (AZT), which is developing novel therapies for neurodegenerative diseases such as Alzheimer's and Amyotrophic Lateral Sclerosis

BOARD OF DIRECTORS' PROFILE



TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SH BAKIR

Non-Independent,
Non-Executive Chairman



Membership of Board Committees:

Member, Nomination and Remuneration Committee

Family Relationship with Any Director and/or Major Shareholder:

None

Conflict of Interest with the Company:

None

Details of any interest in the Securities of the Company or its Subsidiaries:

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

Other Directorships in Public Companies and Listed Issuers:

- OSK Holdings Berhad
- Lotte Chemical Titan Holdings Berhad
- Awqaf Holdings Berhad

Other than Traffic Offences, the 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

Number of Board meetings attended in 2020

16/16

Date of appointment to the Board

5 April 2016

Length of Service

4 years 11 months

Date of Last Re-Election

17 June 2020

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

Tan Sri Datin Paduka Siti Sa'diah is a Non-Independent Non-Executive Chairman of Duopharma Biotech since 28 December 2017. She was appointed as a Senior Independent Director on 5 April 2016. Prior to her appointment as a Senior Independent Director in Duopharma Biotech, she served as an Independent Non-Executive Director in Chemical Company of Malaysia Berhad from 5 April 2016 until its demerger in December 2017. She launched her career at Johor Corporation ("JCorp") in 1974, joining its Healthcare Division in 1978. She was appointed Chief Executive of Kumpulan Perubatan (Johor) Sdn Bhd (KPJSB) in 1989, and served as Managing Director of KPJ Healthcare Berhad ("KPJ") from 1 March 1993, overseeing its listing in November 1994. She retired on 31 December 2012 but continued to serve KPJ in the capacity of a Corporate Advisor from 1 January 2013 until 31 December 2014. She was an Independent Non-Executive Director of KPJ from 1 May 2015 until 31 March 2020. Tan Sri Datin Paduka Siti Sa'diah was the Chairman of KPJ Healthcare University College ("KPJUC") between 1 August 2011 to 31 December 2016. She was the ProChancellor of KPJUC from August 2011 to 31 December 2018. She is the Chancellor of KPJUC with effect from 1 January 2019.

She was an Independent Non-Executive Director of Bursa Malaysia from 2004 to 2012 and was a Board Member of Malaysia External Trade Development Corporation (MATRADE) from 1999 to 2012. She served as a Director of a few other Public Listed Companies under Johor Corporation Group such as Al-Aqar Healthcare REIT, Kulim (M) Berhad, KFC Holdings Malaysia Bhd and QSR Brands (M) Holdings Bhd from 2006 to 2016. Committed to promoting excellence in healthcare, Tan Sri Datin Paduka Siti Sa'diah has served as President of the Malaysian Society for Quality in Health (MSQH) since the inception of the national accreditation body for healthcare services in 1997 until her retirement in December 2018. She was appointed Chairman of Universiti Utara Malaysia from June 2016 to September 2018. She was a member of the Leadership Development Committee, Razak School of Government from November 2013 to December 2018. She is currently the Pro-Chancellor of Universiti Teknologi Malaysia since October 2016 and a member of the Institute of Corporate Directors Malaysia (ICDM).

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

BOARD OF DIRECTORS' PROFILE



LEONARD ARIFF BIN ABDUL SHATAR

Group Managing Director,
Executive Director



Membership of Board Committees:
None

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

Conflict of Interest with the Company:
None

**Details of any interest in the Securities
of the Company or its Subsidiaries:**
None

**Academic/Professional Qualification/
Membership(s):**

- Bachelor of Laws (LLB), Monash University, Melbourne, Australia
- Bachelor of Economics, Monash University, Melbourne, Australia

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

- PanGen Biotech Inc. (Korea)
- SCM Lifescience Inc. (Korea)
- National Institutes of Biotechnology Malaysia
- Monash University Malaysia Sdn Bhd

**Other than Traffic Offences, the 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

Number of Board meetings attended in 2020

16/16

Date of appointment to the Board
28 December 2017

Length of Service
3 years 3 months

Date of Last Re-Election
17 June 2020

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

that position until 28 December 2017, when he was appointed to the Board and redesignated as Group Managing Director of Duopharma Biotech Berhad.

Leonard Ariff is also the Director of Monash University Malaysia Sdn Bhd as well as the Advisory Committee for Business School at Monash University Malaysia. He has been appointed to participate in the CEO@Faculty programme by the Ministry of Education, assigned to University Kebangsaan Malaysia (UKM). He was President of the Malaysian Organisation of Pharmaceutical Industries from 2009 to 2014.

He has completed the Qualified Risk Director (QRD) programme and is a member of the Institute of Enterprise Risk Practitioners (IERP). On 31 March 2021, he was appointed as a trustee for the National Institutes of Biotechnology Malaysia. Leonard Ariff is also a member of the Institute of Corporate Directors Malaysia (ICDM).

BOARD OF DIRECTORS' PROFILE



DATO' MOHAMAD KAMARUDIN BIN HASSAN

Senior Independent,
Non-Executive Director



Membership of Board Committees:

- Chairman, Nomination and Remuneration Committee
- Member, Audit and Integrity Committee

Family Relationship with Any Director and/or Major Shareholder:

None

Conflict of Interest with the Company:

None

Details of any interest in the Securities of the Company or its Subsidiaries:

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, Malaysia

Other Directorships in Public Companies and Listed Issuers:

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

Other than Traffic Offences, the 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

Number of Board meetings attended in 2020

16/16

Date of appointment to the Board
2 January 2014

Length of Service
7 years 1 month

Date of Last Re-Election
31 May 2018

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

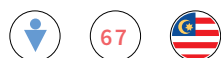
Dato' Mohamad Kamarudin was appointed Senior Independent Director of Duopharma Biotech with effect from 28 December 2017, following the re-designation of Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir as Non-Independent Non-Executive Chairman. Prior to that, he served the Board as an Independent Non-Executive Director. Dato' Mohamad Kamarudin is a Fellow member of the Institute of Corporate Directors Malaysia (ICDM).

BOARD OF DIRECTORS' PROFILE



RAZALEE BIN AMIN

Independent,
Non-Executive Director



Membership of Board Committees:

Chairman, Audit and Integrity Committee

Family Relationship with Any Director and/ or Major Shareholder:

None

Conflict of Interest with the Company:

None

Details of any interest in the Securities of the Company or its Subsidiaries:

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 Accountant, Malaysian Institute of Certified Public Accountants
- Certified Financial Planner, Financial Planning Association of Malaysia

Other Directorships in Public Companies and Listed Issuers:

- Velesto Energy Berhad
- UMW Holdings Berhad

Other than Traffic Offences, the 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

Number of Board meetings attended in 2020

16/16

Date of appointment to the Board

1 June 2016

Length of Service

4 years 9 months

Date of Last Re-Election

31 May 2019

Razalee is a licenced auditor and an approved liquidator, who has more than 43 years' experience in various management positions and directorships in public listed companies with areas of expertise in audit, corporate recovery, finance, banking and investment acquisition. He started his career at Messrs. Hanafiah Raslan & Mohamad, a Chartered Accountants firm. In 1983, he joined Sateras Resources (Malaysia) Berhad as a Group Financial Controller before being appointed as the Senior Vice President

of the Investment and Acquisition Division at MBF Finance Berhad in 1987. He subsequently served Damansara Realty Berhad as its Senior General Manager from 1994 until 1996, when he set up his own Chartered Accountants firm, Razalee & Co., where he is presently the Managing Partner.

Encik Razalee is a Fellow member of the Institute of Corporate Directors Malaysia (ICDM).

BOARD OF DIRECTORS' PROFILE



ZAITON BINTI JAMALUDDIN

Independent,
Non-Executive Director



Membership of Board Committees:

- Member, Audit and Integrity Committee
- Member, Risk Management and Sustainability Committee

Family Relationship with Any Director and/or Major Shareholder:

None

Conflict of Interest with the Company:

None

Details of any interest in the Securities of the Company or its Subsidiaries:

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

Other Directorships in Public Companies and Listed Issuers:

None

Other than Traffic Offences, the 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

Number of Board meetings attended in 2020

16/16

Date of appointment to the Board

1 September 2016

Length of Service

4 years 6 months

Date of Last Re-Election

17 June 2020

Zaiton has over 20 years of experience in the healthcare and pharmaceutical industry, beginning her illustrious career in 1982 as a pupil pharmacist with the Ministry of Health. Two (2) years later, she joined the sales and marketing team of United Italian Trading Corporation. She then moved to Novo Industri A/S in 1985, where she served as the Assistant Medical Information Manager for the South East Asia Regional Office. In 1989, when Novo Industri A/S and Nordisk Gentofte A/S merged to become Novo Nordisk A/S, the world's leading producer of insulin, Zaiton was appointed as its Business Development Manager for Malaysia, a post she held until 1993. From 1993 to 1997, she led Novo Nordisk's Malaysian operations as its Country Manager. This was followed by a 10-year stint as General Manager of Novo Nordisk Pharma (M) Sdn Bhd. During this time,

Zaiton helped to establish and grow Novo Nordisk's business, mainly in insulin and oral diabetes care, haematology and women's therapy. She held roles in the areas of general management, sales and marketing, business development and training. In addition, she was involved in lobbying and making presentations to the government.

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

Zaiton is a member of the Institute of Corporate Directors Malaysia (ICDM).

BOARD OF DIRECTORS' PROFILE



DATO' EISAH BINTI A. RAHMAN

Independent,
Non-Executive Director



Membership of Board Committees:

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

Family Relationship with Any Director and/or Major Shareholder:

None

Conflict of Interest with the Company:

None

Details of any interest in the Securities of the Company or its Subsidiaries:

None

Academic/Professional Qualification/Membership(s):

- Master of Science in Pharmaceutical Analysis, University of Manchester, United Kingdom
- Bachelor of Pharmacy, Curtin University of Technology, Western Australia, Australia
- Postgraduate Diploma in Medical Microbiology, Institute for Medical Research, Kuala Lumpur, Malaysia

Other Directorships in Public Companies and Listed Issuers:

None

Other than Traffic Offences, the 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

Number of Board meetings attended in 2020

16/16

Date of appointment to the Board
16 November 2016

Length of Service
4 years 4 months

Date of Last Re-Election
31 May 2019

Dato' Eisah has been a key figure in the development of the pharmacy and pharmaceutical sectors in Malaysia, having served the Ministry of Health for more than 35 years. Her career in the Ministry began in 1979 as a pharmacist, unfolding as she went on to hold key positions that included heading the Pharmaceutical Microbiology Lab and GMP and Licensing Section, being Deputy Director of the Centre for Product Registration and, eventually, Director of the National Pharmaceutical Control Bureau ("NPCB"), now known as the National Pharmaceutical Regulatory Agency (NPRA). In 2007, she was made Director of Pharmacy Enforcement and was promoted to Senior Director of Pharmaceutical Services in 2008, taking charge of the entire pharmacy programme in Malaysia. Since 2008, she has also served as Registrar of the Pharmacy Board of Malaysia. Dato' Eisah has been involved in various high-level national committees such as the Ministry of Health's Steering Committee for National Medicines Policy. She has also contributed to international policymaking in her capacity as an advisor in the areas of regulations and pharmaceutical quality assurance, and through sharing her expertise

on regulatory matters at healthcare related conferences.

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

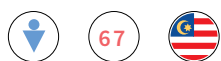
Dato' Eisah is a member of the Institute of Corporate Directors Malaysia (ICDM) and a Patron/ Adviser to ISPE Malaysia Affiliate.

BOARD OF DIRECTORS' PROFILE



DATUK NIK MOUSTPHA BIN HJ NIK HASSAN

Independent,
Non-Executive Director



Membership of Board Committees:
Chairman, Halal Committee

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

Conflict of Interest with the Company:
None

Details of any interest in the Securities of the Company or its Subsidiaries:
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

Other Directorships in Public Companies and Listed Issuers:

- Takaful Ikhlas General Berhad

Other than Traffic Offences, the 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

Number of Board meetings attended in 2020
* absent for one (1) meeting due to medical reason

15/16

Date of appointment to the Board
28 December 2017

Length of Service
3 years 3 months

Date of Last Re-Election
31 May 2018

Datuk Nik Moustpha is an academic with interests in economic ideology, systems and management. He has authored six books, edited 18 books and published over 260 scholarly articles in various journals, books, magazines and newspapers on these topics. His book titles include *An Islamic Paradigm in Economics: Vision and Mission*, *Islamic Management for Excellence – Revitalising People for the Future*, *Value-based Total Performance Excellence Model* and *Pandangan Alam Islam Dalam Peradaban Ekonomi dan Asas Memacu Ekonomi Ummah – Satu Pandangan*. Datuk Nik Moustpha began his career in 1979 as a Lecturer in the Faculty of Economics and Agribusiness, Agricultural University of Malaysia. In June 1983, he was seconded to the Faculty of Economics and Management of International Islamic University, Malaysia. He was made Dean of the faculty from August 1987 to July 1989. In May 1988, he was also appointed as an Associate Professor of the faculty. Following a year's stint as a Visiting Fellow at the Oxford Centre for Islamic Studies, University of Oxford, Datuk Nik Moustpha was appointed as Dean of the Postgraduate Faculty of International Islamic University, Malaysia in August 1992.

He subsequently joined the Institute of Islamic Understanding Malaysia (IKIM) where he held various positions before serving as its Director General from September 2009 to August 2015.

In September 2017, Datuk Nik Moustpha was appointed as an Adjunct Professor at Universiti Kebangsaan Malaysia's Faculty of Economics and Management which ended in September 2019 and prior to that, he was appointed as an Adjunct Professor at Universiti Pertahanan Malaysia for a two-year period. Datuk Nik Moustpha is currently an Adviser of the Faculty of Business and Accounting at University of Malaya and also a member of the Institute of Corporate Directors Malaysia (ICDM). He was a member of Board of Trustees, Yayasan TRISILCO before he resigned on 28 January 2020, and has served as a Member of Group Shariah Committee, MNRB Holdings Berhad from 2 November 2015 until 9 November 2020.

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

BOARD OF DIRECTORS' PROFILE



DATUK MOHD RADZIF BIN MOHD YUNUS

Non-Independent,
Non-Executive Director



Membership of Board Committees:

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

Family Relationship with Any Director and/or Major Shareholder:

None

Conflict of Interest with the Company:

None

Details of any interest in the Securities of the Company or its Subsidiaries:

Duopharma Biotech Berhad - 18,970 shares (0.002%)

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

Other Directorships in Public Companies and Listed Issuers:

- Bina Darulaman Berhad (retired on September 2020)
- HeiTech Padu Berhad
- SMRT Holdings Berhad (retired on August 2020)
- KPJ Healthcare Berhad

Other than Traffic Offences, the 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

Number of Board meetings attended in 2020

16/16

Date of appointment to the Board
8 March 2018

Length of Service
3 years

Date of Last Re-Election
31 May 2018

Datuk Mohd Radzif comes from a diverse management background, which includes leadership positions in an international healthcare organisation, property consultancy, real estate development, construction and banking. He started his career in academia and as a valuer and property consultant in an international firm. This was followed by a management role in Perwira Affin Bank. He was subsequently appointed Chief Executive Officer ("CEO") of a local conglomerate involved in diversified businesses ranging from construction and property development to highway concession, property management and project management. This was followed by CEO positions in Tabung Haji subsidiary companies. Subsequently, he was appointed as the CEO and Group Managing Director of Institut Jantung Negara Sdn. Bhd. (National Heart Institute) and IJN Holdings Sdn. Bhd., respectively. Datuk Mohd Radzif's last executive post until 30 June 2017, was as Group Managing Director of Small Medium Enterprise Development Bank Malaysia (SME Bank).

Datuk Mohd Radzif was also the Chairman of the Association of Development

Finance Institutions of Malaysia (ADFIM) and a Vice Chairman of the Association of National Development Finance Institutions in Member Countries of The Islamic Development Bank (ADFIMI). He was a Board member of the Association of Development Financing Institutions in Asia and the Pacific ("ADFIAP") and The Montreal Group, a grouping of six (6) global SME development banks. He was also on the Board of Advisors for Franchise Association, Advisory Committee for Entrepreneurship in the Ministry of Higher Education and Advisory Committee for Innovation Agency Malaysia.

Datuk Mohd Radzif was awarded the Malaysian Business Leadership Award for Healthcare in 2009. He was also accorded the CEO of the Year in 2015 by ADFIAP, and conferred Honorary membership by ADFIMI in 2018 for his contributions to Islamic development finance.

Datuk Mohd Radzif is a member of the Institute of Corporate Directors Malaysia (ICDM) and a certified Risk Director by Institute Enterprise Risk Management.

BOARD OF DIRECTORS' PROFILE



DATO' DR. ZAKI MORAD BIN MOHAMAD ZAHER

Independent,
Non-Executive Director



Membership of Board Committees:
Chairman, Medical Advisory Committee

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

Conflict of Interest with the Company:
None

Details of any interest in the Securities of the Company or its Subsidiaries:
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 Physician of United Kingdom
- Fellow of the Academy of Medicine of Malaysia

Other Directorships in Public Companies and Listed Issuers:
None

Other than Traffic Offences, the 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

Number of Board meetings attended in 2020

16/16

Date of appointment to the Board
6 September 2019

Length of Service
1 year 6 months

Date of Last Re-Election
17 June 2020





Dato' Dr. Zaki Morad graduated from the University of Malaya in 1975 and, after obtaining Membership of the Royal College of Physicians (MRCP) from the Royal College of Physicians, United Kingdom, trained in Nephrology in both the UK and Malaysia. He joined the Department of Nephrology, Hospital Kuala Lumpur as a consultant in 1982 and became its head in 1987 until his retirement from government service in 2006. He was appointed as the National Advisor and Head of Service for Nephrology, Ministry of Health ("MOH") Malaysia, for the same period. In addition, he served as Director of the Clinical Research Unit of MOH from 2000 to 2006. Dato' Dr. Zaki Morad was President of the Malaysian Society of Nephrology from 1990 to 1992. During his tenure, he initiated and developed the Malaysian Dialysis and Transplant Registry and the Malaysian Registry of Renal Biopsy, which later became National Renal Registry of which he was Chair for the years 2008 to 2010. He was one of the editors of the first two editions of Renal Replacement Therapy: Clinical Practise Guidelines, MOH.

He ensured all general hospitals and district hospitals in the country were equipped with haemodialysis and peritoneal dialysis facilities prior to his retirement.

Dato' Dr. Zaki Morad lent his expertise in organising many prestigious conferences such as the 12th Asian Colloquium in Nephrology 1998, 8th Congress of Asian Society of Nephrology 2003, 11th Asia Pacific Congress of Nephrology 2008 and 14th Congress of the International Society for Peritoneal Dialysis (ISPD) 2012. Following his retirement, he maintains his interest in nephrology through work with the National Kidney Foundation where he is Chairman of the Board of Directors. Concurrently, he practices as a Resident Consultant Nephrologist at KPJ Ampang Puteri Specialist Hospital, Selangor. He was an Independent Non-Executive Director of KPJ Healthcare Berhad from 3 July 2017 until 7 May 2020.

He is also a member of the Institute of Corporate Directors Malaysia (ICDM).

SENIOR MANAGEMENT TEAM'S PROFILE

	WAN AMIR-JEFFERY BIN WAN ABDUL MAJID Chief Operating Officer/Chief Commercial Officer		
	  		
	Date of appointment to Key Senior Position: 12 September 2018	Family Relationship with Any Director and/or Major Shareholder: None	Conflict of Interest with the Company: 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

Directorship in Public Companies and Listed Issuers

None

Other than Traffic Offences, the 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 direct interest in the Securities of the Company or its Subsidiaries

None

Wan Jeffery joined Duopharma Biotech as Chief Strategy Officer in September 2016, responsible for business development, Halal initiatives and Government Relations and Ethical Classic government business sales. He was appointed as Chief Operating Officer in September 2018 with additional responsibilities in Ethical Classic Private sales and Corporate Communication added to his portfolio. In 2020, Wan Jeffery was also appointed as Chief Commercial Officer when he took on board the Ethical Specialty business. Subsequently in 2021, he also took up the International Business Department commercial role, and as such, handles the entire commercial business of the Group.

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

In 2013, he assumed the dual roles of Chief Executive Officer of Johor Biotechnology & Biodiversity Corporation and J-Biotech Holdings Sdn. Bhd. ("J-Biotech"), responsible for developing and implementing key Johor state bioeconomy and biotech initiatives. He left J-Biotech in August 2016 to join Duopharma Biotech. Wan Jeffery is a member of the Institute of Corporate Directors Malaysia (ICDM).

	CHEK WU KONG Chief Financial Officer		
	  		
	Date of appointment to Key Senior Position: 1 July 2012	Family Relationship with Any Director and/or Major Shareholder: None	Conflict of Interest with the Company: None

Academic/Professional Qualification/Membership(s):

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

Directorship in Public Companies and Listed Issuers

None

Other than Traffic Offences, the 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 direct interest in the Securities of the Company or its Subsidiaries





Duopharma Biotech Berhad - 93 shares (0.000%)

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

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

He is also a member of the Institute of Corporate Directors Malaysia (ICDM).

SENIOR MANAGEMENT TEAM'S PROFILE

	NG SU YEE Chief Technical Officer		
	  		
	Date of appointment to Key Senior Position: 1 January 2012	Family Relationship with Any Director and/or Major Shareholder: None	Conflict of Interest with the Company: 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

Directorship in Public Companies and Listed Issuers

None

Other than Traffic Offences, the 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 direct interest in the Securities of the Company or its Subsidiaries

Duopharma Biotech Berhad - 47,200 shares (0.006%)

Su Yee joined the Chemical Company of Malaysia Berhad Group in June 1997. After leading various disciplines of pharmaceutical plant operations, she was appointed as Chief Manufacturing & Technical Officer on 1 January 2012 and four years later, was redesignated as Chief Technical Officer, overseeing Regulatory Affairs, Quality Assurance, Quality Control, Technical Support, Product Improvement, Medical & Clinical Affairs, Pharmacovigilance, Central Purchasing, Project Management and Research & Development.

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

Su Yee is a member of the Royal Pharmaceutical Society of Great Britain, the Malaysian Pharmacists Society, and the Institute of Corporate Directors Malaysia (ICDM). She is also a member of the Executive Council of the Malaysian Organisation of Pharmaceutical Industries (MOPI) and the Malaysian affiliate of the International Society for Pharmaceutical Engineering (ISPE). Su Yee serves as a committee member of the Pharmacy Course Advisory & Stakeholder Group of Monash University Malaysia; she is also a member of the Industry Advisory Panel in the School of Pharmacy of Taylor's University. Su Yee has been appointed as a member of the Medicine Advertisements Board by the Health Minister since 1 May 2020.

	KRISNAKUMARA-REDDI A/L KESAVA-REDDI Chief Manufacturing Officer		
	  		
	Date of appointment to Key Senior Position: 1 January 2016	Family Relationship with Any Director and/or Major Shareholder: None	Conflict of Interest with the Company: None

Academic/Professional Qualification/Membership(s):

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

Directorship in Public Companies and Listed Issuers

None

Other than Traffic Offences, the 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 direct interest in the Securities of the Company or its Subsidiaries

Duopharma Biotech Berhad - 2,102 shares (0.000%)

After graduating from Universiti Sains Malaysia in 1994, he completed his compulsory year-long housemanship at Biro Pengawalan Farmaseutikal Kebangsaan (BPFK), now known as the National Pharmaceutical Regulatory Agency (NPRA). Upon completion of his training, he joined Bristol-Myers Squibb as a Hospital Sales Representative covering private and government hospitals in the central and northern regions of Peninsular Malaysia. In 1996, he joined Sterling Health Manufacturing as a Production Pharmacist overseeing galenic and ophthalmic manufacturing. He then moved on to UPHA Pharmaceutical Manufacturing (M) Sdn. Bhd., now known as Duopharma Manufacturing (Bangi) Sdn. Bhd., as a Production Pharmacist in year 1997.

Since joining the Company in 1998 as a Production Pharmacist, Krisna has devoted his cumulative experience in pharmaceuticals sales and manufacturing to Duopharma Biotech. Over the years, he has led various disciplines of plant operations including production, warehousing and transportation, planning, engineering, project management and quality assurance.

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

Krisna obtained the Lean Six Sigma Black Belt certification in 2016.

SENIOR MANAGEMENT TEAM'S PROFILE

	IBRAHIM HUSSIN SALLEH Chief Legal Officer and Group Company Secretary		
	<div>    * Permanent Resident of Malaysia </div>		
Date of appointment to Key Senior Position: 28 December 2017		Family Relationship with Any Director and/or Major Shareholder: None	Conflict of Interest with the Company: None

Academic/Professional Qualification/Membership(s):

- Master of Laws (LL.M), University of Malaya, Malaysia
- Bachelor of Laws (LL.B) (Hons.), International Islamic University Malaysia, Malaysia
- Advocate & Solicitor of the High Court of Malaya
- Company Secretary License, Companies Commission of Malaysia
- Qualified Risk Director (QRD) Program, Institute of Enterprise Risk Practitioners
- Senior Management Development Program, Harvard Business School, United States of America

Directorship in Public Companies and Listed Issuers

None

Other than Traffic Offences, the 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 direct interest in the Securities of the Company or its Subsidiaries

None

Ibrahim joined Duopharma Biotech's former holding company, Chemical Company of Malaysia Berhad ("CCM Berhad"), in April 2006 as a Legal Manager, and took on the additional role of Joint Company Secretary five months later. In 2008, he was promoted to General Manager, Legal. Following the demerger of Duopharma Biotech from CCM Berhad, he was appointed to his current role.

Upon his admission to the Roll of Advocates and Solicitors of the High Court of Malaya in 1993, Ibrahim practised as an Advocate and Solicitor, gaining experience in banking, conveyancing, corporate and litigation matters. Prior to CCM Berhad, he joined a public listed property development company in 2002 where he served as Head of the Legal & Secretarial Department.

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

	SHAMSUL IDHAM BIN A.IAHAD Chief Executive Officer, Duopharma Consumer Healthcare Sdn. Bhd.		
	<div>    </div>		
Date of appointment to Key Senior Position: 1 January 2020		Family Relationship with Any Director and/or Major Shareholder: None	Conflict of Interest with the Company: None

Academic/Professional Qualification/Membership(s):

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

Directorship in Public Companies and Listed Issuers

None

Other than Traffic Offences, the 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 direct interest in the Securities of the Company or its Subsidiaries

None

Shamsul joined Duopharma Marketing Sdn. Bhd. as Senior Manager in February 2012, responsible for the Over-the-counter ("OTC") Marketing Department and the Events & Promotions Department. He was later promoted to General Manager in April 2017, responsible for OTC Business with Sales, Marketing, Events & Promotions and Indonesia business portfolios. Following the Group's new business strategy, Shamsul has been appointed to helm Duopharma Consumer Healthcare Sdn. Bhd. as its Chief Executive Officer. Duopharma Consumer Healthcare Sdn. Bhd., a wholly-owned subsidiary of Duopharma Biotech, engages in consumer healthcare business in Malaysia and ASEAN in January 2020. Beginning January 2021, he has taken up the additional responsibility of leading the Corporate Communication functions in the Group.

In 2009, he assumed the dual roles of Sales & Marketing Manager of Sanofi-Aventis (Malaysia) Sdn. Bhd., responsible for the Consumer Healthcare business for both Malaysia and Singapore; and leading in the business' transformation to become consumer-driven as opposed to being pharma-centric. The objective was to grow the consumer healthcare business.

Shamsul has more than 20 years of experience in sales and marketing of consumer healthcare as well as fast-moving consumer goods (FMCG) brands. He has previously managed brands such as Magnolia ice-cream, Sensodyne, Aquafresh, Appeton, Lactacyd and Essentiale.

SENIOR MANAGEMENT TEAM'S PROFILE

	ANITA BINTI ESA Head, Group Risk Management		
	  		
	Date of appointment to Key Senior Position: 28 December 2017	Family Relationship with Any Director and/or Major Shareholder: None	Conflict of Interest with the Company: None

Academic/Professional Qualification/Membership(s):

- Master of Business Administration, Universiti Teknologi MARA, Malaysia
- Bachelor of Science (Hons), University of Science Malaysia
- Enterprise Risk Manager Professional Certification, Institute of Enterprise Risk Practitioners
- Sustainability Reporting Specialist, Institute of Certified Sustainability Practitioners
- Faculty member of Institute of Enterprise Risk Practitioners

Directorship in Public Companies and Listed Issuers

None

Other than Traffic Offences, the 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 direct interest in the Securities of the Company or its Subsidiaries

None

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

Subsequent engagements included stints in Novartis, Novo Nordisk and Bayer, which developed her wealth of experience in the management of products and international business. After leaving her role as National Sales Manager at Bayer in 2006, she assumed various positions in Chemical Company of Malaysia Berhad, including Marketing Manager, Senior Business Analyst (Strategy), Senior Project Manager and Head Group Risk Management.

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

	RAMA SOCKALINGAM A/L NAGAPPAN Head, Group Internal Audit & Integrity		
	  		
	Date of appointment to Key Senior Position: 28 December 2017	Family Relationship with Any Director and/or Major Shareholder: None	Conflict of Interest with the Company: 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

Directorship in Public Companies and Listed Issuers

None

Other than Traffic Offences, the 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 direct interest in the Securities of the Company or its Subsidiaries

None

Rama joined the Chemical Company of Malaysia Berhad in 2012 where, as Senior Manager, Group Integrity & Assurance, he spearheaded the development, coordination and implementation of the Corporate Integrity Plan/System. He also led investigation audits and the Fertilizers Division's audit portfolio.

Rama gained exposure to auditing, risk management and consulting at accounting firm Crowe Horwath, based in Melaka. He then moved in-house, joining United Engineers Malaysia Group Berhad in 2008 where he led multiple audit assignments on companies within the Group, representing a myriad of industries.

Rama is an appointed member of the Malaysian Institute of Integrity (INTEGRITI) and holds an ISO 37001 (Anti-Bribery Management System) Lead Implementer certificate from Professional Evaluation and Certification Board (PECB), Canada and ISO 37001 Lead Auditor Certification from Exemplar Global, Australia.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE BOARD OF DIRECTORS (THE “BOARD”) OF DUOPHARMA BIOTECH BERHAD (“DUOPHARMA BIOTECH” OR THE “COMPANY”) PRESENTS THIS CORPORATE GOVERNANCE OVERVIEW STATEMENT (“CGOS”), WHICH IS ANCHORED ON THE BOARD AND MANAGEMENT’S ADVOCACY OF BETTER PRACTICES IN THE CORPORATE GOVERNANCE REALM.

This CGOS outlines Duopharma Biotech and its subsidiaries’ (collectively referred to as the “Group”) corporate governance approach, focus areas and future priorities. In the dawn of the *new norm* brought about by the debilitating pandemic and the resulting nationwide restrictions on movement, the Board remains resolute in reinforcing good corporate governance at the core of the Group’s decisions and processes and providing stakeholders with instructive disclosures on the Group’s corporate governance framework.

TAN SRI DATIN PADUKA SITI SA’DIAH BINTI SH BAKIR

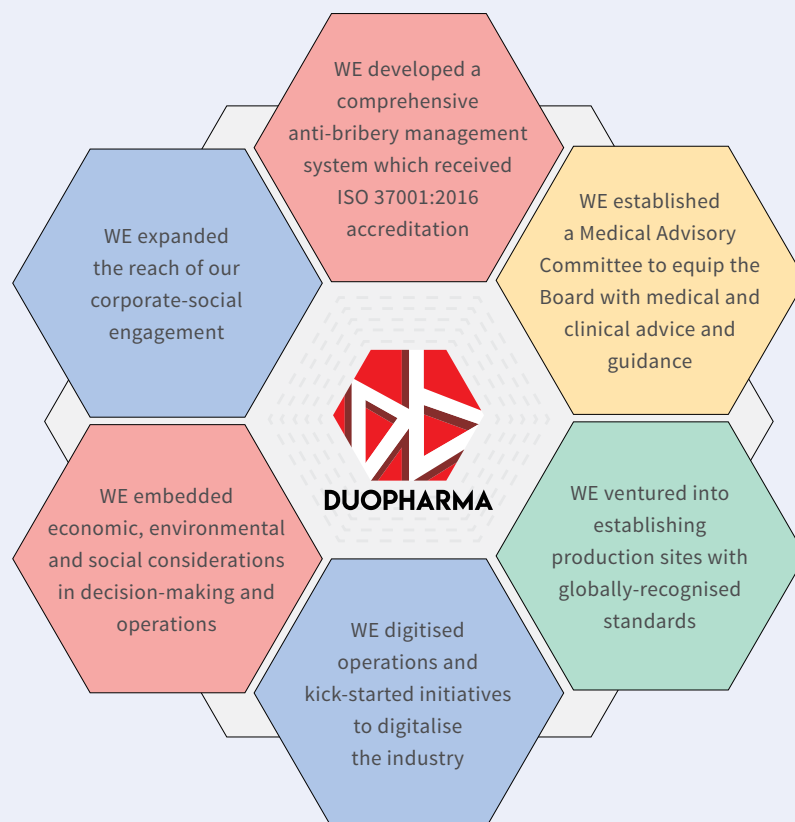
Non-Independent, Non-Executive Chairman

This CGOS is made pursuant to paragraph 15.25 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). Further reference was made to Practice Note 9 of the MMLR and the Corporate Governance Guide (3rd Edition) issued by Bursa Securities. In order to enrich its disclosure tapestry, Duopharma Biotech has taken heed of the observations on disclosure practices as availed by Securities Commission Malaysia in its Corporate Governance Monitor 2020 as well as the expectations set out by Bursa Securities to listed issuers through its letter.

This statement is complemented with a Corporate Governance Report, which provides detailed disclosures on the application of each Practice as codified in the Malaysian Code on Corporate Governance (“MCCG”). The Corporate Governance Report is available on Duopharma Biotech’s website at www.duopharmabiotech.com/corporate-governance-report as well as via the announcement made on the website of Bursa Securities.

Apart from being augmented with a Corporate Governance Report, this CGOS should also be read in conjunction with other statements in the Annual Report (e.g. Statement of Risk Management and Internal Control, and Report of the Board Committees) and our standalone Sustainability Report for a holistic understanding of the applications of certain corporate governance practices which may be better explained in the context of the respective statements.

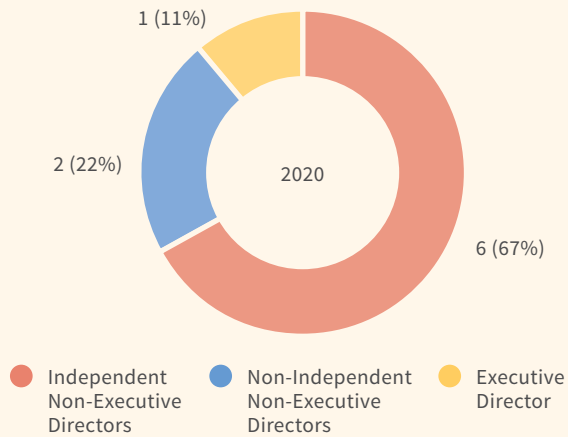
HOW WE IMPROVED OUR GOVERNANCE



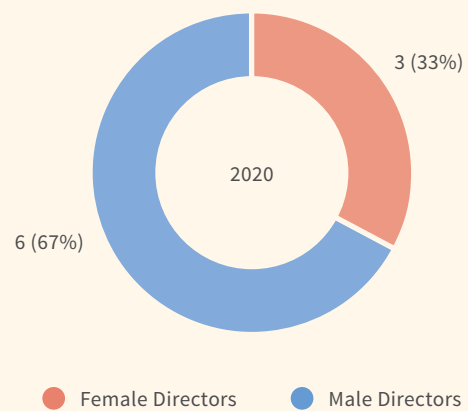
CORPORATE GOVERNANCE OVERVIEW STATEMENT

OUR GOVERNANCE AT A GLANCE

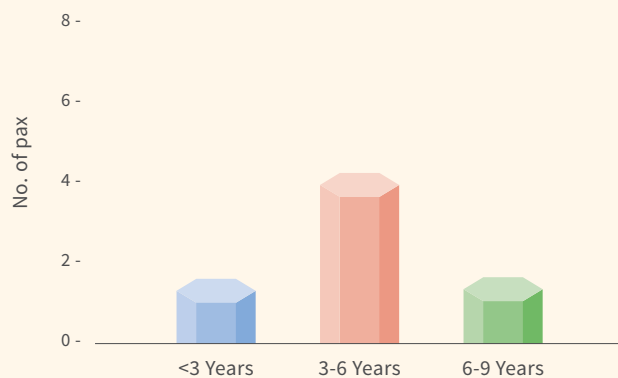
Board Balance and Composition



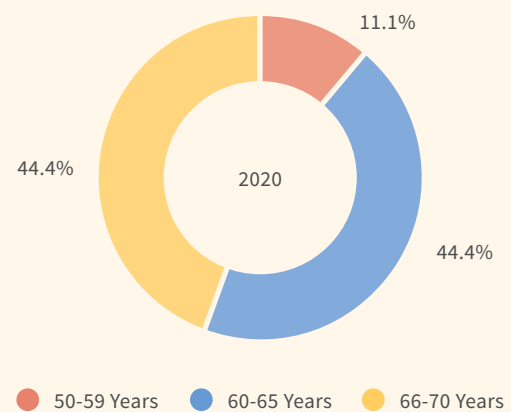
Board Gender Diversity



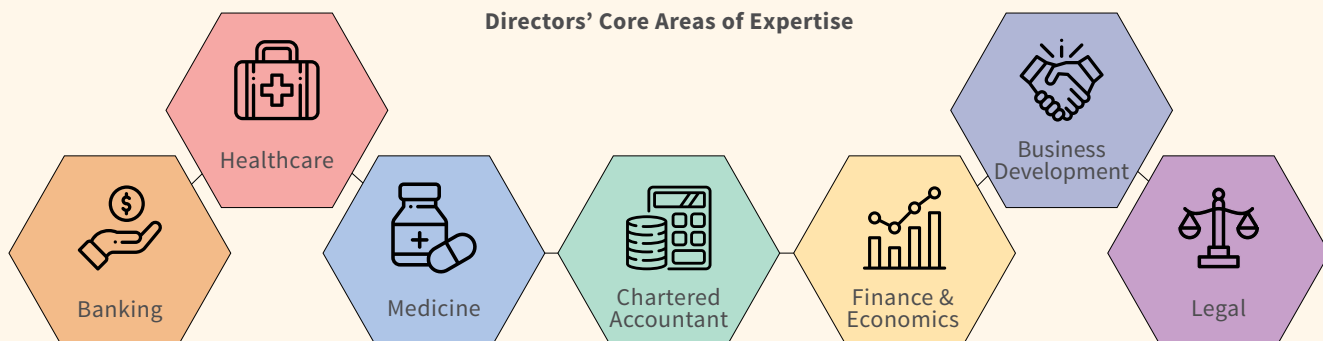
Length of Tenure



Age Diversity



Directors' Core Areas of Expertise



CORPORATE GOVERNANCE OVERVIEW STATEMENT

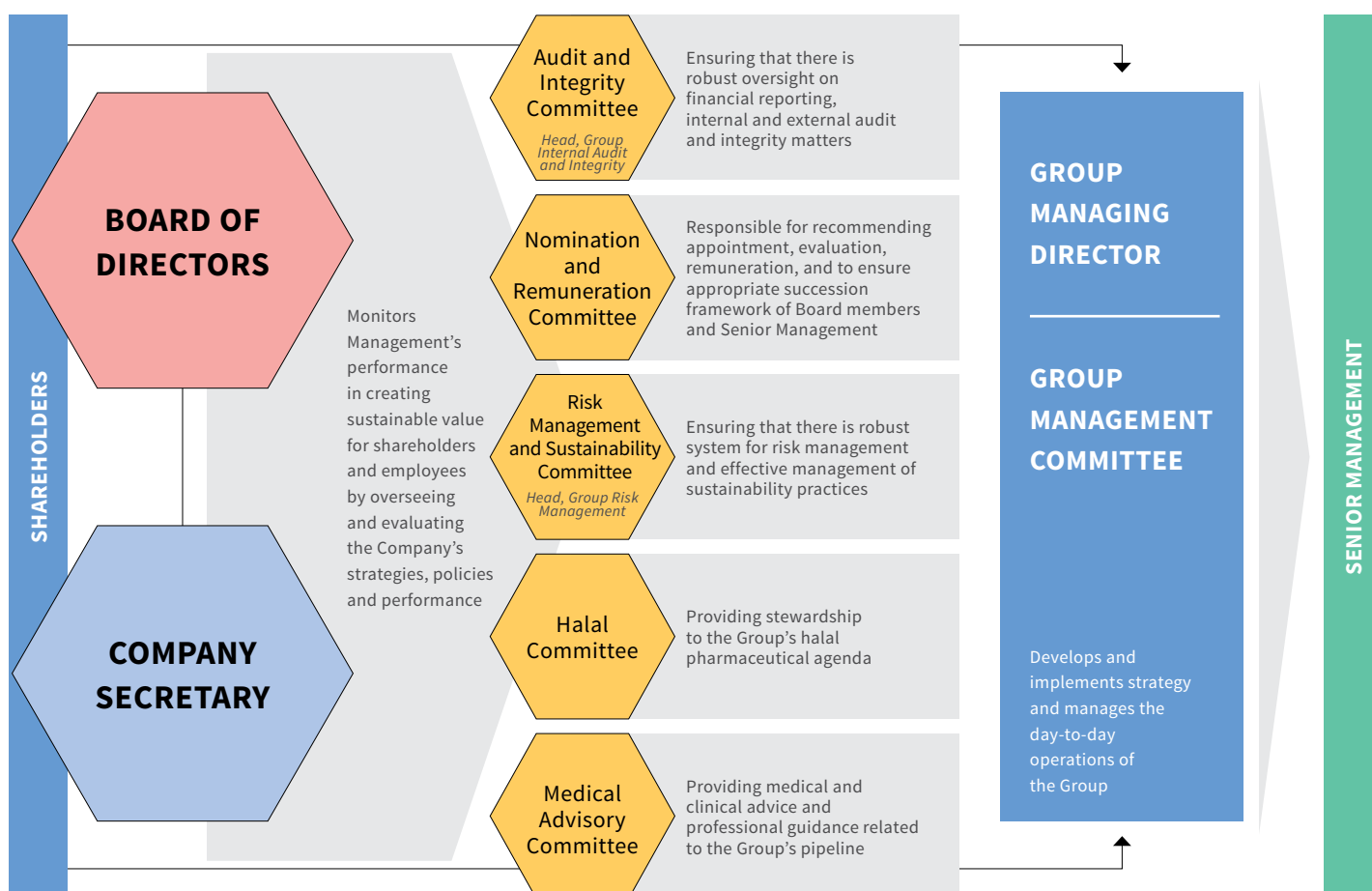
CREATING VALUE THROUGH A SOUND GOVERNANCE APPROACH

As captured in the Annual Report for the financial year ended 31 December 2020, Duopharma Biotech has ventured into an eventful year, represented by the Group's expansion, diversification, upgrading and culminated with its enhanced regional presence. Notwithstanding the disruptions caused by the pandemic, the Board was able to focus its resources on harnessing opportunities in the best interest of the Group and its stakeholders, premised on a well-structured governance framework and guiding processes within the Group.

The Group's corporate governance approach, that facilitates value creation for its business, is aligned to its objectives and business strategy, including the following:

Ethics	Economic, Environment and Social	Stakeholder Engagement
Embedding a strong ethical culture within the Group with a keen focus on connecting ethical principles to strategies and policies	Prioritising economic, environmental and social risks and opportunities as the driving forces in financial decision-making processes	Fostering meaningful relationships with the gamut of stakeholders to glean insights into their expectations and needs

The Board regularly reviews and refines the Group's corporate governance framework to reflect the Group's values, vision and mission, whilst simultaneously incorporating the evolving nuances and seismic shifts in the market and industry. In order to lead and manage the Group effectively and responsibly, the Board operates within the following governance framework:



CORPORATE GOVERNANCE OVERVIEW STATEMENT

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

Duopharma Biotech has strengthened its corporate governance practices in tandem with its transition to a Large Company⁷, and continued to benchmark its standards of corporate governance practices against the relevant promulgations and best practices. Duopharma Biotech has applied all the Practices encapsulated in MCG for the financial year ended 31 December 2020, save for Practice 11.2 (adoption of Integrated Reporting). Duopharma Biotech has also adopted all the Step-Ups in MCG, except for detailed remuneration disclosure of its key Senior Management personnel (i.e. Step Up 7.3).

With regards to the non-adoption of Practice 11.2, Duopharma Biotech has provided detailed insight into its non-application of said Practice in the Corporate Governance Report, and in respect of the spirit of the MCG and Intended Outcome envisioned. Looking further down the line, the Board has initiated an alternative practice and a roadmap to the adoption of Practice 11.2 within its Long-Term Priorities.

Further details on the application of each individual Practice of the MCG are available in the Corporate Governance Report. A summary of Duopharma Biotech's corporate governance practices with reference to MCG is explained below:

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The role of the Board as outlined in a formal Board Charter which defines its principal responsibilities, is 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.

The Board has established five (5) Board Committees, which are delegated with powers – in accordance with the Board Charter and the respective Board Committees' Terms of Reference – to assist the Board in carrying out its responsibilities and functions. These five (5) Board Committees are Audit and Integrity Committee ("AIC"), Nomination and Remuneration Committee ("NRC"), Halal Committee ("HC"), Risk Management and Sustainability Committee ("RMSC") and Medical Advisory Committee ("MAC"). The Board regularly monitors the Terms of Reference for each Board Committee to identify suitable avenues for improvement.

There are several matters which are specifically reserved for the Board's approval and/or review, these include:

1	Appointment of the Chair;
	Appointment and removal of Directors and the Company Secretary;
	Establishment of Board Committees and their membership;
	Appointment of Senior Management
2	Remuneration for Non-Executive Directors;
	Remuneration for the Executive Director;
	Employees' Share Option Scheme
3	Business strategy and Company operational plan and budget;
	Performance against strategy;
	Major capital expenditure, acquisition, divestitures;
	Bad debts write-offs;
	Investment or divestment which represent diversification;
	Changes in major activities of the Company;
	Treasury policies and bank mandate;
4	Setting or variation of Group Managing Director's authority level
	Annual Financial Statements;
	Release of financial announcements;
	Annual Directors' Report and Statutory Accounts;
	Interim dividends, recommendation of final dividends;
	Accounting policies;
	Corporate policies and procedures;
	Effectiveness of Company's system of internal control

A Group Managing Director ("GMD") is appointed with the executive responsibility for the day-to-day operation of the Company's business and is responsible for implementing the policies, strategies and decisions adopted 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.

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

⁷ Large Companies are companies on the FTSE Bursa Malaysia Top 100 Index; or companies with market capitalisation of RM2 billion and above, at the start of the companies' financial year. Duopharma Biotech was not a Large Company for the financial year 2020. However, it became a Large Company in financial year 2021 since it had a market capitalisation of above RM2 billion at the start of its financial year 2021

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is supported by a Company Secretary who plays a corporate governance advisory role and ensures that all governance matters and Board procedures are conducted in accordance with the applicable laws and regulations. The Company Secretary is also entrusted to ensure that the two-dimensional information flow between the Board and Senior Management remains intact.

The Board has formalised a Board Charter which provides guidance on the responsibilities of the Board, Board Committees, and individual Directors including the GMD. The Board Charter is publicly available on Duopharma Biotech's website - www.duopharmabiotech.com/board-charter/ and is periodically reviewed.

Board Meetings

The Board met with clockwork precision during the financial year. Almost all Directors had a 100% attendance record across the sixteen (16) Board meetings held during the financial year ended 31 December 2020. Members of Senior Management have also been routinely invited to attend Board meetings to support the Board with greater insight on the matters being deliberated. In the best interests of the Group, the Board meetings are structured to discuss the following matters:

✔ Group strategic plans and progress updates	✔ Journey towards digital transformation and business continuity
✔ Business plans and developments	✔ Economic, environment and social goals and actions
✔ Annual budget setting and review	✔ Dividend proposal
✔ Financial performance	✔ Board and Board Committees' size and composition
✔ Highlights from the Board Committees	✔ Board remuneration
✔ Corporate proposals	✔ Effectiveness and performance of the Board and Board Committees
✔ Risk management and internal control	✔ Integrity, corporate governance and regulatory developments
✔ Share performance	✔ Succession planning
✔ Capital structure review and balance sheet management	

In order to facilitate informed decision-making, Senior Management team provides Directors with adequate and timely information prior to meetings. The Company Secretary seeks to ensure that deliberations and decisions of the Board and Board Committees are accurately recorded in the meeting minutes. Individual Director's attendance at meetings of the Board and Board Committees is outlined below:

Board and Board Committee Membership Attendance							
	Board Meeting	General Meeting	AIC Meeting	RMSC Meeting	NRC Meeting	HC Meeting	MAC Meeting
Non-Independent Non-Executive Director							
Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir	16/16	1/1			7/7		
Datuk Mohd Radzif bin Mohd Yunus	16/16	1/1		7/7		4/4	
Senior Independent Non-Executive Director							
Dato' Mohamad Kamarudin bin Hassan	16/16	1/1	7/7		7/7		
Independent Non-Executive Director							
Razalee bin Amin	16/16	1/1	7/7				
Zaiton binti Jamaluddin	16/16	1/1	7/7	7/7			
Dato' Eisah binti A. Rahman	16/16	1/1		7/7	7/7	4/4	
Datuk Nik Moustpha bin Hj Nik Hassan*	15/16	1/1				4/4	
Dato' Dr. Zaki Morad bin Mohamad Zaher	16/16	1/1					1/1
Executive Director							
Leonard Ariff bin Abdul Shatar**	16/16	1/1					

Note:

* Absent for one (1) meeting due to medical reason

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

 Chairman

 Member

CORPORATE GOVERNANCE OVERVIEW STATEMENT

An annual meeting calendar is prepared and shared by the Company Secretary to 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 (and the same applies to the Board Committees). In addition to the scheduled meetings, the Non-Executive Directors have a framework and forum to meet separately to discuss specific matters without any executives present. During the year under review, Non-Executive Directors conducted a separate in-camera 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 under review without the presence of the Non-Independent Non-Executive Directors, the Executive Director nor the Senior Management.

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 Executive Director. For more details on the Directors' background and experience, refer to pages 30 to 38 of this 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. The Board currently comprises nine (9) Directors, of whom two-third (2/3) are Independent Directors.

The appointment of Directors to the Board is conducted in a formal and transparent process. 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 (if eligible). For the year under review, the following Directors had offered themselves for re-election at the 19th Annual General Meeting:

Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir

Leonard Ariff bin Abdul Shatar

Zaiton binti Jamaluddin

The Senior Independent Director, 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 special role of serving as a contact point for shareholders and stakeholders.

The balance between the six (6) Independent Non-Executive Directors, two (2) 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 attention to 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.

In addition, the NRC seeks to achieve gender diversity on the Board and Senior Management due to the Board's appreciation of a variety of viewpoints in decision-making processes. It is worth noting that Duopharma Biotech remains as only one (1) of four (4) in the top 150 listed issuers in Malaysia with a female Chairperson and is also one (1) of 165 listed issuers which have achieved at least 30% proportion of females on board, in line with the policy pronouncement by the Malaysian Government⁸.

The Group's prioritisation of diversity is rooted in the Board's belief in the capacity of diversity to alter and amplify creativity, innovation, decision-making, problem-solving, engagement, and as such, profits, stakeholder value and reputation. All employees are treated in an equitable manner at Duopharma Biotech, and racial or gender discrimination is not tolerated.

The Company Secretary is tasked with facilitating the induction of newly appointed Directors alongside the support and guidance of the NRC, to familiarise the new Directors with the businesses of the Group. Upon appointment, the Company will arrange for newly appointed Board members who are also inaugural directors of listed issuers to attend the Mandatory Accreditation Programme (MAP) as required by paragraph 15.08 and Practice Note 5 of the MMLR.

The Board recognises the importance of continuous professional education and training to magnify and buttress the Directors' ability to effectively discharge their responsibilities, and accordingly, promotes their participation in related programmes to keep apprised on developments in the marketplace and corporate governance.

⁸ Corporate Governance Monitor 2020, Securities Commission Malaysia; KPMG MRC database

CORPORATE GOVERNANCE OVERVIEW STATEMENT

All Directors and the Company Secretary attended training programmes during the financial year that were relevant to their respective roles and responsibilities, both from the operational as well as strategic perspectives of the Group. The table below lists the training courses attended by one or more of the Directors and/or the Group Company Secretary during the year under review, on a consolidated basis.

List of Trainings Attended	Training Provider
SDGs and Corporate Sustainability Awareness	Duopharma Biotech
Familiarization for Consumer Healthcare Business	Duopharma Biotech
Knowledge Sharing Session on Digital Therapeutics Market	Duopharma Biotech
Virtual Knowledge Sharing Session on Stem Cells by Dr. Sun U. Song, the Founder and Chief Scientific Officer of SCM Lifescience Inc., Korea	Duopharma Biotech
Strategic Developments, SWOT Analysis and Issues on the Registration of Halal Pharmaceuticals by Prof. Dr. Zhari bin Ismail, Halal Studies, Research and Training (Hasrat), Universiti Sains Malaysia	Duopharma Biotech
Identifying Growth Opportunities Through Digital Health Strategy	Frost & Sullivan
Digital Health Strategy Shortlisting Workshop: Workshop 2	Frost & Sullivan
Interactive Directors and Management Training on “Section 17A MACC Act 2018 - Corporate Liability Provision: What You Need to Know & Implementing the Adequate Procedures”	Federation of Public Listed Companies Bhd
Directors Guide to Risk Maturity Frameworks	Institute of Enterprise Risk Practitioners
Establishing an Empowered Audit Committee	Institute of Enterprise Risk Practitioners
2020: Latest Cybersecurity Threats and Landscape	MNRB Holdings Berhad
Corporate Liability Provision MACC (Amendment) Act 2018	MNRB Holdings Berhad
Shariah Governance Under New Shariah Governance Policy Document	MNRB Holdings Berhad
Updates on MFRS 17	MNRB Holdings Berhad
PNB Knowledge Sharing Initiatives Forum 2020 Malaysia and ASEAN: Navigating China - US Relations in the 21st Century	Permodalan Nasional Berhad
PNB YTL Memorial Lecture 2020 “How Safe are the Safe Haven Assets in Malaysia? Lessons for COVID-19 Pandemic”	Permodalan Nasional Berhad
ISPE Malaysia Strategic Plan 2021 – 2023	ISPE Malaysia Affiliate
Additionally, the Group Company Secretary also attended the following:-	
Malaysian Business Reporting System – Financial Statements	Companies Commission of Malaysia
Guidelines for Reporting Framework for Beneficial Ownership of Legal Person in Malaysia	Companies Commission of Malaysia
Annual Governance Conference 2020	Malaysian Institute of Chartered Secretaries and Administrators

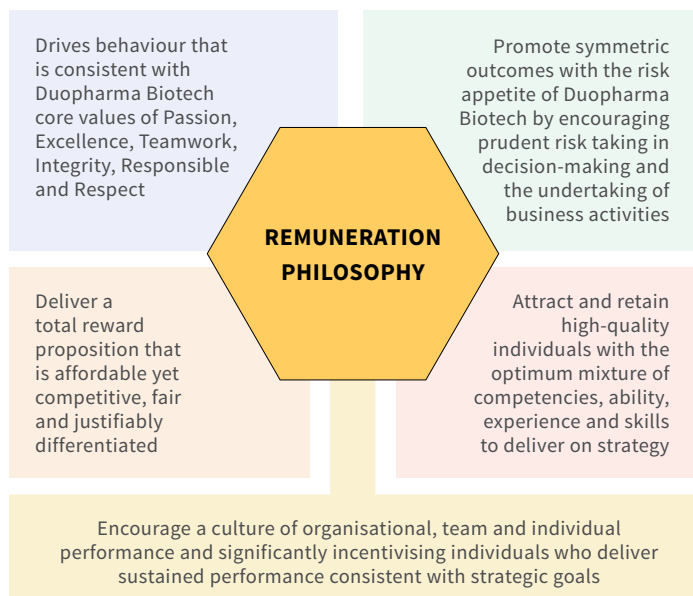
During the financial year under review, an in-house Board Evaluation Assessment (“BEA”) exercise was conducted, facilitated by the NRC and the Company Secretary. The exercise was undertaken on the Board, Board Committees, individual Directors and the GMD, via comprehensive online questionnaires which included both qualitative and quantitative assessments using a self and peer rating model. The peer review component of the assessment was utilised to assess the performance of the Chairman and GMD in areas such as skill set, contribution and performance, as well as calibre and personality. The exercise had brought to the fore areas of strengths for the Board, Board Committees, individual Directors and GMD, as well as headroom for improvement.

The NRC undertook the responsibility of providing oversight on the conduct of the BEA as well as reviewing the outcomes alongside the Chairman. The exercise had identified that the Board, Board Committees, individual Directors and the GMD obtained overwhelming positive scores/results; that each of the Independent Non-Executive Directors continued to satisfy the test of independence; and that the Board and Board Committees were well structured, had effective operations and successfully fulfilled its roles and responsibilities. In February 2021, the Board resolved to adopt the BEA 2020 results as recommended by the NRC. Although the Board was satisfied with the outcome of the BEA 2020, the Board noted there was still room for improvement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Remuneration

The Board adopts a remuneration policy premised on the following philosophy:



Non-Executive Directors receive fees and allowances commensurate with their responsibilities on the Board as well as on the Board Committee and it is designed to attract, incentivise and retain individuals of high stature. 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 and participation through electronic mode.

Recognising the heightened engagement necessitated of Directors during the year under review, 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 receive the necessary allowance, and otherwise declared informal with no payable allowance.

The Board and the NRC periodically review the Remuneration Policy and Procedures for Directors and Senior Management, including the quantum and composition thereof. External experts are enlisted periodically, to facilitate this exercise. The detailed breakdown of Directors' remuneration and an outline of remuneration accorded to the Senior Management in 2020 are made available in Duopharma Biotech's Corporate Governance Report 2020, on pages 35 to 38 in relation to Practice 7.1 and 7.2 respectively.

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 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. In view of the effects brought about by the COVID-19 pandemic, the timing of achieving selected key performance indicators was revised. The Company's comprehensive Remuneration Policy and Procedures for Directors and Senior Management is made available on Duopharma Biotech's website at <https://duopharmabiotech.com/about-us/policy-and-procedure/policy-and-procedures-on-the-remuneration-for-directors-and-senior-management/>

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Integrity Committee

The wholly independent AIC is headed by Encik Razalee bin Amin and by design, this position is distinct from the Chairman of the Board. The remaining members of AIC are Dato' Mohamad Kamarudin bin Hassan, who is also the Senior Independent Non-Executive Director, and Puan Zaiton binti Jamaluddin, Independent Non-Executive Director. The AIC is entrusted with ensuring that there is robust oversight on financial reporting, external audit, internal audit and integrity matters concerning Duopharma Biotech and its subsidiaries.

Duopharma Biotech's internal audit function is undertaken by the in-house Group Internal Audit and Integrity Department ("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 AIC, 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 AIC receives regular reports on the findings by the internal audit function and recommendations of actions to be carried out.

Risk Management and Internal Control Framework

The Board is mindful of its overall responsibility and oversight role of the Group's risk management and system of internal controls and is constantly kept abreast of transformations 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has established a RMSC that is tasked with determining the Group's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Group's assets. A key achievement under the sustainability ambit of the Committee for the year under review, was the reduction in the Group's usage of raw materials, water and electricity per unit production.

The risk management function is carried out by the Group Risk Management Department ("GRMD") which escalates reports to the RMSC, and the RMSC is also supported by the Sustainability Department. GRMD provides advice and supports the Board and Executive Risk Management Committee ("ERMC") in all matters of Enterprise Risk Management ("ERM"). The year in focus necessitated added focus on business continuity as the pandemic had led to unprecedented changes and disruptions in the market. The RMSC played a critical role in the digitalisation of operations which enhanced the Group's position in navigating the height of the crisis.

The GIA assists the AIC and the Board to perform regular reviews on compliance of operational procedures using risk-based audit approach. The GIA also conducts investigations on specific areas or issues as directed by the AIC and Senior Management. The annual audit plan is reviewed and approved by the AIC. 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. For more information, kindly refer to page 58 of Duopharma Biotech's Annual Report.

A landmark achievement for the Group in terms of risk management and internal controls was receipt of the ISO 370001:2016 Anti-Bribery Management System accreditation for the entire Group. Duopharma Biotech was also conferred

Five Petals Gold Ethics Award 2020-2021 by Business Ethics Institute of Malaysia. In fact, the Group is the first constituent in the pharmaceutical industry to have attained the Five Petals Gold Ethics Award.

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 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 the Listing Requirements and Corporate Disclosure Guide from Bursa Malaysia Berhad, the Board issues quarterly statements in a time manner to shareholders and stakeholders on Duopharma Biotech's performance. In addition, the Chief Financial Officer conducts quarterly analyst and investor briefings.

During the year under review, the Group had undertaken seven (7) investors briefing sessions, comprising four (4) regular briefing sessions, plus an additional one (1) special live-webinar dialogue with Malaysian Investor Relations Association Berhad (MIRA) on Profiling Event - "MIDs GEMS" for 2020. The investor briefings included two (2) one-on-one meetings with Senior Management, led by the GMD and/or Chief Financial Officer. 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.

In recognition of the importance that Duopharma Biotech places on investor relations, Duopharma Biotech was nominated at the Malaysian Investor Relations Awards 2020 as a top ten (10) contender under the cluster of Small Cap Companies for Best Company for Investor Relations, Best Chief Financial Officer for Investor Relations, Best Investor Relations Professional, and Best Investor Relations Website.

Conduct of General Meetings

The Annual General Meeting ("AGM") serves as the primary forum on the Board and Senior Management's communication with shareholders, where 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 clarifications to shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company was the first in corporate Malaysia to engage an independent moderator, namely KPMG Management & Risk Consulting Sdn Bhd, to lend objectivity and transparency by streaming questions raised by shareholders during the general meeting as well as pre-submitted questions

The engagement process with participants at the general meeting 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.

Due in part to the pandemic, and also the Board's prioritisation of good governance, the AGM held on 17 June 2020 was conducted by leveraging technology to facilitate greater shareholder participation and enhance the proceedings of the General Meeting. Duopharma Biotech's AGM was conducted in line with Practice 12.3 of the MCGG and also the Securities Commission Malaysia's Guidance on the Conduct of General Meetings for Listed Issuers. The said AGM represented the Company's inaugural fully virtual AGM with democratised remote participation and voting for shareholders. The AGM was a novel gathering for Duopharma Biotech and its shareholders and in a trailblazing fashion, the Company was the first in corporate Malaysia to engage an independent moderator, namely KPMG Management & Risk Consulting Sdn Bhd (KPMG MRC), to lend objectivity and transparency by streaming questions raised by shareholders during the general meeting as well as pre-submitted questions. A Supplementary Administrative Guide was additionally doled out as a reference for shareholders in navigating the roll-out of the virtual AGM.

The Company Secretary records feedback and responses to shareholders' queries. In the scenario that substantive information is needed to respond to shareholders' queries during the AGM, the Company Secretary will provide a written response that will be uploaded onto the corporate website. Minutes of the previous AGM are made available on the corporate website within 30 days upon conclusion of the proceedings.

Notice for the upcoming AGM 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 AGM, a full explanation is provided to shareholders on the effects of the proposed resolution arising from such items. Helpdesks are set up for shareholders during the AGM in case of further operational queries.

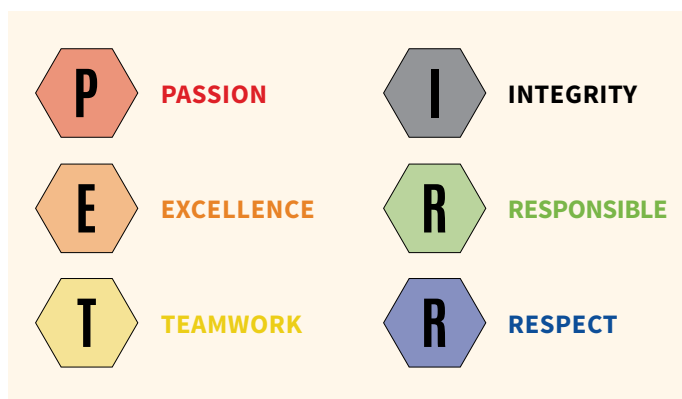
FOCUS AREAS OF 2020

Building an Ethical Culture

As part of its initiative to enhance and embed a robust ethical culture in the Group, a major initiative that the Group had undertaken in the year under review was to obtain ISO 37001:2016 Anti-Bribery Management System accreditation across the entire Group. This pioneering move not only resonates with the Group's commitment against bribery and for the conduct of business in an ethical manner, but also offers a commercial value proposition in terms of the Group's participation in government tenders in line with the clarion call for increased risk management and internal controls amongst government linked companies. In accordance with the certification, the Company had also revamped its anti-bribery and corruption policies, to ensure subsidiaries within the Group are subjected to the same set of procedures.

Further to that, the Group is venturing to obtain Good Manufacturing Practice (GMP) certification by the European Medicines Agency ("EMA") that reflects the manufacturing of the Group's products in a safe, efficacious and high-quality manner. The certification of compliance by the EMA fits well into the Group's strategy of enhancing its presence in the region and globally.

These measures towards building an ethical culture in the Group dovetails with its core values, monikered as *PETIRR*.



Halal Agenda

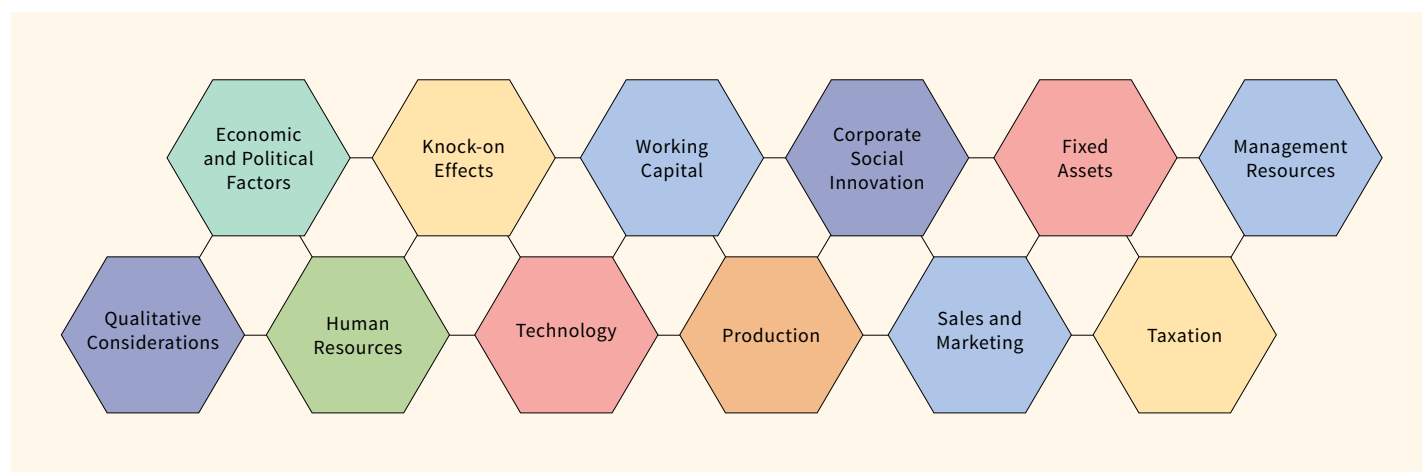
The Halal Agenda continued to be a focus of the Group with increased attention upon the announcement by the Government of Duopharma Biotech's potential role in the manufacturing of COVID-19 vaccine. As the Group is committed to being a pharmaceutical company with leadership in halal pharmaceutical products and in addressing the Muslim community's concern over the halal certification of the vaccine, Duopharma Biotech is working on potential collaborations with the relevant vaccine manufacturers.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Governance

The Board has established a MAC in the Company during the year under review, and approved the Terms of Reference for the MAC. The Private Healthcare Facilities and Services Act 1998 calls on licensees of private healthcare facilities or services to establish a MAC. In this context, Duopharma Biotech has gone over and beyond the preliminary stages of compliance to fully embrace governance – in this instance clinical governance – by instituting one such committee to assist the Board and Senior Management with expert advice and professional guidance. The MAC represents the first Board Committee within the Group which relies on the domain expertise of clinicians appointed as external non-Board members, which comprise a majority of the MAC's membership that is Chaired by a Board member. For the Company, this also represents a step in the direction of independence.

Moreover, the Board is seeking to enhance its governance processes through the adoption of parameters for the evaluation of investments in which decision-making can be guided by factors concerning capital expenditure alongside strategic direction, marketing and organisational design. Some key considerations are encapsulated in the diagram below.



Business Continuity in the Face of a Pandemic

In 2020, crisis management and response took centre stage as the COVID-19 pandemic led to sudden, and unprecedented alterations to circumstances, impacting almost every facet of the Groups' business, including workforce, operations, supply chain, trade, finance and customers. The Board, Board Committees and Senior Management have undertaken to mitigate the disruptions emanating from the crisis by optimising and, where necessary, adapting the Group's strategy and multi-faceted business continuity plan. The Board had augmented the Senior Management's capacity by participating in strategic discussions. For the year under review, two (2) major strategic meetings were held, to deliberate on the Group's overall strategic direction, as well as to deep dive into the complexities surrounding the impact of the pandemic which brought about ramifications in terms of supply of raw materials, corporate exercises as well as sales.

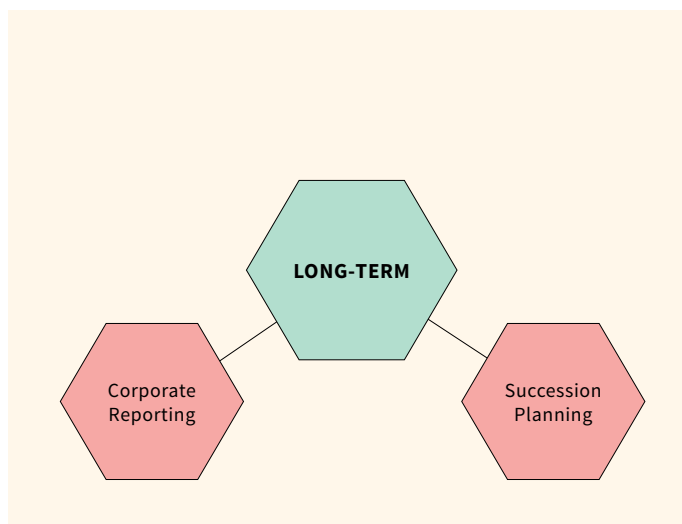
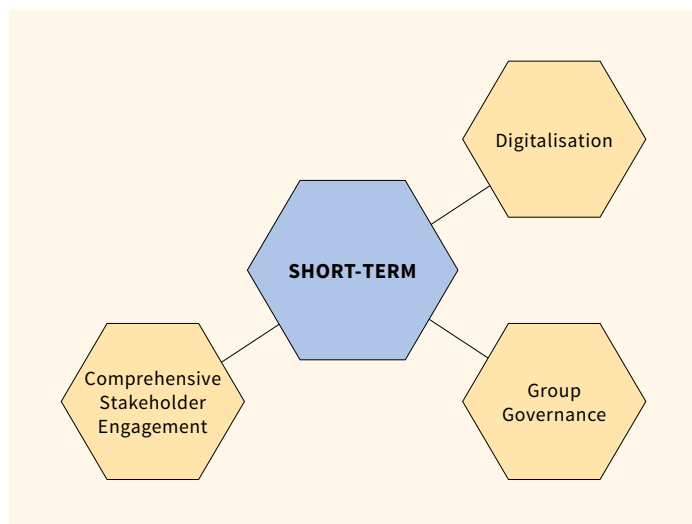
The potential deleterious consequences were ameliorated at the "get-go" stage through the Company's business continuity plan which was initiated prior to the MCO when the WHO had declared the outbreak as a Public Health Emergency of International Concern – to ensure the availability of stocks at hand.

The Board is continuously pursuing initiatives to enhance its business continuity plan, to future-proof it and develop contingencies for added assurance of sustained business operations against future challenges.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LOOKING AHEAD TO 2021 AND BEYOND

The Board continues to be determined in catapulting Duopharma Biotech to the highest standards of performance and governance. As such, notwithstanding the milestones achieved by the Group during the year under review, the Group will not rest on its laurels but rather seeks to be relentless in its corporate governance pursuits. The Board's Short-Term Priorities are digitalisation, group governance and comprehensive stakeholder engagement, while its Long-Term Priorities are succession planning and corporate reporting.



SHORT TERM PRIORITIES (1-2 YEARS)



DIGITALISATION

Duopharma Biotech's on-going digitalisation endeavours are two-pronged; digitalisation in its operations and in the industry as a whole. Having already ventured into aspects of digitalisation, Duopharma Biotech was well-equipped with adequate Information Technology infrastructure and was in good stead to seamlessly transition to the digital realm, or *new norm*, in light of the pandemic and the lockdown. A major initiative by the Company, in the year under review, was the transfer of all its data to a cloud server, Systems Applications and Products ("SAP"). With the existing SAP backbone, the Company had also extended its implementation to warehousing and sales, where initially it was focused on finance and manufacturing. These measures contribute significantly to establishing resilience in future challenges.

Duopharma Biotech's investment in Naluri Hidup Sdn. Bhd. is noteworthy, as the company is a local digital therapeutics pioneer and the investment augurs well with strategy to boost digitalisation in the industry.

The Group's digitalisation initiatives are constantly evolving and remain a key component to its strategy. The Group also remains cognisant of data privacy and governance considerations surrounding information security in its pursuit of digitalisation.



GROUP GOVERNANCE

Increased and adequate oversight of subsidiaries was a recent emphasis for regulators and listed groups in the year under review, with Securities Commission Malaysia's issuance of the Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries. The Guidelines call for a group-wide governance framework and reiterate the fiduciary responsibilities of directors appointed as stewards of the parent company. Group governance serves to protect shareholder value, but it also has practical implications concerning risks and financials and compliance, to name a few.

The Group is cognisant of the importance of oversight of subsidiaries, especially with its overseas presence, where proper oversight ensures risk associated with its foreign subsidiaries are

CORPORATE GOVERNANCE OVERVIEW STATEMENT

not overlooked. As Duopharma Biotech was transitioning to a Large Company during the year under review, it swiftly acted on establishing a framework for the operationalisation of Chapter 5 of the Guidelines (i.e. group governance). In this regard, the Board on 22 February 2021 approved the Management and Monitoring Framework, in essence, for the following purposes:-

- i) To fulfil the requirement for a formal governance framework as advocated by the Guidelines;
- ii) To provide guidance to Duopharma Biotech and the Nominee Directors appointed in the subsidiaries in discharging their roles and responsibilities in relation to the management and monitoring of subsidiaries as well as entities which Duopharma Biotech participates in the management; and
- iii) To provide consistency of actions within Dupharma Biotech and its subsidiaries to ensure best practices are implemented in managing and monitoring.

In fashioning its group governance framework, due consideration will also be given to harness synergies based on considerations relating to economies of scale and cost optimisation while also taking into account contractual obligations and licensing requirements at the entity level. In driving information flow with a clear line of sight across the Group, Duopharma Biotech seeks to ensure that information sharing by its subsidiaries to the Board of the parent company is robust.



COMPREHENSIVE STAKEHOLDER ENGAGEMENT

Recognising its position as a Government-linked company and a leading pharmaceutical company – which is headed towards becoming a Leading Healthcare Group – Duopharma Biotech has and continues to foster collaborative ties with a wide cross-section of stakeholders who impact its performance and are impacted by its actions. These stakeholders include, inter alia, the Malaysian Government and non-governmental organisations (“NGO”), where the Group forms mutually reinforcing ties premised on the concept of corporate social innovation. This concept is revered for its holistic nature, incorporating four (4) pillars, namely philanthropy, advocacy, corporate social responsibility (CSR) and shared value creation.

The Group has furthered multiple undertakings during the year under review and is projected to venture deeper into more meaningful engagements with stakeholders. In 2020, Duopharma Biotech made a noteworthy contribution of RM500,000 worth of medical equipment and cash to support the local Ministry of Health’s efforts amidst the on-going pandemic, forming part of the Group’s corporate social responsibility. The Company’s support benefitted a hospital, a non-profit NGO for Orang Asli i.e. Epic Society, and was also channelled towards the Government Linked Companies’ Disaster Response Network (GDRN) to support initiatives to provide daily supplies to various stakeholder groups.

The Company will continue to synergise and create shared value with governmental stakeholders through initiatives such as that highlighted above and in upcoming efforts – in the near future – to provide technological support and infrastructure to students and rural communities as well as alleviate the national issue of graduate unemployment.

Composing the advocacy and philanthropy component of the Group’s corporate social innovation approach is the Group’s consumer healthcare arm brand, CHAMPS® enhanced collaboration with the National Autism Society (NASOM), a non-profit NGO, to raise awareness and acceptance of Autism, where CHAMPS® had made a generous contribution of RM50,000.

LONG TERM PRIORITIES (3-5 YEARS)



SUCCESSION PLANNING

The year under review featured limited movement in the boardroom, as the Board and Senior Management had prioritised stabilisation amidst the ongoing pandemic. Duopharma Biotech’s stability is fortified with active deliberations on succession planning with the Board taking a forward-looking approach to the matter. Key considerations land on revitalisation of the Board with regards to diversity in age, replacement of Independent Directors whose terms are approaching an end, as well as the grooming of successors to the GMD position. The Board’s deliberations on the subject matter were nuanced with key governance considerations, such as the combination of internal and external succession, the profile of incoming Directors and impact it has on stakeholder engagement, and crucially too the importance of diversity in terms of age, gender and qualification.



CORPORATE REPORTING

The Board has ensured that the Company’s corporate governance practices are constantly morphing and up to the year under review, there remains only a solitary Practice from the MCCG which is pending application, namely Practice 11.2. The said Practice is on integrated reporting by Large Companies, based on a globally recognised framework, to establish the cycle of integrated thinking and reporting as a core requirement that is designed to support sustainable business and financial stability. Therefore, it augurs well with Duopharma Biotech’s governance approach. Armed with its entrance into the category of Large Companies at the start of the financial year 2021, the Board is envisioning and planning for the adoption of this Practice within the next three (3) years.

REPORT OF THE AUDIT AND INTEGRITY COMMITTEE

The Board of Directors of Duopharma Biotech Berhad is pleased to present the report on the Audit and Integrity Committee (“AIC” or “Committee”) and its activities during the financial year ended 31 December 2020.

(1) COMPOSITION

As at the end of the financial year 2020, the composition of the AIC stood at three (3) members, all of whom are Independent Non-Executive Directors, as stipulated in Paragraph 15.09(1)(a) and (b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“MMLR”) and Practice 8.4 under Principle B of the Malaysian Code on Corporate Governance. The AIC is chaired by Encik Razalee bin Amin who is a member of the Malaysian Institute of Accountants. He is a Certified Public Accountant from the Malaysian Institute of Certified Public Accountants and also a Certified Financial Planner from Financial Planning Association of Malaysia. Accordingly, Duopharma Biotech complies with paragraph 15.09(1)(c)(i) of MMLR.

A total of seven (7) meetings were held during the year. The scheduled meetings were scheduled in advance in September 2019 and was communicated to the members early to allow them to plan ahead on their time commitment. Meetings were held on 7 January 2020, 11 February 2020, 10 March 2020, 13 May 2020, 10 August 2020, 10 November 2020 and 8 December 2020.

The status of directorship and attendance record of each of the members during the year are as follows:

Members of AIC	No. of Meetings Attended
Razalee bin Amin Chairman, Independent Non-Executive Director	7/7
Dato’ Mohamad Kamarudin bin Hassan Member, Senior Independent Non-Executive Director	7/7
Zaiton binti Jamaluddin Member, Independent Non-Executive Director	7/7

Minutes of the AIC meetings were circulated to all members and matters arising from the discussions and decisions made were escalated to relevant Management in charge for updates and action. The Chairman of the AIC provides a summary report and highlights significant points on the decisions and recommendations from the AIC meeting to the Board of Duopharma Biotech.

During the year, the AIC focused on the ISO 37001:2016 Anti-Bribery Management System (“ABMS”) Certification as well as on 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.

(2) SUMMARY OF WORK DONE DURING THE YEAR

Below is a listing of the work done by the AIC up to 31 December 2020 in discharging and meeting their functions, duties and responsibilities with regards to financial reporting and internal controls:

A. Financial reporting matters

- i. Reviewed the Company’s quarterly reports in respect of the results with 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 to the regulatory Requirements.
- iii. Reviewed the external auditors’ report for the financial year ended 31 December 2019, including matters relating to adjustments arising from the external audit review and adequacy of disclosures, prior to making recommendation to the Board for approval. No significant adjustments were required to the financial statements, which were presented in a true and fair manner.

REPORT OF THE AUDIT AND INTEGRITY COMMITTEE

B. External Audit matters

- i. Held private meetings and discussions with the external auditors to allow for discussions on matters of concern and deliberated on the observations highlighted by the external auditors, and the respective management action plans and status updates.
- ii. Deliberated on the issues and reservations arising from the interim and final audits, and any matter that the external auditor may wish to discuss without the presence of the Management.
- iii. Reviewed the external auditors' audit plan and engagement strategy for the financial year ended 31 December 2020, covering the materiality, audit scope, audit methodology and timing of audit, key milestones, etc, and reported the same to the Board.
- iv. Recommend to the Board on the extent and nature of non-audit services that can be carried out by the external auditor and ensure adequacy of checks and balances on the provision of such non-audit services, in line with the Company's Policy on External Auditors.
- v. Evaluated the performance and independence of the external auditors and made recommendations to the Board on their reappointment and audit fees.
- vi. Reviewed and recommended to the Board for approval on the revised Policy of External Auditors whereby the external audit firm responsible for the external audit of the Group would be subject to change to a different external audit firm at least every five (5) financial years commencing from financial year 2021.

C. Internal Audit matters

- i. Oversaw the performance and effectiveness of the Internal Audit function based on the approved key performance indicators, assessed the competency and experience of the Group Internal Audit & Integrity staff as well as the adequacy of resources in order for the Internal Audit function to carry out its work effectively. The AIC also ensured that the Group Internal Audit & Integrity Department ("GIA") had the authority to carry out their 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 GIA and deliberated on significant audit issues, audit recommendations, management action plans and the agreed timeline. Where necessary, provided input on improvement of processes and operations.
- 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 Head of the GIA on significant audit and internal control matters.
- vii. Reviewed and recommended to the Board for approval of the revised Terms of Reference of the AIC.

D. Integrity and Anti-Corruption matters

- i. On its role with regard to Integrity and Anti-Corruption, the AIC is entrusted to review the whistleblowing reports as tabled by the Head of the GIA and provided its recommendations for the resolution of the cases. The AIC, through the GIA, 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 ethics and business integrity policy or allegations of misconduct.
- iii. Monitored and oversaw the progress of the ISO 37001:2016 ABMS Certification for the entire Duopharma Biotech Group 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 annually through the Governing Body review that is 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 the Duopharma Biotech Group 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 2020, and periodically monitored its progress against the plan.

REPORT OF THE AUDIT AND INTEGRITY COMMITTEE

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 2019 Annual Report. The SORMIC was supported by the Annual Assurance Statement on Risk Management and Internal Controls, which were signed off by the Group Managing Director and the Chief Financial Officer.

F. Strategic and Litigation matters

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

G. Other related matters

- i. Reviewed the related party transactions entered into by Duopharma Biotech and the disclosure of such transactions in the annual report and recurrent related party transactions.
- ii. 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.

Details of the Terms of Reference of the AIC can be found on the Company’s website at <https://duopharmabiotech.com/about-us/terms-of-reference/terms-of-reference-of-the-audit-and-integrity-committee-of-duopharma-biotech-berhad/>

Statement on Internal Audit Function

The AIC is supported by 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 AIC to promote independence and to enable it to maintain objectivity in rendering unbiased judgements.

(i) Reporting Line

The internal audit function’s purpose, authority and responsibilities are stated in the Internal Audit Charter, which is approved by the AIC. The internal audit function is responsible for undertaking regular and systematic risk-based assessments of the internal control of Duopharma Biotech Group so as to provide reasonable assurance that such systems are adequate and continue to operate effectively in managing the key risks of 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 AIC. GIA adopts the COSO Internal Control Framework in conducting audit assignments, which covered five (5) elements of internal controls, namely Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring.

In 2020, the GIA issued fourteen (14) audit reports which covered operational and ad-hoc matters, amongst others, K3 and K5 Project Management, Engineering (Klang), Corporate Governance Review Report, Recurrent Related Party Transactions, DB (Philippines) Inc., K6 Project Management, COVID-19 Compliance and Purchasing. The Internal Audit Reports, which included issues and action plans, were presented to and discussed with Management. GIA subsequently monitored the implementation of the agreed action plans to ensure full compliance. The reports together with follow-up action plans and implementation status were presented to the AIC for their deliberation and subsequent approval.

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

(iii) Internal Audit Cost

The total expenditure incurred for GIA function for the financial year, which amongst others includes departmental expenditures such as office running expenses, training expenses, travelling expenses, staff remuneration, etc. is estimated at RM853,090.00.

Further details of the activities of the Group Internal Audit & Integrity Department are set out in the Statement on Risk Management and Internal Control under pages 68 to 78 of this report.

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors of Duopharma Biotech is pleased to present the report on the Nomination and Remuneration Committee (“NRC” or “Committee”) and its activities during the financial year ended 31 December 2020.

(1) COMPOSITION

As at the end of the financial year 2020, the NRC consisted of three (3) members, comprising exclusively of Non-Executive Directors, a majority of whom are Independent Non-Executive Directors as stipulated in Paragraph 15.08A(2) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The NRC is chaired by a Senior Independent Non-Executive Director.

A total of six (6) meetings were held during the year. The meetings were scheduled in advance in September 2019 and were communicated to the members early to allow them to plan ahead on their time commitment. Meetings were held on 11 February 2020, 13 March 2020, 13 May 2020, 11 August 2020, 10 November 2020 and 4 December 2020.

The status of directorship and attendance record of each member during the year are as follows:-

Members of NRC	No. of Meetings Attended
Dato’ Mohamad Kamarudin bin Hassan Chairman, Senior Independent Non-Executive Director	6/6
Tan Sri Datin Paduka Siti Sa’diah binti Sh Bakir Member, Non-Independent Non-Executive Chairman	6/6
Dato’ Eisah binti A.Rahman Member, Independent Non-Executive Director	6/6

Minutes of the NRC meetings were circulated to all members and matters arising from the discussions and decisions made were escalated to relevant Management in charge of updates and action. The Chairman of the NRC provides a summary report and highlights significant points on the decisions and recommendations from the NRC meetings to the Board of Duopharma Biotech.

(2) SUMMARY OF WORK DONE DURING THE YEAR

Below is a listing of the work done by the NRC during the financial year in discharging and meeting their functions, duties and responsibilities with regards to Nomination and Remuneration related matters:-

A. Nomination-related matters

- i. Reviewed and recommended the composition of the Board of Directors of subsidiary companies of Duopharma Biotech to the Board of Directors and training requirement for candidates to be appointed to the said boards.
- ii. Reviewed and recommended the appointment of additional Company Secretary for subsidiary company of Duopharma Biotech.
- iii. Review of Duopharma Biotech’s nominee on Board of Directors of non-subsiary investee companies and recommended to the Board of Directors.
- iv. Ensured that all Directors received appropriate continuous training programmes in order to keep abreast with developments in related industries and changes in the relevant statutory requirements.
- v. Reviewed assessment results of Talents and Successors for Duopharma Biotech Group, including calling for selected talents to present themselves to the Committee for purpose of the Committee’s assessment of and engagement with talents.
- vi. Reviewed the progress of Talent Management and Succession Planning in Duopharma Biotech Group.
- vii. Reviewed and recommended the revised Board Evaluation Assessment of Board of Directors, Board Committees, Individual Directors and Independent Directors.
- viii. Reviewed and recommended to the Board on Directors retiring by rotation to be put forth for re-election in accordance with the Company’s Board Charter.

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

- ix. Reviewed and recommended to the Board the proposed establishment of the Medical Advisory Committee (“MAC”) including the said committee’s Terms of Reference and the proposed candidates for appointment as members of the newly established committee.

B. Remuneration-related matters

- i. Reviewed the Directors Remuneration for the shareholders’ approval at the Annual General Meeting of the Company in 2020.
- ii. Reviewed and recommended to the Board the annual increment and bonus package for employees of Duopharma Biotech Group.
- iii. Reviewed and recommended the variations to benefits-in-kind in Duopharma Biotech and its subsidiaries.
- iv. Reviewed and recommended to the Board the new contract and remuneration package of Senior Management and Group Managing Director (“GMD”).
- v. Reviewed and recommended to the Board the proposed Honorarium for the Non-Board members of the MAC as well as the Honorarium for key opinion leaders that may be invited by the MAC to share their knowledge and expertise in their respective fields.
- vi. Reviewed and recommended to the Board the proposed Group Hospitalisation and Surgery, and Group Term Life insurance scheme for members of the Board.

Details of the Terms of Reference of the NRC can be found on the Company’s website at <https://duopharmabiotech.com/about-us/terms-of-reference/terms-of-reference-of-the-nomination-and-remuneration-committee-of-duopharma-biotech-berhad/>

(3) FORMALISED AND TRANSPARENT REMUNERATION POLICIES FOR DIRECTORS AND SENIOR MANAGEMENT

Our Board believes that remuneration should be adequate to attract, retain and incentivise individuals of the necessary calibre, expertise and experience to join our Board.

Remuneration of Non-Executive Directors (“NEDs”)

The key principles which underpin our Board’s policies for NED remuneration as set out in the Directors’ Remuneration Guidelines are as follows:

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

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

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

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

The shareholders of the Company had in 2018 approved the increase of Directors' Fees and Meeting Allowances payable to the Directors entitled to receive the ordinary remuneration with effect from 1 January 2018. Any revision to the NED's Fees and Meeting Allowances will be tabled to the shareholders for approval.

Remuneration of Senior Management

The remuneration packages for the GMD and other Senior Management, have been structured to reflect their responsibilities and link rewards to corporate and individual performance. The said nexus to corporate and individual performance is affected through the element of performance bonus.

The performance of the GMD and Senior Management is measured based on the achievements of their annual KPIs in both qualitative and quantitative KPIs and the weightage of the qualitative and quantitative targets may be adjusted to accommodate the Company's aspirations.

Evaluation on the achievement of each of the KPIs by Senior Management against an agreed performance standard is reviewed by the GMD; whilst for GMD, it is reviewed by the NRC. The rewards accorded to the GMD and Senior Management for their achievement of the respective KPIs shall comprise annual bonus and increment to their base salaries.

The external remuneration review exercise undertaken in 2018 revealed that the compensation accorded to Senior Management of Duopharma Biotech is competitive and within industry norms.

(4) BOARD EFFECTIVENESS EVALUATION ("BEA")

During the financial year 2020, the BEA was conducted in-house premised on assessment criteria that took into account relevant regulatory promulgations, guidelines and better practices. The process was carried out via the revised BEA questionnaires administered to Directors, using a self and peer-rating model. The BEA exercise was conducted

online via Duopharma Biotech's domain platform to ensure the highest levels of confidentiality throughout the entire exercise, and as part of the Group's effort towards digitalisation and reducing carbon footprint through less usage of paper.

Practice 5.1 of the Malaysian Code on Corporate Governance ("MCCG") has recommended for Large Companies to engage independent experts i.e. professional, experienced and independent parties, to periodically facilitate board evaluation which will lend greater objectivity to the assessment by providing an unbiased perspective on a director's performance and ability to contribute effectively to the board. Though the Company is not regarded as a Large Company within the purview of MCCG for the financial year 2020, the Company will be considering the engagement of an independent expert to facilitate the conduct of BEA for Duopharma Biotech for the year 2021.

(5) SUCCESSION PLANNING

The Company recognises the importance of succession in ensuring leadership continuity across the Group by looking at criticality of positions, identified and selected talents based on pre-defined competency profiles and drawing up individual development plans to bridge the competency gap. The NRC reviewed the Company's succession planning and assessed the successors for senior critical roles and talent pool demographics with the assistance of an external consultant. The development of Succession Planning was approved by the Board of Directors in 2019. In the year 2020, tests and assessments on successors and talent pool in the areas of Aptitude, Behavioural, Competencies and Emotional Quotient (EQ), were conducted from December 2019 to January 2020. The NRC reviewed the assessment results of the identified successors and talents for Duopharma Biotech Group in the year under review.

In December 2020, NRC also reviewed the Succession Plan for Duopharma Biotech Group for 2021 and beyond, and to proceed with the necessary development and action plans to execute the Succession Plan. The Succession Plan was recommended to the Board of Duopharma Biotech in 2021.

REPORT OF THE RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

The Board of Directors of Duopharma Biotech is pleased to present the report on the Risk Management and Sustainability Committee (“RMSC” or “Committee”) and its activities during the financial year ended 31 December 2020.

(1) COMPOSITION

As at the end of the financial year 2020, the composition of the RMSC consisted of three (3) members, comprising exclusively of Non-Executive Directors, a majority of whom are Independent Non-Executive Directors.

A total of seven (7) meetings were held during the year. The meetings were scheduled in advance in September 2019 and was communicated to the members early to allow them to plan ahead on their time commitment. Meetings were held on 4 February 2020, 5 March 2020, 12 May 2020, 14 July 2020, 5 August 2020, 7 September 2020 and 4 November 2020.

The status of directorship and attendance record of each member during the year are as follows:-

Members of RMSC	No. of Meetings Attended
Datuk Mohd Radzif bin Mohd Yunus Chairman, Non- Independent Non-Executive Director	7/7
Zaiton binti Jamaluddin Member, Independent Non-Executive Director	7/7
Dato’ Eisah binti A. Rahman Member, Independent Non-Executive Director	7/7

Minutes of the RMSC meetings were circulated to all members and matters arising from the discussions and decisions made were escalated to relevant Management in charge for updates and action. The Chairman of the RMSC provides a summary report and highlights significant points on the decisions and recommendations from the RMSC meeting to the Board of Duopharma Biotech.

During the year, the Committee focused on potential impact from the COVID-19 pandemic on existing risks across the Company, at the same time continued to monitor the Group’s key risks against the changing political environment, economic conditions, strategic objectives and regulatory requirements.

The RMSC also focused on developing a Business Continuity Plan (“BCP”) for the Group Business Continuity Management which provides the Duopharma Biotech Group with a firm strategy to handle any situation or any circumstance and maintains continuity of operations and service delivery to meet the demands of the market and sustainability of the Duopharma Biotech Group. The BCP also provides a competitive advantage by preventing significant harm to the Duopharma Biotech Group’s image, loss of customers and damage to reputation which helps the Duopharma Biotech Group to mitigate business risks and financial exposures.

(2) SUMMARY OF WORK DONE DURING THE YEAR

Below is a listing of the work done by the RMSC during the financial year in discharging and meeting its functions, duties and responsibilities with regards to risk management and sustainability:-

A. Risk Management-related matters

- i. Reviewed the status report of risk management activities for the year to ensure that all the planned activities for Duopharma Biotech were properly carried out.
- ii. Reviewed the summary of the risk assessment report prepared by the Group Risk Management Department.
- iii. Monitored the status of mitigation actions taken by the Management to ensure all risk management issues and concerns are adequately resolved on a timely basis.

REPORT OF THE RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

- iv. Reviewed the COVID-19 Standard Operating Procedures ("SOPs") implemented at all operating sites to ensure adherence to the SOPs as recommended by the Government and mitigating the related risks accordingly.
- v. Reviewed Duopharma Biotech's Risk Profile and the management process for identifying, evaluating and managing significant risks faced.
- vi. Reviewed and updated Risk Appetite based on the Company's performance, goals and market condition.
- vii. Reviewed the revision of Risk Management Manual and Guidelines that includes the establishment of Executive Risk Management Committee (ERMC) terms of reference, appointment of risk coordinators and explanation on the three lines of defence, namely the first line of defence i.e. Management Control, second line of defence i.e. executed by specific expertise in risk management and compliance, and the third line of defence i.e. the Internal and External Auditors.
- viii. Reviewed and recommended a Risk Management Software to improve operational efficiency and increase productivity by digitalising the risk management process.
- ix. Reviewed and recommended to the Board of Directors on the results and proposed road maps of Risk Maturity Assessment to achieve the ideal risk maturity level of the Company towards increasing the long-term value of shareholders, to ensure the competitiveness and sustainability of the Company.

B. Sustainability-related matters

- i. Monitored Duopharma Biotech Group'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 update on improving Business Continuity Management for Duopharma Biotech Group to oversee and guide sustainability related group activities to help achieve United Nations Sustainability Development Goals (UNSDG).
- iv. Reviewed status updates in relation to the COVID-19 pandemic including the Guidelines from the MOH, Ministry of International Trade and Industry, and other related agencies, as well as the development of SOPs for employees across the board in preventing the spread of COVID-19.

C. Annual Reports

- 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 2019 Annual Report. The SORMIC was supported by the Annual Assurance Statement on Risk Management and Internal Controls, which were signed off by the Group Managing Director and the Chief Financial Officer.
- ii. Reviewed and recommended to the Board of Directors the Sustainability Report 2019.

D. Project and Strategy-related matters

- i. Reviewed and recommended to the Board of Directors proposals on implementation of projects, investments, including Mergers and Acquisitions for the year 2020.

E. Corruption Risk-related matters

- i. Reviewed the updates on the Group's Corruption Risk Management Risk Map and Residual Risk Rating.

F. Terms of Reference

- i. Reviewed and recommended to the Board of Directors the revised Terms of Reference of the RMSC.

REPORT OF THE RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

(3) Other related matters

- i. The Chairman of the RMSC, Datuk Mohd Radzif bin Mohd Yunus, completed the Qualified Risk Director Program by the Institute of Enterprise Risk Practitioners (“IERP”) and was admitted as member of IERP on 17 November 2020.
- ii. In the same year, Datuk Mohd Radzif was appointed as an advisor for the Centre of Excellence of the UN Global Compact Network Malaysia & Brunei and Capital Markets Malaysia.

Details of the Terms of Reference of the RMSC can be found on the Company’s website at <https://duopharmabiotech.com/about-us/terms-of-reference/terms-of-reference-of-the-risk-management-and-sustainability-committee-of-duopharma-biotech-berhad/>

Group Risk Management work done during the year

The Group Risk Management Department (“GRM”) is responsible for the ongoing review, development and co-ordination of Risk Management Framework and for ensuring the implementation of the risk management process in the Duopharma Biotech Group. Activities organised by GRM include:

- i. It was imperative to monitor the changes in market due to the COVID-19 pandemic. Forty (40) Weekly Market Monitoring reports were issued with the objective of alerting the Duopharma Biotech Group on matters in the market to enable the group to be prepared with relevant actions;
- ii. Conducted two (2) Risk and Control Self-Assessment (RCSA) workshops and 145 one-to-one session to instill understanding of the importance of risk management and at the same time ensuring appropriate coverage of risk identification, analysis, evaluation and treatment within the Group;
- iii. Performed independent assessment and risk reports on Capital Expenditure and /or investment requests;
- iv. Conducted on-line risk quiz to assess the competency and risk knowledge level of staff;
- v. Conducted on-line risk competition as part of an on-going effort to inculcate risk management culture among staff;
- vi. Rolled out five (5) issues of risk posters and articles to remind risk owners to perform risk management;
- vii. Risk certification was successfully obtained by Group Risk Management personnel from a well-established enterprise risk management institution;
- viii. Launch of new risk software and conducted four (4) trainings on the use of the risk software, and
- ix. Conducted training for Risk Champions consisting of Heads of Department and Senior Managers on ‘Managing Department Risks’.

REPORT OF THE HALAL COMMITTEE

The Board of Directors of Duopharma Biotech is pleased to present the report on the Halal Committee (“HC” or “Committee”) and its activities during the financial year ended 31 December 2020.

(1) COMPOSITION

As at the end of the financial year 2020, the composition of the HC stood at three (3) members, a majority of whom are independent directors. The Committee is chaired by Datuk Nik Moustpha bin Hj Nik Hassan.

A total of four (4) meetings were held during the year. The meetings were scheduled in advance in September 2019 and was communicated to the members early to allow them to plan ahead on their time commitment. Meetings were held on 4 February 2020, 6 May 2020, 10 August 2020 and 4 November 2020.

The status of directorship and attendance record of each member during the year are as follows:

Members of HC	No. of Meetings Attended
Datuk Nik Moustpha bin Hj Nik Hassan Chairman, Independent Non-Executive Director	4/4
Datuk Mohd Radzif bin Mohd Yunus Member, Non-Independent Non-Executive Director	4/4
Dato’ Eisah binti A.Rahman Member, Independent Non-Executive Director	4/4

Minutes of the HC meetings were circulated to all members and matters arising from the discussions and decisions made were escalated to relevant Management in charge for updates and action. The Chairman of the HC provides a summary report and highlights significant points on the decisions and recommendations from the HC meeting to the Board of Duopharma Biotech.

(2) SUMMARY OF WORK DONE DURING THE YEAR

Below is a listing of the work done by the HC during the financial year in discharging and meeting their functions, duties and responsibilities with regards to halal committee:-

A. Conformance to Halal Standards matters

- Monitored the status of Duopharma Biotech’s manufactured products that are halal-certified in accordance with the Malaysian Standard MS 2424:2012 - Halal Pharmaceuticals - General Guidelines, and the Halal Malaysia Certification by Jabatan Kemajuan Islam Malaysia (JAKIM).
- Monitored and reviewed halal strategic projects due diligence findings and conformance assessment and provided moving forward recommendations.
- Reviewed, monitored and provided directives to facilitate the halal certification for biosimilar erythropoietin (EPO) i.e. ERYSAA®.
- Reviewed and deliberated on the Company’s policies and directives to obtain halal certification from JAKIM and recognised foreign halal certification bodies.

REPORT OF THE HALAL COMMITTEE

B. Organisational core resources and capabilities matters

- i. Reviewed the background and credibility of Duopharma Biotech's internal Shariah Advisor and Halal Executives to provide support and assistance in the Company's operations as and when required.
- ii. Reviewed and endorsed the establishment of Halal Compliance Unit of Duopharma Biotech as Duopharma Biotech's halal focal point and technical advisor in the coordination of strategic projects and halal related commercial compliance.
- iii. Reviewed and assessed the Halal KPIs for Duopharma Biotech Group for the year 2020 and ensured alignment of the Halal KPIs for 2020 with Duopharma Biotech's business activities and desired outcomes.
- iv. Monitored and reviewed the reports on Duopharma Biotech Halal Initiatives 2020 and Recommendations for 2020 Halal Planned Initiatives and Indicative Budget.

C. External stakeholder matters

- i. Reviewed and guided on the principles and approach of awareness materials and communication plans on halal pharmaceuticals that demonstrated Halal Leadership, Trust and Quality adherence beyond Good Manufacturing Practice.
- ii. Reviewed and assessed the halal promotional programmes completed in 2020, and the recommendations to improve the plans to enhance domestic and international presence.
- iii. Reviewed and recommended key influencers to support Duopharma Biotech's halal pharmaceutical awareness campaigns adequately.
- iv. Reviewed, and evaluated the Research and Development proposals on industry-driven issues related to halal pharmaceuticals by Science and Shariah academicians and research institutions.

Details of the Terms of Reference of the HC can be found on the Company's website at <https://duopharmabiotech.com/about-us/terms-of-reference/terms-of-reference-of-the-halal-committee-of-duopharma-biotech-berhad/>

REPORT OF THE MEDICAL ADVISORY COMMITTEE

The Board of Directors of Duopharma Biotech is pleased to present the report on the Medical Advisory Committee (“MAC” or “Committee”) and its activities during the financial year ended 31 December 2020.

(1) COMPOSITION

The Board of Directors (“Board”) of Duopharma Biotech had approved the establishment of the MAC in 2020. The purpose of the MAC is to assist the Board and Management in providing advice and guidance on matters relating to research and development of pharmaceuticals, medicines and healthcare products and services which are integral parts of the Duopharma Biotech Group’s business practice and sustainability. The MAC will also keep under review the effectiveness of the Group’s research and development activities.

The MAC was constituted with effect from 1 October 2020 and as at the end of the financial year 2020, comprised of four (4) members including a member of the Board as well as non-Board members who are key opinion leaders in their respective fields. Dato’ Dr. Zaki Morad bin Mohamad Zaher, an Independent Non-Executive Director of Duopharma Biotech, is the Chairman of the MAC. The non-Board members of the MAC are Dato’ Dr. Mohamed Ibrahim A. Wahid, who is a Consultant Oncologist from Beacon Hospital Petaling Jaya, Dr. Radhakrishna Sothiratnam, who is a Consultant Physician from Columbia Asia Seremban, and Dr. Ng Wai Kiat, who is a Consultant Cardiologist from Pantai Hospital Kuala Lumpur. On 27 January 2021, Datuk Dr. Zanariah binti Hussein who is a Consultant Endocrinologist and Physician from Hospital Putrajaya was appointed as an additional non-Board member of the MAC. A total of one (1) meeting was held during the financial year.

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

Members of MAC	No. of Meetings Attended
Dato’ Dr. Zaki Morad bin Mohamad Zaher Chairman, Independent Non-Executive Director	1/1
Dato’ Dr. Mohamed Ibrahim A. Wahid Member	1/1
Dr. Radhakrishna Sothiratnam Member	1/1
Dr. Ng Wai Kiat Member	1/1
Datuk Dr. Zanariah binti Hussein* Member	-

* Appointed as non-Board member of the MAC on 27 January 2021

(2) SUMMARY OF WORK DONE DURING THE YEAR

During the year, the Committee:

- Reviewed and deliberated on the information provided by the Management about Duopharma Biotech Group strategies and current projects which would assist the MAC members in exercising their role and responsibilities. Recommendations and feedback were provided on matters related to project pipelines and group strategies.
- Reviewed and deliberated on the information provided by the Management about Duopharma Innovation Sdn. Bhd., which focuses on research and development activities of the Duopharma Biotech Group. Recommendations were made to improve matters related to product pipelines as well as on issues related to disease and treatment trends.
- Deliberated and provided advice on issues and queries from Duopharma Biotech’s Ethical Specialty Business unit in relation to diabetes and oncology therapeutic areas as well as from Duopharma Biotech’s Ethical Classic Business unit in relation to cardiovascular and gastroenterology therapeutic areas so as to help to guide and validate the business units’ strategies.

Details of the Terms of Reference of the MAC can be found on the Company’s website at <https://duopharmabiotech.com/about-us/terms-of-reference/terms-of-reference-of-the-medical-advisory-committee/>

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Responsibility

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

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

Risk Management and Sustainability Function

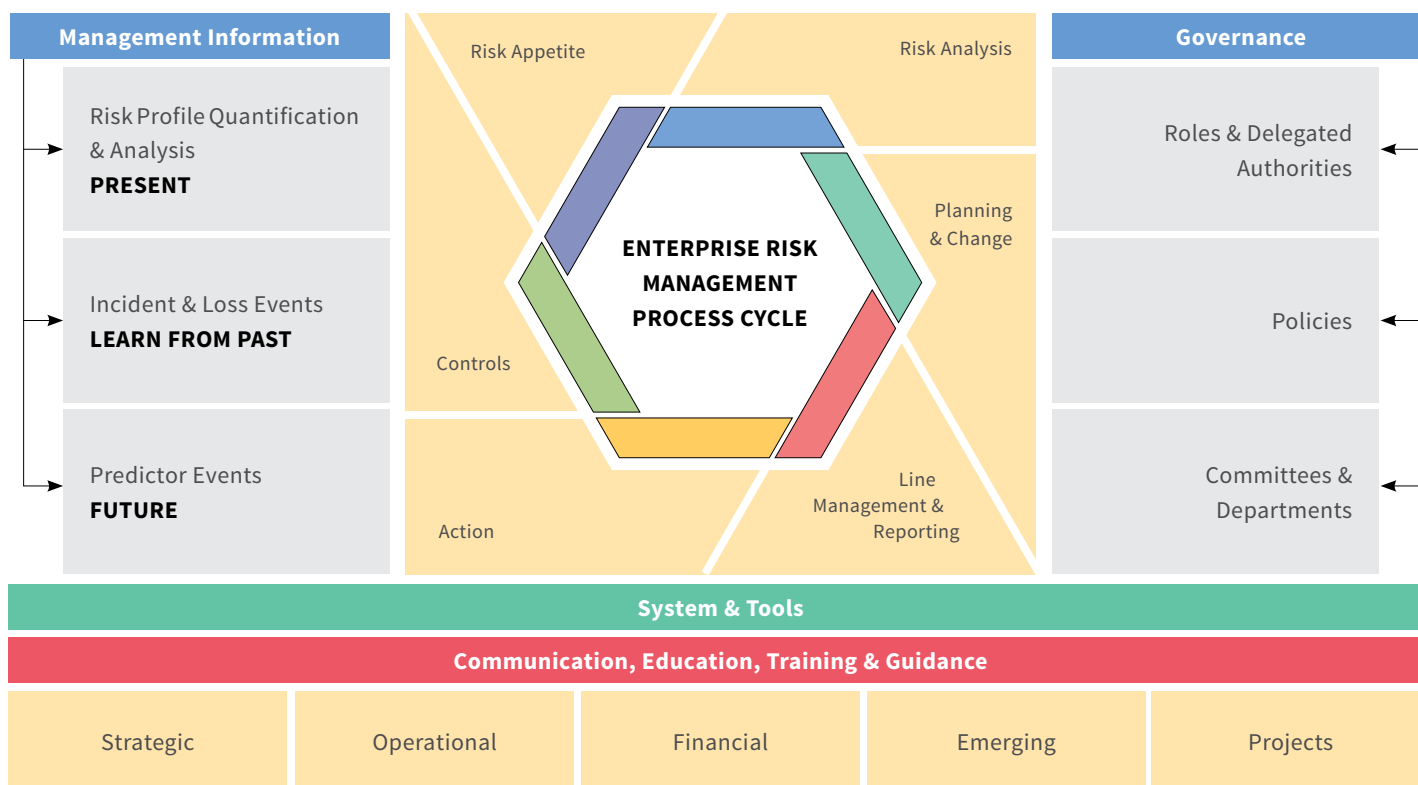
The Board had decided that a committee is required to ensure business sustainability in the face of challenging external conditions. In view of this, the Risk Management and Sustainability Committee ("RMSC") is responsible to assist the Board of Directors ("the Board") in ensuring that there is a sound system

for risk management and effective management of sustainability practices within the Group and its subsidiaries.

The RMSC is supported by an in-house risk management function i.e. Group Risk Management Department ("GRM") and Sustainability Department ("SD"). GRM provides risk advisory and supports the Board and the Executive Risk Management Committee ("ERMC") in all matters of Enterprise Risk Management ("ERM"). SD implements sustainability-related policies, measures and actions in achieving the Company's sustainability milestones and goals. Please refer to the standalone Sustainability Report for more details on the area of sustainability.

Risk Management Framework

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



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

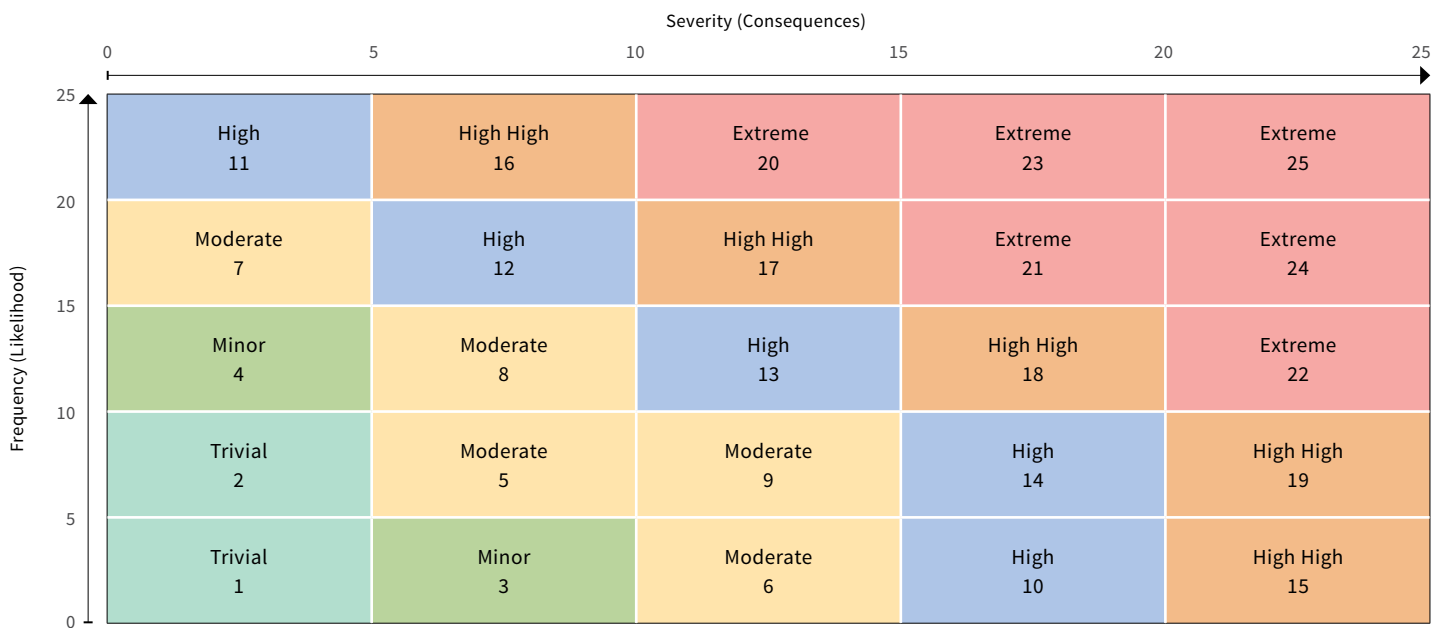
The RMSC receives reports from members of the ERM which is chaired by the GMD and comprises of the Group Management Committee (“GMC”). The ERM is assisted by the Risk Champions consisting of Heads of Department and Senior Managers at all sites whose role is to identify, mitigate and manage risks within their departments. The Risk Champions appoint Risk Coordinators within their departments to enhance the risk management process with the risk owners. This reflects the Group’s overall risk governance structure where it aims to place accountability and ownership whilst facilitating an appropriate level of independence and segregation of duties between the three lines of defence, which include management control as the first line of defence, various established risk control and compliance functions as the second line of defence, and internal and external audit as the third line.

The GRM has a role in facilitating, coordinating, monitoring and assessing the effectiveness of the ERM framework in line with established policies, principles and standards. The ERM structure is summarised below:



The Company adopts ISO31000:2009 Risk Management Principles and Guidelines in its risk management processes, whereby the focus is on the management of risk from any event or uncertainty that may have a significant impact on 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 of occurrence and significance of their consequences, where an approved Risk Matrix is used to ensure consistent practice throughout the Group.

RISK MATRIX



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

KEY RISK	DESCRIPTION	MITIGATION
Impact from COVID-19	The pandemic has caused fundamental changes in consumer behaviour, supply chain disruptions, introduction of new regulations, financial stress and uncertainty of the environment	<p>The Group undertake various activities to manage the challenges from the pandemic which includes:</p> <ul style="list-style-type: none"> • A pandemic task force that enables the Group to respond quickly to any possible situation • Ensure compliance with the guidelines from the authorities in managing COVID-19 • Weekly market monitoring report to capture changes in the market • Ensure sufficient buffer stock or raw materials and finished goods in anticipation of the delayed supply from overseas suppliers • Obtain alternative suppliers and items that could fill in the gaps from existing suppliers • Ensure sufficient cash available to manage commitments
Projects not meeting the planned objectives	Risk on any items that may lead to cost overrun, delay or failure to complete the projects	All projects that require approval from the Board are subjected to risk assessments, where the risk registers resulting from the assessment together with the mitigation plans are mandatorily tabled as part of the projects' proposals. Project risk updates post implementation of the projects are tracked and reported to the Board as part of the risk management reporting process
Fluctuation in exchange rates and interest rates	Risk of volatilities affecting exchange rates and interest rates which may affect the value of financial assets and liabilities	<ul style="list-style-type: none"> • Better cost management in imported items like raw materials, machines, etc • Increase efficiencies in operations • Close monitoring of foreign assets and liabilities denominated in the same currency to maximise the benefits of natural hedges and other hedging arrangements • Replacing USD denominated loan from OCBC to Bank Islam Malaysia Berhad loan in MYR to reduce foreign currency exposure
Regulatory change	Pharmaceuticals industry is highly regulated. The Group needs to be prepared for anticipated future standards when implemented	<ul style="list-style-type: none"> • The Group has established procedures and mechanisms to ensure full compliance • An in-house Pharmacovigilance and Clinical Affairs team monitors drug safety and works closely with regulators and medical practitioners • Periodically invests in major infrastructure upgrades in anticipation of future regulatory demands
Government policy change	New government may introduce new policy and reforms that may impact the Group	Continuous engagement with relevant authorities and close monitoring of changes in government policy and direction
Continuity of collaborations with key partners	The Group has collaborations with key partners in various projects. Retention of these key partners contribute to the success of the projects	The Group engages key partners closely and ensures good communications. All deliverables and performance indicators are mutually agreed and met or exceeded

KEY ELEMENTS OF THE GROUP'S SYSTEM OF INTERNAL CONTROLS

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

Reviewing the effectiveness of internal control is an essential part of the Board's responsibilities while the 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 which provides the Board with reasonable assurance that the control objectives will be achieved.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

The AIC also reviews the Internal Auditor's scope of work and coverage through the Annual Internal Audit Plan, authority and access that has been laid out in the Internal Audit Charter and sufficient resources to function effectively.

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

Board Committees

The delegation of responsibilities to the various committees of the Board is clearly defined. At present, the committees which are established are the AIC, RMSC, Nomination and Remuneration Committee ("NRC"), Halal Committee ("HC") and Medical Advisory Committee ("MAC").

Corporate Governance Framework

In establishing the Company's Corporate Governance framework pursuant to the Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries issued by the Securities Commission Malaysia on 30 July 2020, the Board on 22 February 2021 approved the Management and Monitoring Framework, in essence, for the following purposes:-

- i) To fulfil the requirement for a formal governance framework as advocated by the Guidelines;
- ii) To provide guidance to Duopharma Biotech and the Nominee Directors appointed in the subsidiaries in discharging their roles and responsibilities in relation to the management and monitoring of subsidiaries as well as entities which Duopharma Biotech participates in the management; and
- iii) To provide consistency of actions within Duopharma Biotech and its subsidiaries to ensure best practices are implemented in managing and monitoring.

Assignment of Authority and Responsibility

Clearly defined lines of authority within the Group's organisation structure have been established to facilitate the supervision and monitoring of conduct and operations of individual business units and support services departments. The Board has approved a defined and documented Limits of Authority ("LOA") which is used consistently throughout the Group. The LOA specify clear division and delegation of responsibilities from the Board to the Board Committees and to members of Management and the authorisation levels of various aspects of operations.

The latest LOA was reviewed and approved by the Board on 21 May 2019 to resolve operational effectiveness and challenges, to reflect changing risks and also to reflect the amendments to the LOA under the Terms of Reference of the RMSC of Duopharma Biotech. Additionally, Duopharma Biotech's GMC and RMSC provide added assurance to the Board on the feasibility evaluation of project/investment proposals and subsequent evaluation of the progress and results of endorsed project/investment through a process of due scrutiny.

Planning, Monitoring & Reporting

The Group undertakes a strategic 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 on a quarterly basis. This business plan and budgets are subjected to evaluation and assessment by the Management and the Board. The RMSC deliberates on the risks and mitigation plans for the strategy and business plan before it is recommended to the Board for approval. Monthly reviews are carried out by the Management to ensure that the businesses are operating according to the plans, as well as to monitor adherence to the internal control procedures established. Management reports are presented to the Board each quarter providing financial information including key performance and risk indicators. The financial information is reviewed by the Management before it is presented to the Board for consideration and approval. In 2020, multiple strategy reviews were done to monitor the impact of the COVID-19 situation on the pharmaceutical industry. Moving forward, the Management will continue to monitor the situation.

Policies & Procedures

There are policies and procedures in place to ensure compliance with controls, and relevant laws and regulations. In various instances, these policies and procedures form an integral part of the Quality Management Systems (QMS).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

Moving forward, the Group will embrace Industry 4.0 solutions/technologies and Internet of Things (“IOT”) to improve its operational efficiency and increase productivity. The Group has developed its own IT landscape subsequent to demerger by investing in the following initiatives:

- i) Implementing an IT transformation plan by migrating to private cloud landscape with full data migration within Duopharma Biotech Group;
- ii) Upgrade SAP Application database platform to ensure readiness to embrace new ERP platform;
- iii) Enhance cyber security protection of the Group’s IT system; and
- iv) Invest to strengthen IT resources.

Annual assurance is provided by the Group Managing Director 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.

Business Continuity Management (“BCM”)

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

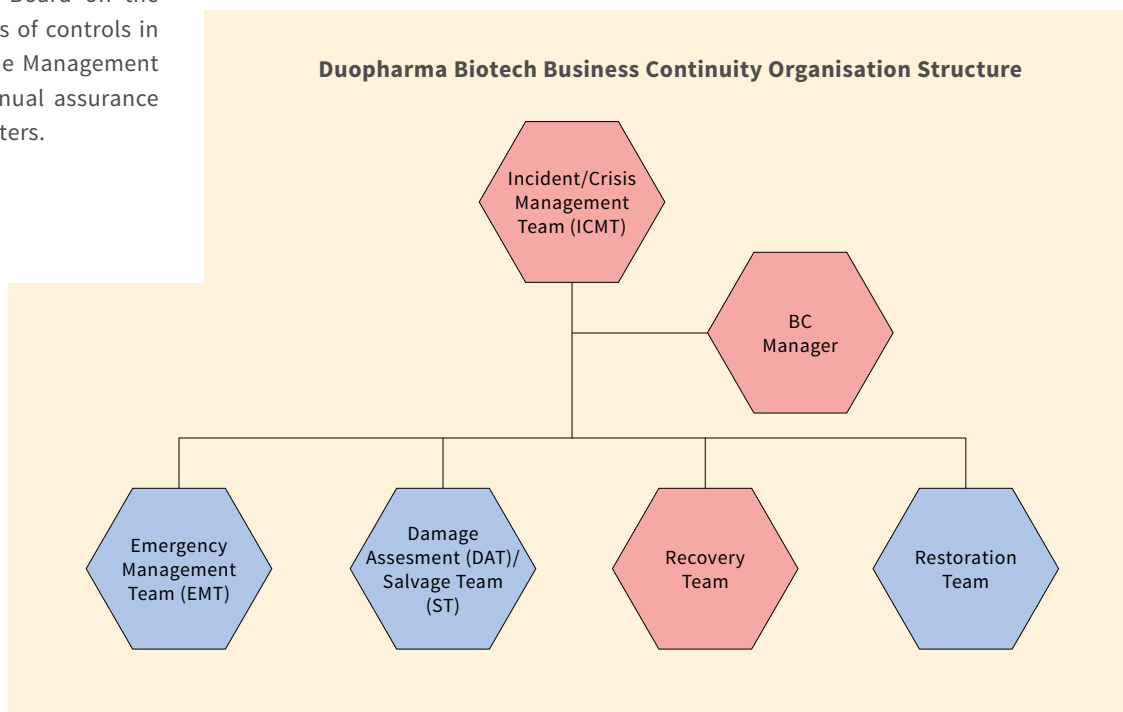
In 2020, Duopharma Biotech, with the collaboration of a consultant, completed an exercise to review the existing BCM framework, and to transform this in order to comply with ISO22301:2019 requirements. Twenty-two (22) Business units together with two (2) overseas offices’ BC coordinators were trained to develop a BC plan that would comply with ISO22301:2019 requirements.

All identified business units underwent the process of developing individual business units’ Business Impact Analysis (“BIA”), which included identifying Business Continuity Objectives, prioritised activities, Maximum Tolerable Period of Disruption and Recovery Time Objective. This was followed by a comprehensive Risk Analysis which aimed to identify potential threat events to the business units.

A Business Continuity Strategy and Solutions was subsequently established, based on consolidated data from the BIA and Risk Analysis exercise. Finally, business units’ BCPs were formalised as documented procedures to:

- Manage a disruptive incident;
- Continue their activities based on the pre-determined recovery objectives in the BIA; and
- Ensure communications with all interested parties remain available.

In November 2020, a complete set of BC documents was produced and a new revised BC framework was in place.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FTSE4GOOD Bursa Malaysia Index and UN 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 environmental, social and governance (ESG) practices. 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 its ten (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). These are some of the milestones that were achieved by the Group in the sustainability area.

Human Resource Management

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

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

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

Group Internal Audit & Integrity

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

Integrity

Section 17A of the Malaysian Anti-Corruption Act 2009 came into force on 1 June 2020, imposing steep penalties for corporate corruption. The Corporate Liability Provisions of Section 17A criminalise commercial organisations if their employees or associates commit bribery or corrupt activities. The Management and the Board have taken steps to ensure adequate procedures are in place to prevent bribery or corrupt activities from taking place within the Group.

The Group has adopted a zero-tolerance stance against any fraud, bribery and corruption in the conduct of its business activities. The Group expects its employees to conduct themselves with a high standard of professionalism and ethics in the conduct of our business and professional activities. The key strategies adopted to implement the integrity initiatives are Awareness, Enhancement, Prevention, Punitive Action and Rewards.

The Integrity Office provides independent ethics advice to the staff and promotes ethical awareness through outreach and training. The office is headed by a Certified Integrity Officer (Certified by the Malaysian Anti-Corruption Academy) who reports directly to the AIC.

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 further 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 confirming information/complaints received via the whistleblowing channels.

Among the key activities carried out are as follows:

(a) ISO 37001:2016 Anti-Bribery Management System

As part of the Group's ongoing initiative 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 contained measures designed to identify and evaluate the risk and to prevent, detect and respond to corruption and bribery.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Group including its overseas subsidiaries in the Philippines and Indonesia obtained the ISO 37001:2016 ABMS certification without a single Non-Conformance Report issued by the certification body, SIRIM QAS International Sdn Bhd.

The ABMS specifies requirements relating to the ABMS, applies to Duopharma Biotech, and its Group of Companies which it holds majority shareholding and management control. The scope of the ABMS includes the establishment, implementation, maintenance, reviews and the required improvements of the ABMS have been adopted and implemented by Duopharma Biotech Group of Companies.

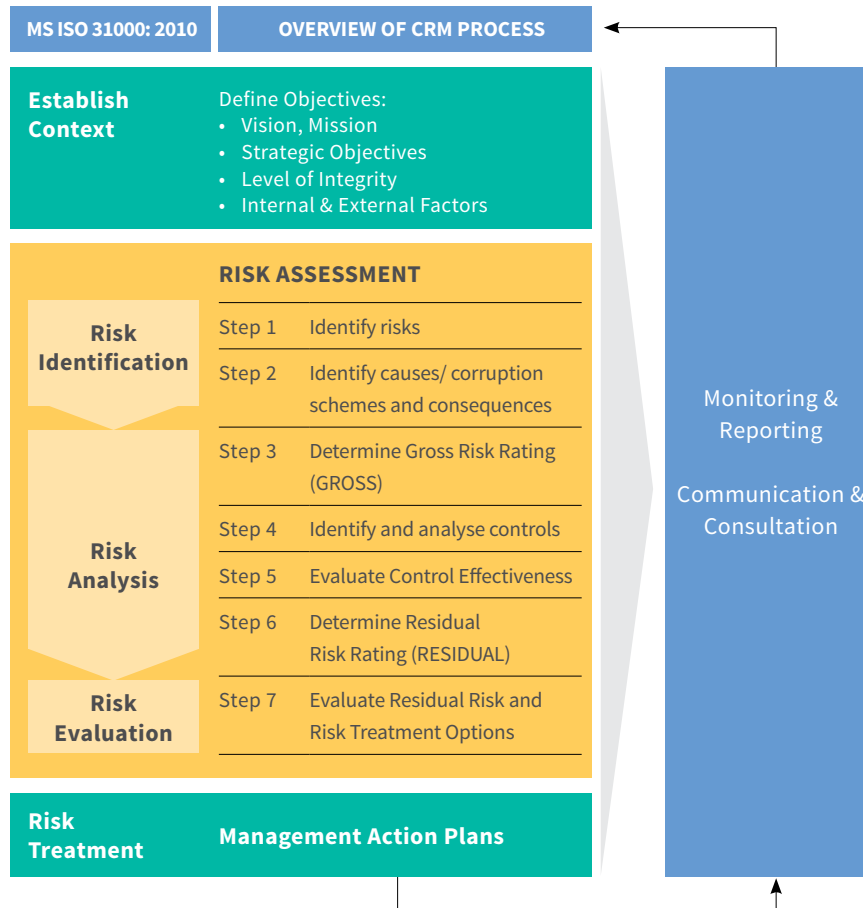
(b) Corruption Risk Management

Integrity is one of the Group's core values. Consistent with this commitment, the Group has established policies and guidelines, which include a series of Ethics and Integrity Policies, Corruption Risk Management ("CRM"), and a Whistle-blowing Policy. The Group's CRM echoes the tone at the top and sets appropriate standards in managing risks arising from fraud, bribery and corruption.

The act of corrupting and of impairing integrity is defined as follows (based on the Malaysian Anti-Corruption Commission Act 2009) in assessing the corruption risk that would affect the Group:

1. Money, donation, gift, loan, fee, reward, valuable security, property, financial benefit or any other similar advantage;
2. Any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage;
3. The offence of giving or accepting gratification by an agent as an inducement or a reward for doing or forbearing to do (i.e. Corruption given to a local authority via a subcontractor);
4. Corruptly gives, promises or offers gratification or favours to any person whether for the benefit of that person or another person (i.e. Award of contract to relatives);
5. An offence intending to deceive his principal (any receipt, account or other documents) of which the principal is interested (i.e. Falsification of claims, data, documents/submission of falsified documents i.e. medical certs);
6. Corruptly procuring submission/withdrawal of tender;
7. Offering bribes to an officer of a public body (Including and not limited to other Government-Linked Companies);
8. Bribery of foreign public officials;
9. Any officer of a public body who uses his office, or position for any gratification, whether for himself, his relative or associate, commits an offence; and
10. Dishonest or fraudulent conduct by those in position, typically involving bribery and gratification.

Duopharma Biotech's CRM Framework is as follows:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Duopharma Biotech has committed itself to fighting corruption in its business activities. The table below depicts the major corruption risks based on the approved Duopharma Biotech CRM Framework and the mitigation strategies outlined in Duopharma Biotech's Organisational Integrity & Anti-Corruption Plan.

Duopharma Biotech Strategic Pillars					
Lead in Innovation	Upgrade of Assets	Balance Portfolio	Accelerated Growth	Leadership in Halal	People Development
Key Processes (linked to Strategic Pillars)					
Procurement and Project Management	Sales, Marketing and Business Development	Research and Development Process	Human Resource Management	Financial Management	
Potential Corruption Risks (linked to key processes)					
Accepting bribe or abuse of position	Sales Representatives offering gratification to physicians or healthcare professionals	Leakage of R&D and/or dossier information to competitors/ 3rd party	Abuse or misuse of discretion and authorisation for offices in foreign countries	Facilitation payment to Hospitals/Key Account Partners	
Appointed authorised agents offer gratification or bribes to Ministry of Health Officials to achieve sales/tenders	Collusion with suppliers to supply low-quality parts	Abuse of power or position and conflict of interest in giving out sponsorship or donation to a third party	Bribery to government officials for approval or award of contracts	Dishonest or fraudulent conduct by those in position	
Mitigation Strategies					
AWARENESS PROGRAMMES	ENHANCEMENT OF CURRENT CONTROLS	PREVENTION ACTIVITIES	PUNITIVE ACTIONS	REWARD INTEGRITY	

The corruption risk assessment, which is under the purview of the GIA, is included in the Group's annual risk assessment pursuant to Paragraph 15.29(1) of the Main Market Listing Requirements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(c) Code of Conduct

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

1. Passion (P)
2. Excellence (E)
3. Teamwork (T)
4. Integrity (I)
5. Responsible (R)
6. Respect (R)

The Code of Conduct was reviewed in the year 2020 to incorporate amendments and updates from the supporting policies.

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

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

As part of the recommended adequate measures in achieving the highest standards of ethical conduct and in compliance with all applicable laws and regulations, steps were taken to strengthen the state of Governance and Integrity in Duopharma Biotech. The Board has approved the following policies in accordance to the ABMS requirements including establishment of the mother policy i.e., Anti-Bribery and Anti-Corruption ("ABAC") Policy. These policies are reviewed at least once every three (3) years and updated to reflect the changing corruption risks. The policies and the guideline include a translated version in Bahasa Malaysia.

1. Whistleblowing Policy – approved by the Board in November 2018;
2. Investigation Procedure – endorsed by the Audit & Integrity and approved by the GMD in February 2019;
3. Gift & Hospitality Policy – approved by the Board in May 2019;
4. Sponsorship Policy – approved by the Board in August 2019;
5. Declaration of Interest Policy – approved by the Board in August 2019;

6. Integrity Pact Policy – approved by the Board in August 2019;
7. Anti-Money Laundering and Counter Financing Terrorism Policy – approved by the Board in December 2019;
8. ABMS Policy (*a subset of ABAC Policy*) – approved by Duopharma Biotech Chairman on 9 September 2020; and
9. Business Ethics Policy (*a subset of ABAC Policy*) – approved by Duopharma Biotech Chairman on 9 September 2020.

The above policies have been communicated to the employees through email and copies of the policies have been uploaded to the intranet for staff reference. We also conducted sessions to brief employees at all sites in 2019 and 2020 including refreshers and many other means to communicate the policy i.e. reminder cards, buntings, posters, computer screen savers and also communication through the Integrity Champions. The Business Ethics Policy and the ABMS Policy are displayed at Duopharma Biotech Group's offices.

(e) Whistleblowing Policy and Procedures

The Group is committed to ensuring its business and operations are conducted in an ethical, moral and legal manner. The Group has established a Whistleblowing Policy ("the Policy") that was approved by the Board in 2018 and the Policy is also made available in Bahasa Malaysia. The Policy refresher briefing was conducted for all staff in Q2 2020.

Whistleblowing provides an avenue for employees and stakeholders to report serious concerns. There are currently five (5) available channels (Speak-Up-Pharma) to address their concerns and the five (5) channels are in Writing Mail, Email, Telephone, Short Messaging Services, and secured website from Web Address.

The channels cover unlawful conduct, financial fraud and malpractice or unethical acts. The Policy also provides assurance that the whistleblower will be protected from possible reprisals or victimisation if they have a reasonable belief that they have made their disclosure in good faith. The reports made in the hotline and associated investigatory records will remain confidential.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Further, an investigation procedure was developed and endorsed by the AIC in February 2019. The purpose of the investigation procedure is to provide the guidelines for conducting investigation and to ensure that 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 2020, there were nine (9) reports received via the whistleblowing channel. All the received reports are disclosed and discussed in the AIC. Further, on a bi-annual basis, the number of whistleblowing reports received and the status is reported to the Malaysian Anti-Corruption Commission.

(f) 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 weekly ethics news were initiated and shared with all employees.

With the amendment and requirements of the Malaysian Anti-Corruption Commission Act 2009 (Act 694) with the inclusion of Section 17A (Corporate Liability Provision) that was effective 1 June 2020, the Mandatory Ethics & Integrity Policies briefing was conducted to all employees to ensure a clear understanding of the newly developed and updated policies. A refresher briefing was conducted in Q2 2020. The Integrity Champions also delivered similar briefings to our colleagues in the production line. Training provided to overseas operations was carried out through a combination of in-person and video conferencing.

(g) New Staff Briefing on Ethics, Integrity & Anti-Corruption

Between January and December 2020, the Integrity Office provided in-person and virtual training to 118 new employees in Malaysia. For new staff who joined the Philippines and Singapore office, the training was carried out by the local Integrity Champions.

(h) Integrity Pact

Integrity Pact (“IP”) was developed by Transparency International (TI) in the 1990s, to assist governments, business institutions and the public to curb corruption. The main objective of the IP is to signify and commit vendors and suppliers to adhere 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 first implemented the IP in 2015 with suppliers on a voluntary basis. Since then, annual Integrity pact briefings were held for new suppliers. With the new IP policy that was approved by the Board in August 2019, all suppliers in Duopharma Biotech are required to sign the IP.

By signing the IP, the Group and its suppliers conform to a bilateral agreement that it will not commit corrupt acts, will work toward creating a business environment that is free from corruption and will uphold the Anti-Corruption Principles in the conduct of its business and in its interactions.

In 2020, virtual briefing sessions were held for the business associates (including overseas suppliers, international distributors, and Bumiputera agents) that was participated by 289 business associates. The briefing included topics on the Section 17A requirements and sanctions, the Company’s policies including the ABAC, Whistleblowing, Gift & Hospitality and the Sponsorship policy.

(i) 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 further facilitate the employees in handling those situations. Ethics programmes also benefit from financial and relationship disclosures and identify potential conflicts so that they can be dealt with efficiently and responsibly.

The Integrity Officer has continued 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(j) Appointment of the Integrity Champions

With the agreement from the AIC and the GMD, the Integrity office appointed ten (10) Integrity Champions located at the respective sites including overseas locations. They are employees respected both for their professional qualities and their exemplary personal conduct.

The Integrity Champion will act as the Integrity Liaison Officer for his/her site or office and works closely with the GIA. The Integrity Champion will become the point of contact/reference for any issues pertaining to Ethics and Integrity by the employees particularly from his/her site or office.

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

Duopharma Biotech was awarded the Five Petals Gold Ethics Award at the Virtual Five Petals BEIM Gold Ethics Award Presentation Ceremony held on 19 December 2020. The inaugural Gold Ethics award recognises the five (5) steps (Criteria #1-5) taken and rewards qualifying organisations with a Petal award upon successful achievement of each criterion and is evaluated by the BEIM council including KPMG as validators. The award is a testament to the Ethics and Integrity initiatives undertaken by the Board and Management of Duopharma Biotech.

BOARD’S ASSESSMENT

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

The Board confirms that the risk management process in identifying, evaluating and managing significant risks faced by the Group has been in place throughout 2020 up to the date of approval of this statement.

For the financial year 2020, the Board is of the view that the system of internal controls was adequate and effective, and has not resulted in any material loss, contingency or uncertainty that would require disclosure in the Annual Report 2020.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide (AAPG) 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants (MIA) for inclusion in the annual report of the Group for the year ended 31 December 2020, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- (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 11 March 2021.

OTHER DISCLOSURES

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

As reported in the Company's Annual Report 2018, all proceeds from the rights issue exercise of Duopharma Biotech which was completed on 22 July 2015 had been fully utilised. The details of utilisation were reported in the Company's Annual Report 2018. 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 2020, the following amount 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	55	25
Group level	328	56

3. MATERIAL CONTRACTS

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

- I. By way of Share Subscription Agreement dated 1 April 2021 ("SSA") made between Naluri Hidup Sdn. Bhd. ("Naluri"), Duopharma Biotech and other investors of Naluri, Duopharma Biotech had agreed to subscribe for 34,294 Series A irredeemable and convertible preference shares ("Series A ICPS") at a total subscription consideration of USD500,000 in accordance with the terms and conditions of the SSA. The subscription is part of the Series A fund-raising exercise by Naluri whereby Naluri offered to its existing shareholders, investors and new investors irredeemable convertible preference shares in the Company in accordance with the terms and conditions of the SSA. The subscription is subject to fulfilment of the following conditions precedent:
 - (a) the Lead Investor (i.e. Integra Partners Fund II (Singapore) Pte. Ltd.) being satisfied with the results of its due diligence investigations over the business, affairs, assets, financial conditions, prospects and records of the Naluri Group;
 - (b) the implementation by Naluri of the employee stock option plan of the Company;
 - (c) Naluri retaining a consultant, to assist the Naluri Group with its product and technology, on such terms agreed with the Lead Investor;
 - (d) Naluri constitution is amended to be consistent with the provisions of the SSA and the Shareholders Agreement (as hereinafter referred to) (collectively the "Transaction Documents") and the approval of the shareholders of Naluri being obtained for the amendment of the constitution;
 - (e) receipt by the subscribers of the Series A ICPS of all requisite approvals for the transactions contemplated under the Transaction Documents;
 - (f) the Transaction Documents have been duly executed, witnessed and stamped by the relevant parties;
 - (g) the Company Warranties by Naluri being true and accurate as of the date of the SSA and as of the completion date as though made on and as of that date; and
 - (h) other conditions precedent that may arise as may be mutually agreed between the Lead Investor and Naluri in writing.

If any of the conditions precedent is not fulfilled by the Cut-Off Date (i.e. 15 April 2021) and such non fulfilment is not either waived by the Lead Investor or the time for the fulfilment thereof is not extended by the parties in writing on or before the Cut-Off Date, each subscriber shall, in respect of itself, be entitled (i) to terminate the SSA in respect of itself; or (ii) to proceed with completion. The SSA is currently pending fulfilment of the conditions precedent.

OTHER DISCLOSURES

The parties also executed a Shareholders Agreement dated 1 April 2021 for the purpose of setting out their mutually agreed rights, duties, liabilities and obligations vis-à-vis each other in relation to the operation of the Naluri based on the terms and conditions as set out therein.

Upon completion of the subscription of the aforesaid 34,294 Series A ICPS and the issuance of 30,000 Series A ICPS to Duopharma Biotech pursuant to the Simple Agreement for Future Equity referred to in sub-paragraph V below, Duopharma Biotech will hold an effective interest of 3.3480% in Naluri.

Naluri is a local pioneer in digital therapeutics, and has developed a proprietary application platform called “Naluri App”, which is a digital health platform, that combines behavioral science, data science, as well as digital design, to offer a holistic health management programme for users.

- II. Duopharma (M) Sendirian Berhad (“DMSB”), a wholly-owned subsidiary of the Company, had on 26 January 2021 entered into the following:
 - (i) a term sheet agreement with the Joint-Stock Company “Management Company of Russian Direct Investment Fund” (“RDIF”) for the distribution of the finished form of the “Sputnik V” adenovirus vector vaccine developed by the Gamaleya National Research Institute of Epidemiology and Microbiology (the “Institute”) for SARS-Cov-2 (COVID-19) (the “Vaccine”) in Malaysia (the “Territory”) (the “RDIF Term Sheet Agreement”); and
 - (ii) a term sheet agreement with the Government of Malaysia (the “Government”), represented by the Ministry of Health, Malaysia, for the supply by DMSB to the Government of the finished form of the Vaccine (the “Government Term Sheet Agreement”).

Subject to the terms and conditions of the definitive Supply Agreement to be negotiated and mutually agreed upon by RDIF and DMSB in respect of the supply of the Vaccine by RDIF to DMSB (the “RDIF Supply Agreement”) and subject to the execution of the definitive Supply Agreement to be negotiated and mutually agreed upon by the Government and DMSB

in respect of the supply of the Vaccine by DMSB to the Government (the “Government Supply Agreement”) and subject to the Vaccine being approved and such approval not being subsequently withdrawn by the Drug Control Authority, Malaysia (“DCA”), RDIF is obliged to sell and deliver and DMSB is obliged to purchase the two-component Vaccine in the minimum quantity of 3,200,000 treatments consisting of 3,200,000 doses of first component (Adv26) and 3,200,000 doses of the second component (Adv5) to treat in total 3,200,000 people (the “Minimum Committed Quantity”).

Subject to the terms and conditions of the RDIF Supply Agreement and subject to the execution of the Government Supply Agreement and subject to the Vaccine being approved and such approval not being subsequently withdrawn by the DCA, DMSB is obliged to sell and deliver and the Government is obliged to purchase the Minimum Committed Quantity of the two-component Vaccine.

Under the respective term sheet agreements, RDIF and DMSB will endeavour to conclude the definitive RDIF Supply Agreement within 30 days from the date of the RDIF Term Sheet, and the Government and DMSB will endeavour to conclude the definitive Government Supply Agreement within 30 days from the date of signing the Government Term Sheet. The Company had on 9 April 2021 announced to the stock exchange operated by Bursa Malaysia Securities Berhad that the respective parties had agreed to extend the time to conclude the execution of the RDIF Supply Agreement and the Government Supply Agreement respectively by 30 April 2021. As at 12 April 2021, the RDIF Supply Agreement and the Government Supply Agreement have yet to be executed and the Vaccine yet to be approved by the DCA.

- III. By a Series C-1 Preferred Stock Purchase Agreement dated 28 August 2020 (“SPA”) made by and among AZTherapies, Inc. (“AZT”), a Delaware corporation, Duopharma Biotech and other investors set out in the SPA, Duopharma Biotech had agreed to purchase and AZT had agreed to sell and issue to Duopharma Biotech 740,742 shares of Series C-1 Preferred Stock (the “Shares”), USD0.0001 par value per Share, at a total purchase price of USD5,000,008.50 and upon the terms and conditions therein contained. In addition to the Shares, the Company shall issue to Duopharma Biotech a warrant to purchase up to 74,074 shares of

OTHER DISCLOSURES

Common Stock of AZT (the “Warrant”), USD0.0001 par value per share, at an exercise price of USD6.75 per share (as adjusted from time to time in accordance with the terms and conditions of the Warrant). The purchase of the Shares has been completed and the Shares and the Warrant have been issued to Duopharma Biotech.

Based on the aforesaid subscription of the Shares and excluding entitlement under the Warrant that has yet to be exercised, Duopharma Biotech holds an effective interest of 1.31% in AZT as at 30 March 2021.

AZT is an advanced clinical-stage biopharmaceutical company developing novel therapies that aim to fundamentally change neurodegenerative disease progression, extending normal cognition and function and improving quality of life in the aging population.

- IV. Duopharma Biotech had on 8 July 2020 entered and executed the following facilities with Bank Islam Malaysia Berhad (“BIMB” or the “Bank”):

- (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 “Facilities”). The purpose of BF-i (1) was to redeem outstanding 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. The purpose of BF-i (2) was to redeem outstanding 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. The tenure of each of the Facilities is nine (9) years.

- V. Following the listing of SCM Lifescience Inc.’s (“SCM Lifescience”) shares on KOSDAQ (Korean Securities Dealers Automated Quotations), Duopharma Biotech had up to 18 June 2020 sold a total of 218,688 SCM Lifescience shares via on-market trading on KOSDAQ at a total aggregated selling price of KRW6,993,577,013. The balance of Duopharma Biotech’s shareholding in SCM Lifescience as at 31 March 2021 is 328,032 shares which represents an equity interest of 2.8% in SCM Lifescience.

- VI. By a Simple Agreement for Future Equity (“SAFE”) dated 10 April 2020 between Duopharma Biotech and Naluri, the parties had agreed that in consideration of the payment of USD250,000 (the “Purchase Amount”) by Duopharma Biotech to Naluri, Naluri granted Duopharma Biotech the rights to subscribe for certain shares in the capital of Naluri and other benefits upon the terms and conditions therein contained. Upon the occurrence of an Equity Financing Event (i.e. a bona fide transaction or series of transactions with the principal purpose of raising capital amounting to at least USD1.5 million in cash (i.e. excluding any converting securities), pursuant to which the Company issues and allots standard preference shares to investor(s)), Naluri shall issue to Duopharma Biotech such number of preference shares in Naluri that is equal to the Purchase Amount divided by the conversion price (as defined in the SAFE). Pursuant to the terms of the SAFE, Naluri and Duopharma Biotech had also entered into the following agreements: -

- (i) Master Development Agreement dated 17 August 2020 for the development of five (5) use cases (“Software”) by Naluri for Duopharma Biotech at a fee to be mutually agreed by the parties prior to the commencement of development of each use case and upon the terms and conditions therein contained; and
- (ii) Master Agreement for Hosting, Management and Maintenance dated 17 August 2020 for the services to be provided Naluri in relation to hosting, management and maintenance of the Software for a monthly fee to be mutually agreed by parties prior to the commencement of such services for each use case and upon the terms and conditions therein contained.

On 1 April 2021, Naluri informed that Naluri had on 1 April 2021 executed a share subscription agreement (“SSA”) with several investors in connection with its Series A fundraising and that the amount raised was approximately USD5,000,000 through the issuance of Series A Irredeemable Convertible Preference Shares (“Series A ICPS”). Naluri also informed that upon completion of the Series A fundraising in accordance with the terms and conditions of the SSA, Naluri will be issuing 30,000 Series A ICPS to Duopharma Biotech pursuant to the SAFE.

OTHER DISCLOSURES

- VII. By Software License and Support Agreement (Software Order Form) and SAP Enterprise Support Schedule executed on 5 August 2019 between Duopharma Biotech Berhad and SAP Malaysia, Duopharma Biotech shall pay SAP maintenance support fees in the sum of about RM2.2 million yearly and about RM483,000 as annual support fees. By the End User License Agreement Acceptance Form (for SAP on Premise Indirect sales) (“EULA”) and Amendments To End User License Agreement Acceptance Form (for SAP On Premise Indirect Sales) executed on 5 August 2019 between Duopharma Biotech and SAP, Duopharma Biotech had purchased additional 11 SAP Software licenses through SAP Partner, NTT Data Business Solutions Malaysia Sdn Bhd, for the total sum of about RM460,000.00. Duopharma Biotech shall pay about RM93,000 per year to SAP for the support services under the SAP Delivered Support Agreement executed on 5 August 2019;
- VIII. Acceptance by Duopharma Biotech of AmBank Islamic Berhad’s letter of offer dated 15 July 2019 for the renewal of Murabahah Tawarruq Term Financing Facility of RM250 million under the Facility Agreement dated 16 June 2017 and Islamic Multi-Trade Facilities dated 19 May 2017 of RM30.0 million entered into between Duopharma Biotech and AmBank Islamic Berhad;
- IX. Acceptance of Forex Facility for Foreign Exchange Line of USD20.0 million for Forward contract not exceeding three (3) years, and Derivatives Transactions Line of USD20.0 million for Interest Rate Swap contract for up to three (3) years, entered between Duopharma Biotech and OCBC Bank (Malaysia) Berhad based on terms and conditions as contained in the bank’s letter of offer dated 15 March 2019;
- X. By way of a Trade Marks License Agreement dated 11 April 2018 made between Chemical Company of Malaysia Berhad (“CCM Berhad”) of the one part and Duopharma Biotech of the other part, CCM Berhad had agreed to grant the license and right for Duopharma Biotech and its affiliates to use the trademarks associated with the “CCM Leaf logo” and “CCM” for a consideration of RM250,000 per annum and upon the terms and conditions therein contained. Duopharma Biotech had on 29 November 2019 exercised its Option to Renew under the Trade Marks License Agreement to renew the license for a further period of 1 year commencing on 1 January 2020. By a letter dated 1 December 2020, CCM Berhad had at Duopharma Biotech’s request, agreed to a further twelve (12) months’ extension of the renewal period of the licenses granted under the Trade Marks License Agreement commencing on 1 January 2021 and expiring on 31 December 2021 at an annual license fee of RM250,000.
- XI. Acceptance by DMSB, a wholly-owned subsidiary of Duopharma Biotech, of a Letter of Offer from Pharmaniaga Logistics Sdn Bhd (“PLSB”) to supply pharmaceutical and/or non-pharmaceutical products as listed in the Letter of Offer to hospitals, clinics and others under the Government of Malaysia from 1 December 2017 until 30 November 2019 (or at such other date as directed by the Government) for a total estimated value of approximately RM156 million. DMSB has received a letter from PLSB notifying DMSB that the Contract Period of the Supply Agreements for the supply of pharmaceutical and/or non-pharmaceutical products by DMSB to hospitals, clinics and others under the Government of Malaysia have been extended for twenty-five (25) months, commencing 1 December 2019 until 31 December 2021; and
- XII. Acceptance of a tender offer by the Government of Malaysia (the “Government”) for Biocon Sdn Bhd (“Biocon”) to manufacture and supply, and for Duopharma Marketing Sdn. Bhd. (“DMktg”), a wholly owned subsidiary of Duopharma Biotech, to deliver human insulin formulation under the Ministry of Health’s Off-Take Agreement Program, for a period of three (3) years commencing on 2 December 2016 until 1 December 2019 and the Off-Take Agreement in relation thereto dated 18 August 2017 between the Government (represented by the Ministry of Health, Malaysia), Biocon and DMktg for a total consideration of RM300,040,500.00. The Government had subsequently agreed to amend the Off-Take Agreement, whereby the amendments include: -
- (a) an extension of the contract period under the Off-Take Agreement by one (1) year effective from 2 December 2019 until 1 December 2020 with an additional contract value of RM91,060,000.00 (“Extension No. 1”); and
 - (b) a further extension of the contract period under the Off-Take Agreement by one (1) year from 2 December 2020 until 1 December 2021 with an additional contract value of RM19,625,100.00 (“Extension No. 2”).

OTHER DISCLOSURES

The amendments in relation to Extension No. 1 had been formalised through the execution of a Supplemental Agreement dated 20 May 2020 between the Government, Biocon and DMktg. The amendments in relation to Extension No. 2 will be formalized through the execution of a further formal supplemental agreement to the Off-Take Agreement between the Government, Biocon and DMktg at a later date.

As at 31 December 2020, the Duopharma Biotech Group has material commitments for capital expenditure of RM19.22 million (contracted but not provided for).

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at 31 December 2020, 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 17 June 2020. 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.

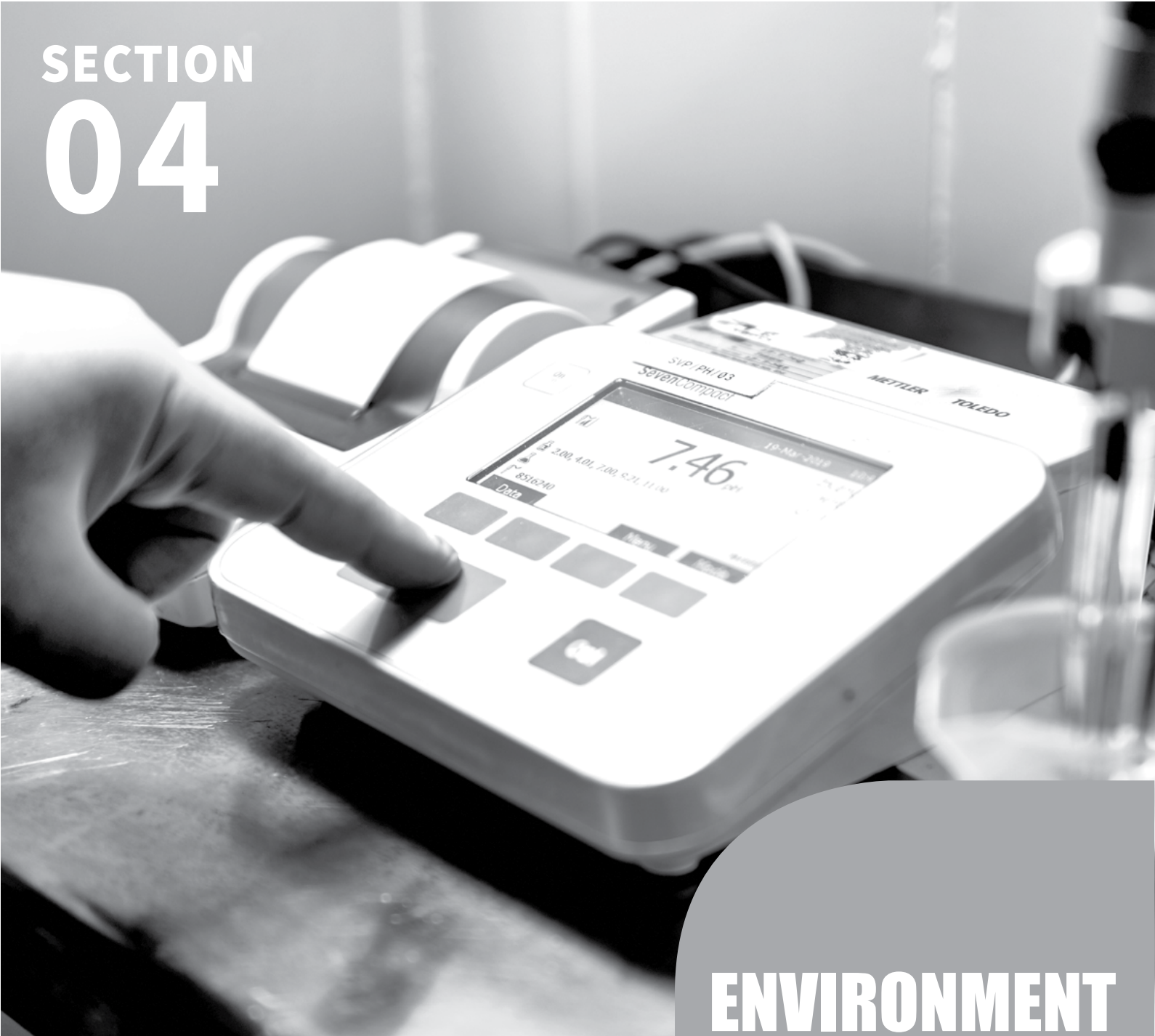
By letter dated 23 May 2018, Bursa Malaysia Securities Berhad had approved the Company's application for waiver from having to comply with Paragraph 10.09 of the Main Market Listing Requirements in respect of any future recurrent related party transactions ("RRPTs") between the Duopharma Biotech group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

Investee Companies than those generally available to the public and are not detrimental to the minority shareholders of the Company. In view of the aforesaid waiver and –

- a) since no other RRPTs of a revenue or trading nature (i.e. other than those falling within the ambit of the aforesaid waiver) were identified or anticipated for the period from the date of the AGM of the Company held on 31 May 2018 until the date of the AGM of the Company held on 31 May 2019, the Company did not seek a new shareholders' mandate to apply to RRPTs of a revenue or trading nature with related parties at the AGM of the Company held on 31 May 2018;
- b) since no other RRPTs of a revenue or trading nature (i.e. other than those falling within the ambit of the aforesaid waiver) were identified or anticipated for the period from the date of the AGM of the Company held on 31 May 2019 until the date of the previous AGM of the Company held on 17 June 2020, the Company did not seek a new shareholders' mandate to apply to RRPTs of a revenue or trading nature with related parties at the AGM of the Company held on 31 May 2019;
- c) since no other RRPTs of a revenue or trading nature (i.e. other than those falling within the ambit of the aforesaid waiver) were identified or anticipated for the period from the date of the AGM of the Company held on 17 June 2020 until the date of the forthcoming AGM of the Company, the Company did not seek a new shareholders' mandate to apply to RRPTs of a revenue or trading nature with related parties at the previous AGM of the Company; and
- d) likewise, since no other RRPTs of a revenue or trading nature (i.e. other than those falling within the ambit of the aforesaid waiver) have as at to date been identified or anticipated for the period from the date of the forthcoming AGM of the Company until the date of the next AGM of the Company in 2022, 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 2020, and no requirement to disclose in this Annual Report on RRPTs conducted pursuant to a shareholders' mandate for RRPTs during the financial year ended 31 December 2020.

SECTION
04



ENVIRONMENT

We embarked on a pilot programme to use biodegradable plastic for storage purposes

SECTION 4 : FINANCIAL REPORT

Directors' Report	85
Statements of Financial Position	91
Statements of Profit or Loss and Other Comprehensive Income	92
Consolidated Statement of Changes in Equity	93
Statement of Changes in Equity	95
Statements of Cash Flows	97
Notes to Financial Statements	101
Statement by Directors	162
Statutory Declaration	163
Independent Auditors' Report to the members of Duopharma Biotech Berhad	164

DIRECTORS' REPORT

For the year ended 31 December 2020

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 2020.

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	58,610	31,852

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 final ordinary dividend of 5 sen per ordinary share totalling RM34,219,158 in respect of the financial year ended 31 December 2019 on 12 August 2020. Out of the total distribution, a total of RM30,517,693 was converted into 21,643,754 new ordinary shares of the Company at the conversion price of RM1.41 per ordinary share under the Dividend Reinvestment Plan; and
- ii) an interim ordinary dividend of 0.5 sen per ordinary share totalling RM3,530,135 in respect of the year ended 31 December 2020 on 11 September 2020.

The second interim ordinary dividend declared by the Directors is 6.0 sen per ordinary share totalling RM42,361,615 in respect of the financial year ended 31 December 2020.

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 2021.

DIRECTORS' REPORT

For the year ended 31 December 2020

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

Subsidiaries

Duopharma (M) Sendirian Berhad

Leonard Ariff bin Abdul Shatar

Sabrina binti Haron (appointed on 1 June 2020)

Mohd Fairuz Khan bin Pret Khan (appointed on 22 December 2020)

Wan Amir-Jeffery bin Wan Abdul Majid (resigned on 22 December 2020)

Duopharma Manufacturing (Bangi) Sdn. Bhd.

Shamsul Idham bin A.lahad

Feizril Nor bin Nurbi

Mohd Fairuz Khan bin Pret Khan (appointed on 1 June 2020, resigned on 22 December 2020)

Duopharma Marketing Sdn. Bhd.

Wan Amir-Jeffery bin Wan Abdul Majid

Noor Aida binti Jaafar (appointed on 22 December 2020)

Urudra a/l N. Sarvanantham (resigned on 22 December 2020)

Duopharma Consumer Healthcare Sdn. Bhd.

Wan Amir-Jeffery bin Wan Abdul Majid

Feizril Nor bin Nurbi (appointed on 1 June 2020)

Shamsul Idham bin A.lahad (appointed on 22 December 2020)

Leonard Ariff bin Abdul Shatar (resigned on 22 December 2020)

DIRECTORS' REPORT

For the year ended 31 December 2020

DIRECTORS OF THE COMPANY (CONTINUED)

Subsidiaries (continued)

Duopharma HAPI Sdn. Bhd.

Wan Amir-Jeffery bin Wan Abdul Majid
 Mohd Idzwan bin Mohd Malik (appointed on 1 June 2020)
 Noor Aida binti Jaafar (appointed on 22 December 2020)
 Ng Su Yee (resigned on 2 June 2020)

Duopharma Innovation Sdn. Bhd.

Leonard Ariff bin Abdul Shatar
 Wan Amir-Jeffery bin Wan Abdul Majid
 Krisnakumara-Reddi a/l Kesava-Reddi (appointed on 1 June 2020)

Unique Pharmacy (Penang) Sdn. Bhd.

Krisnakumara-Reddi a/l Kesava-Reddi (appointed on 1 June 2020)
 Shamsul Idham bin A.lahad (appointed on 22 December 2020)
 Ng Su Yee (appointed on 22 December 2020)
 Chek Wu Kong (resigned on 22 December 2020)
 Wan Amir-Jeffery bin Wan Abdul Majid (resigned on 22 December 2020)

Sentosa Pharmacy Sdn. Bhd.

Wan Amir-Jeffery bin Wan Abdul Majid
 Urudra a/l N. Sarvanantham
 Chek Wu Kong (appointed on 1 June 2020)

Duopharma Manufacturing (Glenmarie) Sdn. Bhd.

Leonard Ariff bin Abdul Shatar
 Wan Amir-Jeffery bin Wan Abdul Majid
 Ng Su Yee (appointed on 1 June 2020)

Negeri Pharmacy Sdn. Bhd.

Urudra a/l N Sarvanantham
 Chek Wu Kong
 Shamsul Idham bin A.lahad (appointed on 1 June 2020)

Duopharma (Singapore) Pte. Ltd.

Urudra a/l N. Sarvanantham
 Wan Amir-Jeffery bin Wan Abdul Majid
 Teo Cheng Peow

DB (Philippines) Inc.

Wan Amir-Jeffery bin Wan Abdul Majid
 Roberto Y. Ysla (ceased on 18 February 2021)
 Urudra a/l N. Sarvanantham
 Darwin Ropher Perez
 Dante O. Perez

DIRECTORS' REPORT

For the year ended 31 December 2020

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 1.1.2020	Bought/ Received	Sold	At 31.12.2020
Interests in Duopharma Biotech Berhad:				
Datuk Mohd Radzif bin Mohd Yunus	18,970	-	-	18,970

None of the other Directors holding office at 31 December 2020 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 those fees and other benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up share capital from 684,383,164 ordinary shares to 706,026,918 ordinary shares by way of issuance of 21,643,754 new ordinary shares amounting to RM 30,517,693 arising from the implementation of Dividend Reinvestment Plan for 2019 final dividend.

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS' REPORT

For the year ended 31 December 2020

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 RM42,808.

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2020 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 2020

AUDITORS

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

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

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

TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SH BAKIR

Director

LEONARD ARIFF BIN ABDUL SHATAR

Director

Kuala Lumpur

11 March 2021

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Assets					
Property, plant and equipment	3	441,789	412,248	1,858	2,239
Investment property	4	1,100	1,200	-	
Intangible assets	5	35,066	28,113	4,097	-
Investments in subsidiaries	6	-	-	386,090	379,370
Other investments	7	112,247	51,839	112,247	51,839
Deferred tax assets	8	8,537	9,196	-	-
Trade and other receivables	9	-	-	47,815	-
Total non-current assets		598,739	502,596	552,107	433,448
Inventories	10	151,266	144,003	-	-
Current tax assets		8,217	6,595	873	-
Trade and other receivables	9	142,181	145,938	140,795	147,046
Cash and cash equivalents	11	158,029	120,669	75,679	62,117
Total current assets		459,693	417,205	217,347	209,163
Total assets		1,058,432	919,801	769,454	642,611
Equity					
Share capital	12.1	404,922	374,404	404,922	374,404
Reserves		18,717	(27,600)	18,840	(27,873)
Retained earnings		220,182	182,946	52,516	42,038
Equity attributable to owners of the Company		643,821	529,750	476,278	388,569
Liabilities					
Loans and borrowings	13	253,281	139,738	253,281	139,738
Trade and other payables	14	659	818	219	634
Deferred tax liabilities	8	10,350	10,053	-	-
Total non-current liabilities		264,290	150,609	253,500	140,372
Loans and borrowings	13	48,793	124,663	28,793	102,580
Trade and other payables	14	100,784	114,127	10,883	10,674
Current tax liabilities		744	652	-	416
Total current liabilities		150,321	239,442	39,676	113,670
Total liabilities		414,611	390,051	293,176	254,042
Total equity and liabilities		1,058,432	919,801	769,454	642,611

The notes on pages 101 to 161 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	15	569,902	576,462	63,356	41,312
Cost of sales		(336,701)	(344,395)	-	-
Gross profit		233,201	232,067	63,356	41,312
Other income		648	1,242	-	851
Distribution and marketing expenses		(81,159)	(85,818)	-	-
Administrative expenses		(69,655)	(69,534)	(27,701)	(28,316)
Net gain on reversal of impairment of financial instruments		820	412	-	-
Other expenses		(1,999)	(724)	(1,909)	-
Results from operating activities	16	81,856	77,645	33,746	13,847
Finance income	17	1,510	1,463	7,295	7,464
Finance costs	18	(7,209)	(8,299)	(9,283)	(10,439)
Profit before tax		76,157	70,809	31,758	10,872
Tax expense	20	(17,547)	(15,536)	94	(628)
Profit for the year		58,610	55,273	31,852	10,244
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		63,088	(224)	63,088	(224)
Items that are or may be reclassified subsequent to profit or loss					
Foreign currency translation differences for foreign operations		(396)	(154)	-	-
		62,692	(378)	63,088	(224)
Total comprehensive income for the year		121,302	54,895	94,940	10,020
Basic earnings per ordinary share (sen)	21	8.46	8.25		

The notes on pages 101 to 161 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Note	Attributable to owners of the Company				
		Non-distributable			Distributable	
		Share capital RM'000	Translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000
Group						
At 1 January 2019		347,188	427	(27,649)	160,949	480,915
Foreign currency translation differences for foreign operations		-	(154)	-	-	(154)
Net change in fair value of equity instrument designated at FVOCI		-	-	(224)	-	(224)
Total other comprehensive income for the year		-	(154)	(224)	-	(378)
Profit for the year		-	-	-	55,273	55,273
Profit and total comprehensive income for the year		-	(154)	(224)	55,273	54,895
<i>Contributions by and distributions to owners of the Company</i>						
- Issuance of shares pursuant to Dividend Reinvestment Plan		27,216	-	-	-	27,216
- Dividends to owners of the Company	22	-	-	-	(33,276)	(33,276)
Total transactions with owners of the Company		27,216	-	-	(33,276)	(6,060)
At 31 December 2019		374,404	273	(27,873)	182,946	529,750
		Note 12.1	Note 12.2	Note 12.3		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

(CONTINUED)

	Note	Attributable to owners of the Company				
		Non-distributable			Distributable	
		Share capital RM'000	Translation reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000
Group						
At 1 January 2020		374,404	273	(27,873)	182,946	529,750
Foreign currency translation differences for foreign operations		-	(396)	-	-	(396)
Net change in fair value of equity instrument designated at FVOCI		-	-	63,088	-	63,088
Total other comprehensive income for the year		-	(396)	63,088	-	62,692
Profit for the year		-	-	-	58,610	58,610
Profit and total comprehensive income for the year		-	(396)	63,088	58,610	121,302
<i>Contributions by and distributions to owners of the Company</i>						
- Issuance of shares pursuant to Dividend Reinvestment Plan		30,518	-	-	-	30,518
- Dividends to owners of the Company	22	-	-	-	(37,749)	(37,749)
Total transactions with owners of the Company		30,518	-	-	(37,749)	(7,231)
Transfer upon the disposal of equity investment designated at FVOCI	7	-	-	(16,375)	16,375	-
At 31 December 2020		404,922	(123)	18,840	220,182	643,821
		Note 12.1	Note 12.2	Note 12.3		

The notes on pages 101 to 161 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Note	Attributable to owners of the Company			
		Non-distributable		Distributable	
		Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000
Company					
At 1 January 2019		347,188	(27,649)	65,070	384,609
Net change in fair value of equity instrument designated at FVOCI		-	(224)	-	(224)
Total other comprehensive income for the year		-	(224)	-	(224)
Profit for the year		-	-	10,244	10,244
Profit and total comprehensive income for the year		-	(224)	10,244	10,020
<i>Contributions by and distributions to owners of the Company</i>					
- Issuance of share pursuant to Dividend Reinvestment Plan		27,216	-	-	27,216
- Dividends to owners of the Company	22	-	-	(33,276)	(33,276)
Total transactions with owners of the Company		27,216	-	(33,276)	(6,060)
At 31 December 2019		374,404	(27,873)	42,038	388,569
		Note 12.1	Note 12.3		

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

(CONTINUED)

	Note	Attributable to owners of the Company			
		Non-distributable		Distributable	
		Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000
Company					
At 1 January 2020		374,404	(27,873)	42,038	388,569
Net change in fair value of equity instrument designated at FVOCI		-	63,088	-	63,088
Total other comprehensive income for the year		-	63,088	-	63,088
Profit for the year		-	-	31,852	31,852
Profit and total comprehensive income for the year		-	63,088	31,852	94,940
<i>Contributions by and distributions to owners of the Company</i>					
- Issuance of share pursuant to Dividend Reinvestment Plan		30,518	-	-	30,518
- Dividends to owners of the Company	22	-	-	(37,749)	(37,749)
Total transactions with owners of the Company		30,518	-	(37,749)	(7,231)
Transfer upon the disposal of equity investment designated at FVOCI	7	-	(16,375)	16,375	-
At 31 December 2020		404,922	18,840	52,516	476,278
		Note 12.1	Note 12.3		

The notes on pages 101 to 161 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from operating activities					
Profit before tax		76,157	70,809	31,758	10,872
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	3	27,477	26,673	747	650
Write off on property, plant and equipment	16	39	1,965	-	-
Amortisation of intangible assets	5	1,590	181	344	-
Write off on intangible assets	5	962	919	-	-
Dividend income		-	-	(36,233)	(14,084)
Finance cost	18	7,209	8,299	9,283	10,439
Finance income from					
- Cash and cash equivalents	17	(1,510)	(1,463)	(679)	(622)
- Subsidiaries		-	-	(6,616)	(6,842)
Reversal of impairment on trade receivables		(820)	(412)	-	-
Net inventories written down	10	5,551	1,144	-	-
Net inventories written off	10	8,736	9,834	-	-
Net unrealised foreign exchange gain	16	(382)	(406)	(133)	(805)
Change in fair value of investment properties		100	-	-	-
Operating profit/(loss) before changes in working capital		125,109	117,543	(1,529)	(392)
Change in inventories		(21,366)	(15,516)	-	-
Change in trade and other receivables		4,544	(19,552)	(6,859)	13,462
Change in trade and other payables		(12,476)	12,272	839	(389)
Cash generated from/(used in) operations		95,811	94,747	(7,549)	12,681
Interest paid		(6,342)	(9,202)	(7,975)	(10,059)
Tax paid		(18,851)	(19,759)	(1,483)	(811)
Tax refund		730	1,170	288	1,122
Net cash generated from/(used in) operating activities		71,348	66,956	(16,719)	2,933

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2020

(CONTINUED)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(56,111)	(53,362)	(366)	(1,419)
Acquisition of intangible assets	5	(9,505)	(7,526)	(4,441)	-
Increase in investments in subsidiaries	6	-	-	(6,720)	-
Proceeds from disposal of other investments		24,598	-	24,598	
Acquisition of other investments		(21,918)	-	(21,918)	
Interest received from					
- Cash and cash equivalents		1,510	1,463	679	622
- Subsidiaries		-	-	8,144	5,314
Net cash (used in)/generated from investing activities		(61,426)	(59,425)	(24)	4,517
Cash flows from financing activities					
Dividends paid to owners of the Company		(7,231)	(6,060)	(7,231)	(6,060)
Payment of lease liabilities		(783)	(754)	(395)	(374)
Proceeds from borrowings		193,807	45,194	179,560	33,111
Repayment of loan and borrowings		(157,959)	(23,342)	(141,629)	(23,342)
Net cash generated from financing activities		27,834	15,038	30,305	3,335
Net increase in cash and cash equivalents		37,756	22,569	13,562	10,785
Exchange differences on translation of financial statement of foreign operations		(396)	(154)	-	-
Cash and cash equivalents at 1 January		120,669	98,254	62,117	51,332
Cash and cash equivalents at 31 December		158,029	120,669	75,679	62,117

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2020

(CONTINUED)

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	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits placed with licensed banks	11	1,462	10,834	-	-
Cash and bank balances	11	102,661	66,964	21,773	19,246
Highly liquid investment with financial institutions	11	53,906	42,871	53,906	42,871
		158,029	120,669	75,679	62,117

Cash outflows for leases as a lessee

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Included in net cash from operating activities:					
Payment relating to leases of low value assets	16	861	634	4	7
Payment relating to variable lease payments not included in the measure of lease liabilities	16	1,995	1,973	-	-
Interest paid in relation to lease liabilities	18	55	91	44	63
Included in net cash from financing activities:					
Payment of lease liabilities		783	754	395	374
Total cash outflows for leases		3,694	3,452	443	444

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2020

(CONTINUED)

Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	At 1 January 2019 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	Addition of new lease RM'000	At 31 December 2019/1 January 2020 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	Addition of new lease RM'000	At 31 December 2020 RM'000
Term loan	136,650	18,088	-	-	154,738	111,222	-	-	265,960
Revolving credit	106,842	1,683	(943)	-	107,582	(73,293)	1,825	-	36,114
Banker's acceptance	-	2,081	-	-	2,081	(2,081)	-	-	-
Lease liabilities	1,929	(754)	-	421	1,596	(783)	-	447	1,260
Total liabilities from financing activities	245,421	21,098	(943)	421	265,997	35,065	1,825	447	303,334

Company	At 1 January 2019 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	At 31 December 2019/1 January 2020 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	At 31 December 2020 RM'000
Term loan	136,650	18,088	-	154,738	111,222	-	265,960
Revolving credit	96,842	(8,319)	(943)	87,580	(73,291)	1,825	16,114
Lease liabilities	1,405	(374)	-	1,031	(395)	-	636
Total liabilities from financing activities	234,897	9,395	(943)	243,349	37,536	1,825	282,710

The notes on pages 101 to 161 are an integral part of these financial statements.

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
Kawasan 3, Taman Klang Jaya
41200 Klang
Selangor Darul Ehsan
Malaysia

Registered office

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2020 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 2020 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 11 March 2021.

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:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases – COVID-19-Related Rent Concessions*

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

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – 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 Company plans to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2021 for the amendment that is effective for annual periods beginning on or after 1 June 2020.
- from the annual period beginning on 1 January 2021 for those amendments that are effective for annual periods beginning on or after 1 January 2021.
- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for amendments MFRS 141 which is not applicable to the Company.
- 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 which is not applicable to the Company.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements

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

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

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

- Note 3 – Extension options and incremental borrowing rate in relation to leases
- Note 5 – Intangible assets
- Note 15 – Revenue
- Note 24 – Measurement of expected credit loss (“ECL”)

2. SIGNIFICANT ACCOUNTING POLICIES

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

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Business combinations

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

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

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

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

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

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

(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 (CONTINUED)

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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

Financial assets (continued)

(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 (CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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

Financial liabilities (continued)

(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 (CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

The lease liability is initially measured 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(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.

(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 (CONTINUED)

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	10 years

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investment property

Investment property carried at fair value

Investment properties are properties which are owned or 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.

(h) Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

(j) Contract asset/Contract liability

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

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

(k) Cash and cash equivalents

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

(l) Impairment

(i) Financial assets

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment (continued)

(i) Financial assets (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment (continued)

(ii) Other assets (continued)

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

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

(m) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

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

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

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

(iv) Distribution of assets to owners of the Company

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

(o) Provisions

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

Warranties

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

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue and other income (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Income tax (continued)

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.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(u) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Contingencies (continued)

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(v) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value 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 (CONTINUED)

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 2019	69,882	58,171	197,501	8,954	1,680	959	105,985	92,592	535,724
Additions	-	501	32,436	1,839	70	1,085	17,431	421	53,783
Borrowing costs capitalised at 4.16% per annum	-	-	-	-	-	-	1,400	-	1,400
Write off	-	-	-	(126)	(19)	-	(1,957)	-	(2,102)
Transfer to intangible assets	-	-	-	-	-	-	(2,284)	-	(2,284)
Reclassification	-	-	27,241	-	-	-	(27,241)	-	-
Effect of exchange rate	-	-	-	13	(20)	-	-	-	(7)
At 31 December 2019/ 1 January 2020	69,882	58,672	257,178	10,680	1,711	2,044	93,334	93,013	586,514
Additions	-	207	19,266	2,524	115	409	33,590	447	56,558
Borrowing costs capitalised at 3.39% per annum	-	-	-	-	-	-	485	-	485
Write off	-	-	(220)	(578)	-	-	-	(3)	(801)
Reclassification	-	60,690	822	92	-	-	(61,604)	-	-
Effect of exchange rate	-	-	-	46	-	-	-	-	46
At 31 December 2020	69,882	119,569	277,046	12,764	1,826	2,453	65,805	93,457	642,802

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	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									
Depreciation									
At 1 January 2019	-	16,517	116,590	5,588	810	714	-	7,520	147,739
Depreciation for the year	-	2,759	18,768	1,138	244	298	-	3,466	26,673
Write off	-	-	-	(118)	(19)	-	-	-	(137)
Effect of exchange rate	-	-	-	10	(19)	-	-	-	(9)
At 31 December 2019/ 1 January 2020	-	19,276	135,358	6,618	1,016	1,012	-	10,986	174,266
Depreciation for the year	-	2,032	19,887	1,437	231	407	-	3,483	27,477
Write off	-	-	(185)	(574)	-	-	-	(3)	(762)
Effect of exchange rate	-	-	-	32	-	-	-	-	32
At 31 December 2020	-	21,308	155,060	7,513	1,247	1,419	-	14,466	201,013
Carrying amounts									
At 1 January 2019	69,882	41,654	80,911	3,366	870	245	105,985	85,072	387,985
At 31 December 2019	69,882	39,396	121,820	4,062	695	1,032	93,334	82,027	412,248
At 31 December 2020	69,882	98,261	121,986	5,251	579	1,034	65,805	78,991	441,789

Note 3.1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Own use		Right-of-use asset RM'000	Total RM'000
	Office equipment, furniture and fittings RM'000	Renovation RM'000		

Company

Cost

At 1 January 2019	176	-	1,451	1,627
Additions	419	1,000	-	1,419
At 31 December 2019/1 January 2020	595	1,000	1,451	3,046
Additions	366	-	-	366
At 31 December 2020	961	1,000	1,451	3,412

Depreciation

At 1 January 2019	2	-	155	157
Depreciation for the year	75	205	370	650
At 31 December 2019/1 January 2020	77	205	525	807
Depreciation for the year	108	280	359	747
At 31 December 2020	185	485	884	1,554

Carrying amounts

At 1 January 2019	174	-	1,296	1,470
At 31 December 2019	518	795	926	2,239
At 31 December 2020	776	515	567	1,858

Note 3.1

3.1 As a lessee

Right-of-use assets

	Land RM'000	Buildings RM'000	Total RM'000
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Group

Cost

At 1 January 2019	18,103	74,489	92,592
Additions	-	421	421
At 31 December 2019/1 January 2020	18,103	74,910	93,013
Additions	-	447	447
Disposal	-	(3)	(3)
At 31 December 2020	18,103	75,354	93,457

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 2019	1,112	6,408	7,520
Depreciation for the year	614	2,852	3,466
At 31 December 2019/1 January 2020	1,726	9,260	10,986
Depreciation for the year	616	2,867	3,483
Disposal	-	(3)	(3)
At 31 December 2020	2,342	12,124	14,466
Carrying amounts			
At 31 December 2019	16,377	65,650	82,027
At 31 December 2020	15,761	63,230	78,991

	Building RM'000
Company	
Cost	
At 1 January 2019/31 December 2019/31 December 2020	1,451
Depreciation	
At 1 January 2019	155
Depreciation for the year	370
At 31 December 2019	525
Depreciation for the year	359
At 31 December 2020	884
Carrying amounts	
At 31 December 2019	926
At 31 December 2020	567

The Group and the Company lease buildings and land under operating lease. The lease typically run for a period of 3 years.

Significant judgements and assumptions in relation to leases

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. INVESTMENT PROPERTY

	Group	
	2020 RM'000	2019 RM'000
At 1 January	1,200	1,200
Change in fair value recognised in profit and loss	(100)	-
At 31 December	1,100	1,200
Included in the above is:		
At fair value		
Leasehold land with unexpired lease period of more than 50 years	1,100	1,200

4.1 Fair value information

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sales comparison approach: Sales price of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.	Recent transactions of similar properties at or near reporting date with similar land usage, land size and location. The characteristics, merits and disadvantages of these properties are noted and diligent adjustments thereof are then made by valuer to reflect the differences and to arrive at the value of the property.	The estimated fair value would increase (decrease) if recent transactions of similar properties at or near reporting date with similar land usage, land size and location were higher (lower).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. INVESTMENT PROPERTY (CONTINUED)

4.1 Fair value information (continued)

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.

5. INTANGIBLE ASSETS

	Marketing rights RM'000	Development costs RM'000	Computer software RM'000	Total RM'000
Group				
Cost				
At 1 January 2019	838	18,915	-	19,753
Additions	-	7,526	-	7,526
Transfer from property, plant, equipment	-	2,284	-	2,284
Write off	-	(919)	-	(919)
At 31 December 2019/1 January 2020	838	27,806	-	28,644
Additions	49	5,015	4,441	9,505
Write off	-	(962)	-	(962)
At 31 December 2020	887	31,859	4,441	37,187
Amortisation				
At 1 January 2019	(162)	(188)	-	(350)
Amortisation for the year	(81)	(100)	-	(181)
At 31 December 2019/1 January 2020	(243)	(288)	-	(531)
Amortisation for the year	(81)	(1,165)	(344)	(1,590)
At 31 December 2020	(324)	(1,453)	(344)	(2,121)
Carrying amount				
At 1 January 2019	676	18,727	-	19,403
At 31 December 2019	595	27,518	-	28,113
At 31 December 2020	563	30,406	4,097	35,066

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. INTANGIBLE ASSETS (CONTINUED)

	Computer software RM'000
Company	
Cost	
At 1 January 2019/31 December 2019/1 January 2020	-
Additions	4,441
At 31 December 2020	4,441
Amortisation	
At 1 January 2019/31 December 2019/1 January 2020	-
Amortisation for the year	(344)
At 31 December 2020	(344)
Carrying amount	
At 1 January 2019/31 December 2019	-
At 31 December 2020	4,097

Marketing rights

The carrying amount of marketing rights amounting to RM563,000 (2019: RM595,000) 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.

Some of the products have commenced commercial activity and is being amortised accordingly. However, there are products that are yet to be fully commercialised at year-end. The management made an assumption that the development costs will be recovered through future commercial activity when the products are fully commercialised in the future.

Computer software

The carrying amount of computer software amounting to RM4,097,000 (2019: Nil) represents the Enterprise Resource Planning ("ERP") software to support the operations of the business.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost	386,090	379,370

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business	Principal activities	Effective ownership interest and voting interest	
			2020 %	2019 %
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 medicine 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
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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. OTHER INVESTMENTS

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current					
Fair value through other comprehensive income	7.1	112,247	51,839	112,247	51,839

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.

	Group and Company Fair value at 31 December RM'000
2020	
PanGen Biotech Inc.	30,335
SCM Lifescience Inc.	59,994
AZTherapies, Inc.	20,885
Naluri Hidup Sdn. Bhd.	1,033
	112,247
2019	
PanGen Biotech Inc.	22,183
SCM Lifescience Inc.	29,656
	51,839

During the year, the Group partially disposed the following investment which is carried at fair value through other comprehensive income:

Group	Fair value at derecognition RM'000	Cumulative gain on disposal RM'000
SCM Lifescience Inc.	24,598	16,375

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Group						
Property, plant and equipment	-	-	(22,041)	(20,962)	(22,041)	(20,962)
Lease liabilities	15	18	-	-	15	18
Provisions	9,912	8,381	-	-	9,912	8,381
Unutilised capital allowance carry-forwards	7,132	6,847	-	-	7,132	6,847
Unutilised reinvestment allowance	4,681	4,681	-	-	4,681	4,681
Tax losses carry-forwards	259	1,103	-	-	259	1,103
Other items	1,977	2,726	(3,748)	(3,651)	(1,771)	(925)
Tax assets/(liabilities)	23,976	23,756	(25,789)	(24,613)	(1,813)	(857)
Set off of tax	(15,439)	(14,560)	15,439	14,560	-	-
Net tax assets/(liabilities)	8,537	9,196	(10,350)	(10,053)	(1,813)	(857)

Unrecognised deferred tax assets

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Tax loss carry-forwards	14,751	14,357	-	-
Other deductible temporary differences	3,801	4,315	694	2,368
	18,552	18,672	694	2,368

Under the current tax legislation, tax loss carry-forwards can only be carried forward up to seven years from the end of qualifying period with effect from the year of assessment 2019. The Group's tax loss carry-forwards amounting to RM115,000 will expire by year of assessment 2025, RM14,242,000 will expire by year of assessment 2026 and RM394,000 will expire in the year of assessment 2027. Deferred tax assets have not been recognised in respect of these temporary differences because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movement in temporary differences during the year

	At 1.1.2019 RM'000	Recognised in profit or loss (Note 20) RM'000	At 31.12.2019/ 1.1.2020 RM'000	Recognised in profit or loss (Note 20) RM'000	At 31.12.2020 RM'000
Group					
Property, plant and equipment	(19,328)	(1,634)	(20,962)	(1,183)	(22,145)
Lease liabilities	-	18	18	(18)	-
Provisions	7,681	700	8,381	1,507	9,888
Unutilised capital allowance carry-forwards	6,251	596	6,847	259	7,106
Unutilised reinvestment allowance	4,139	542	4,681	-	4,681
Tax losses carry-forwards	1,201	(98)	1,103	(844)	259
Other items	(986)	61	(925)	(677)	(1,602)
Total	(1,042)	185	(857)	(956)	(1,813)

9. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current					
Non-trade					
Amount due from subsidiaries	9.1	-	-	47,815	-
Current					
Trade					
Trade receivables		112,992	111,889	-	-
Non-trade					
Amount due from subsidiaries	9.2	-	-	140,573	138,548
Other receivables and deposits	9.3	28,521	33,278	138	8,433
Prepayments		668	771	84	65
		29,189	34,049	140,795	147,046
		142,181	145,938	140,795	147,046
		142,181	145,938	188,610	147,046

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

- 9.1 The non-current non-trade amount due from subsidiaries are unsecured, subject to interest at 5.0% per annum.
- 9.2 The current non-trade amounts due from subsidiaries are unsecured, subject to interest at 5.0% per annum (2019: 5.0% per annum) and repayable on demand.
- 9.3 Included in other receivables and deposits are deposits for new plant and machineries amounting to RM24,956,000 (2019: RM20,973,000).

10. INVENTORIES

	Group	
	2020 RM'000	2019 RM'000
Raw materials and consumables	39,727	31,220
Work-in-progress	6,701	3,241
Packing materials	11,763	11,529
Finished goods	93,075	98,013
	151,266	144,003
Recognised in profit or loss:		
Inventories recognised as cost of sales	121,595	189,884
Net inventories written down	5,551	1,144
Net inventories written off	8,736	9,834

11. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits placed with licensed banks		1,462	10,834	-	-
Cash and bank balances		102,661	66,964	21,773	19,246
Highly liquid investments with financial institutions	11.1	53,906	42,871	53,906	42,871
		158,029	120,669	75,679	62,117

11.1 Highly liquid investments with financial institutions

The Directors regard the highly liquid investments as cash and cash equivalents in view of its high liquidity and insignificant changes in value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. CAPITAL AND RESERVES

12.1 Share capital

	Note	Group and Company			
		Number of shares 2020 '000	Amount 2020 RM'000	Number of shares 2019 '000	Amount 2019 RM'000
Issued and fully paid:					
Ordinary shares					
At 1 January		684,383	374,404	661,881	347,188
Issuance pursuant to dividend reinvestment plan	12.1.1	21,644	30,518	22,502	27,216
At 31 December		706,027	404,922	684,383	374,404

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 2019 Final Dividend at a conversion price of RM1.41 per ordinary share and had successfully issued and allotted 21,643,754 new shares on 12 August 2020.

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 (CONTINUED)

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	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current					
Term loan - unsecured		253,281	139,738	253,281	139,738
Current					
Term loan - unsecured	13.1	12,679	15,000	12,679	15,000
Revolving credit - unsecured	13.2	36,114	107,582	16,114	87,580
Banker's acceptance	13.3	-	2,081	-	-
		48,793	124,663	28,793	102,580
		302,074	264,401	282,074	242,318

13.1 Term loan – unsecured

- a) On 30 June 2015, the Company obtained a RM245 million term loan facility, divided into two tranches. The Company has settled Tranche 1 of RM133 million on 23 July 2015. Tranche 2 of RM112 million is payable over 7 years and is subject to interest at the rate of 4.5% per annum.

The significant covenant for the unsecured term loan above are as follows:

- i) It is a condition that Permodalan Nasional Berhad (“PNB”) shall at all time, directly or indirectly, owns its majority shareholding in the Company's issued and paid up share capital; and
- ii) Debt-to-equity ratio on consolidated level shall not exceed 1.5 times throughout the tenure of the facility.

The Company has fully repaid the term loan facility Tranche 2 in July 2020.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. LOANS AND BORROWINGS (CONTINUED)

13.1 Term loan – unsecured (continued)

- b) On 16 June 2017, the Company obtained a RM250 million term loan facility, payable over 10 years (including a grace period of 3 years) from the date of the first disbursement of the facility and is subject to interest at the rate of 3.53% - 4.89% per annum.

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.

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.
- c) 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 is subject to interest at the rate of 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 revolving credit as at 31 December 2020 amounting to RM36,114,000 (2019: RM107,582,000) are revolving credits maturing between one to twelve months.

13.3 Banker’s acceptance

The Group’s banker’s acceptance as at 31 December 2020 amounting to Nil (2019: RM2,081,000) are banker’s acceptance maturing between one to three months.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current					
Lease liabilities		659	818	219	634
Current					
Trade					
Trade payables		22,933	34,670	-	-
Non-trade					
Amount due to subsidiaries	14.1	-	-	2,552	2,699
Amount due to related companies	14.1	-	2,769	-	2,831
Other payables		26,411	22,080	3,074	65
Accrued expenses		50,839	53,830	4,840	4,682
Lease liabilities		601	778	417	397
		77,851	79,457	10,883	10,674
		100,784	114,127	10,883	10,674
		101,443	114,945	11,102	11,308

14.1 The non-trade amounts due to subsidiaries and related companies are unsecured, interest free and repayable on demand.

15. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers	569,902	576,462	27,123	27,228
Other revenue				
Dividend income	-	-	36,233	14,084
	569,902	576,462	63,356	41,312

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. REVENUE (CONTINUED)

15.1 Disaggregation of revenue

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Primary geographical market				
Malaysia	525,426	530,553	61,851	40,092
Other countries	44,476	45,909	1,505	1,220
	569,902	576,462	63,356	41,312
Type of market				
Public sector	266,422	283,997	-	-
Private sector	303,480	292,465	63,356	41,312
	569,902	576,462	63,356	41,312
Timing and recognition				
At a point in time	569,902	576,462	63,356	41,312
	569,902	576,462	63,356	41,312

15.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Type of market	Timing of recognition or method used to 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 customers based on the total invoice value.	The Group allows returns for exchange with new goods.
Private sector	Revenue is recognised when the goods are delivered and accepted by the customers at their premises.	Credit period of 30 to 90 days from invoice date.	Sales rebates are given to customers based on the total invoice value.	The Group allows returns for exchange with new goods and cash refunds.

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 (CONTINUED)

16. RESULTS FROM OPERATING ACTIVITIES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Operating profit is arrived at after charging/(crediting):					
Auditors' remuneration:					
- Audit fees					
KPMG in Malaysia		268	250	55	50
Other auditors		60	50	-	-
- Non-audit fees					
KPMG in Malaysia		56	26	25	12
Depreciation on property, plant and equipment	3	27,477	26,673	747	650
Write off on property, plant and equipment	3	39	1,965	-	-
Amortisation of intangible assets	5	1,590	181	344	-
Write off on intangible assets	5	962	919	-	-
Reversal of impairment on trade receivables		(820)	(412)	-	-
Net inventories written down	10	5,551	1,144	-	-
Net inventories written off	10	8,736	9,834	-	-
Net realised foreign exchange loss/(gain)		2,540	474	2,042	(46)
Net unrealised foreign exchange gain		(382)	(406)	(133)	(805)
Personnel expenses (including key management personnel):					
- Contributions to state plans		12,104	12,036	1,065	919
- Wages, salaries and others		89,778	102,989	9,775	10,307
Dividend income from:					
- A subsidiary in Malaysia (unquoted)		-	-	(35,450)	(13,500)
- A subsidiary in Singapore (unquoted)		-	-	(783)	(584)
Expenses arising from leases:					
- Expenses relating to leases of low-value assets	a	861	634	4	7
- Expenses relating to variable lease payments not included in the measurement of lease liabilities		1,995	1,973	-	-

Note a

The Group leases office equipment with contract terms of 1 to 3 years. These leases are low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. FINANCE INCOME

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest income of financial assets calculated using the effective interest method that are:				
- at amortised cost	831	841	6,616	6,842
- at fair value through profit or loss	679	622	679	622
	1,510	1,463	7,295	7,464

18. FINANCE COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	6,470	7,869	9,088	10,371
Interest expense on lease liabilities	55	91	44	63
Other finance costs	684	339	151	5
	7,209	8,299	9,283	10,439

19. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors				
- Fees	625	604	625	604
- Remuneration	2,183	2,202	2,183	2,202
- Other short-term employee benefits	27	53	27	53
	2,835	2,859	2,835	2,859
Other key management personnel				
- Remuneration	8,104	6,465	4,472	2,626
Total short-term employee benefits	10,939	9,324	7,307	5,485

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. TAX EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Recognised in profit or loss				
Current tax expense				
- current year	17,576	16,732	423	1,503
- over provision in prior years	(985)	(1,011)	(517)	(875)
Total current tax recognised in profit or loss	16,591	15,721	(94)	628
Deferred tax expense/(benefit)				
Origination and reversal of temporary differences	3,688	737	-	-
Over provision in prior years	(2,732)	(922)	-	-
Total deferred tax recognised in profit or loss	956	(185)	-	-
Total income tax expense	17,547	15,536	(94)	628
Reconciliation of tax expense				
Profit for the year	58,610	55,273	31,852	10,244
Total income tax expense	17,547	15,536	(94)	628
Profit excluding tax	76,157	70,809	31,758	10,872
Income tax calculated using Malaysian tax rate of 24%	18,278	16,994	7,622	2,609
Non-deductible expenses, net of non-taxable income	5,635	3,871	1,898	1,710
Tax exempt income	-	-	(8,696)	(3,380)
Tax incentives	(3,998)	(4,178)	-	-
Current year losses for which no deferred tax was recognised	(28)	841	(401)	564
Derecognition of deferred tax assets	1,473	-	-	-
Over provision in prior years	(3,717)	(1,933)	(517)	(875)
Effect of tax rates in foreign jurisdictions	(96)	(59)	-	-
	17,547	15,536	(94)	628

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. EARNINGS PER ORDINARY SHARE

(a) Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2020 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2020 RM'000	2019 RM'000
Profit attributable to ordinary shareholders	58,610	55,273

	Group	
	2020 RM'000	2019 RM'000
Weighted average number of ordinary shares at 31 December	692,721	670,221

	Group	
	2020 RM'000	2019 RM'000
Basic earnings per ordinary share	8.46	8.25

(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 2020.

22. DIVIDENDS

Dividends recognised by the Company:

	Note	Sen per share	Total amount RM'000	Date of payment
2020				
Final 2019 ordinary	22.1	5.00	34,219	12 August 2020
Interim 2020 ordinary		0.50	3,530	11 September 2020
Total amount			37,749	
2019				
Final 2018 ordinary		4.00	26,475	26 July 2019
Interim 2019 ordinary		1.00	6,801	14 November 2019
Total amount			33,276	

22.1 Out of the total distribution of RM34,219,158, a total of RM30,517,693 was converted into 21,643,754 new ordinary shares of the Company at the conversion price of RM1.41 per ordinary share under the Dividend Reinvestment Plan.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. DIVIDENDS (CONTINUED)

After the end of the reporting period, the following dividend was declared by the Directors. This dividend will be recognised in subsequent financial period upon payment of the dividend.

	Note	Sen per share	Total amount RM'000
Second interim 2020 ordinary	22.2	6.0	42,362

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 share(s) at 6.0 sen per share in the Company in accordance with the Proposed DRP. The Directors have also determined that the issue price of the new shares to be issued pursuant to the second interim dividend will be at RM3.08, is at a discount of approximately 10% to the 5-day ex-dividend volume weighted average market price of the Company shares of RM3.42.

23. OPERATING SEGMENTS

The Group operates principally in Malaysia and its major business segment being manufacturing and distribution of pharmaceutical products categorised by geographical area as mentioned in geographical segment. The Group's Group Managing Director ("GMD"), who is the chief operating decision maker reviews internal management reports regularly.

Accordingly, no segment information is provided as the financial position and performance are as already shown in the Statement of Financial Position and the Statement of Profit or Loss and Other Comprehensive Income.

Geographical segments

Segment revenue is based on geographical location of customers, and are managed separately because they require different marketing strategies.

Segment assets are not used to measure the financial position of the respective segments and not included in the internal management reports that are reviewed by the GMD, as all assets within the Group, other than trade receivables, are attributed to the business activities in Malaysia.

	Group	
	2020 RM'000	2019 RM'000
Revenue from external customers:		
Local	525,426	530,553
Export	44,476	45,909
	569,902	576,462

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. OPERATING SEGMENTS (CONTINUED)

Geographical segments (continued)

	Group	
	2020 RM'000	2019 RM'000
Trade receivables from external customers:		
Local	108,482	105,393
Export	4,510	6,496
	112,992	111,889

Major customers

Revenue from major customer with revenue equal or more than 10% of the Group's total revenue amounts to approximately RM122,820,000 (2019: RM140,981,000), 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
2020				
Financial assets				
Group				
Other investments	112,247	-	-	112,247
Trade and other receivables	141,513	141,513	-	-
Cash and bank balances	104,123	104,123	-	-
Highly liquid investments	53,906	-	53,906	-
	411,789	245,636	53,906	112,247
Company				
Other investments	112,247	-	-	112,247
Trade and other receivables	188,526	188,526	-	-
Cash and bank balances	21,773	21,773	-	-
Highly liquid investments	53,906	-	53,906	-
	376,452	210,299	53,906	112,247

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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
2020				
Financial liabilities				
Group				
Loan and borrowings	(302,074)	(302,074)	-	-
Trade and other payables	(100,183)	(100,183)	-	-
	(402,257)	(402,257)	-	-
Company				
Loan and borrowings	(282,074)	(282,074)	-	-
Trade and other payables	(10,466)	(10,466)	-	-
	(292,540)	(292,540)	-	-
2019				
Financial assets				
Group				
Other investments	51,839	-	-	51,839
Trade and other receivables	145,167	145,167	-	-
Cash and bank balances	77,798	77,798	-	-
Highly liquid investments	42,871	-	42,871	-
	317,675	222,965	42,871	51,839
Company				
Other investments	51,839	-	-	51,839
Trade and other receivables	146,981	146,981	-	-
Cash and bank balances	19,246	19,246	-	-
Highly liquid investments	42,871	-	42,871	-
	260,937	166,227	42,871	51,839
Financial liabilities				
Group				
Loan and borrowings	(264,401)	(264,401)	-	-
Trade and other payables	(113,349)	(113,349)	-	-
	(377,750)	(377,750)	-	-
Company				
Loan and borrowings	(242,318)	(242,318)	-	-
Trade and other payables	(10,277)	(10,277)	-	-
	(252,595)	(252,595)	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.2 Net gains and losses arising from financial instruments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net gains/(losses) on:				
Equity instruments designated at fair value through other comprehensive income	63,088	(224)	63,088	(224)
Financial assets at amortised cost	1,013	1,334	6,632	7,078
Financial assets at fair value through profit or loss	679	622	540	467
Financial liabilities at amortised cost	(9,354)	(8,448)	(11,070)	(9,667)
	55,426	(6,716)	59,190	(2,346)

24.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

24.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on new customers who require credit facility during the financial year. Depending on the nature of the transactions and the customer's risk profile, the Group may require upfront deposits as collateral.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Trade receivables (continued)

Risk management objectives, policies and processes for managing the risk (continued)

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

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

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

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. For receivables from public and private sectors, impairment loss will be generally provided for amounts aged more than 270 days based on historical payment trends and patterns unless there is objective evidence to show otherwise.

Concentration of credit risk

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

	Group	
	2020 RM'000	2019 RM'000
Public sector	39,255	39,805
Private sector	73,737	72,084
	112,992	111,889

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90 days.

The Group uses an allowance matrix to measure ECLs of trade receivables. Invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2020.

	2020		
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Not past due	102,029	(583)	101,446
1-30 days past due	10,352	(229)	10,123
31-60 days past due	589	(219)	370
61-90 days past due	1,305	(252)	1,053
	114,275	(1,283)	112,992
Credit impaired			
More than 90 days past due	1,135	(1,135)	-
Individually impaired	714	(714)	-
	116,124	(3,132)	112,992

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses (continued)

	2019		
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Not past due	107,574	(916)	106,658
1-30 days past due	3,993	(190)	3,803
31-60 days past due	1,026	(263)	763
61-90 days past due	1,226	(561)	665
	113,819	(1,930)	111,889
Credit impaired			
More than 90 days past due	2,853	(2,853)	-
Individually impaired	1,164	(1,164)	-
	117,836	(5,947)	111,889

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 2019	1,385	5,139	6,524
Amounts written off	-	(187)	(187)
Net remeasurement of loss allowance	545	(957)	(412)
Effect of foreign currency translation	-	22	22
Balance at 31 December 2019	1,930	4,017	5,947
Amounts written off	-	(2,096)	(2,096)
Net remeasurement of loss allowance	(647)	(173)	(820)
Effect of foreign currency translation	-	101	101
Balance at 31 December 2020	1,283	1,849	3,132

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Cash and cash equivalents

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

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from deposits paid for office buildings and fixtures rented. These deposits will be received at the end of each lease terms. The Group manages the credit risk together with the leasing arrangement.

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

As at the end of the reporting period, the Group did not recognised any allowance for impairment losses.

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 (CONTINUED)

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
2020							
Group							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	100,188	-	100,188	100,188	-	-	-
Lease liabilities	1,258	5.00	1,442	837	556	49	-
Term loan – unsecured	265,960	3.25 – 4.89	310,717	21,118	72,314	116,874	100,411
Revolving credit – unsecured	36,114	1.33 – 3.77	36,600	36,600	-	-	-
	403,520		448,947	158,743	72,870	116,923	100,411
Company							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	10,466	-	10,466	10,466	-	-	-
Lease liabilities	636	5.00	695	439	256	-	-
Term loan – unsecured	265,960	3.25 – 4.89	310,717	21,118	72,314	116,874	100,411
Revolving credit – unsecured	16,114	1.33 – 3.77	16,329	16,329	-	-	-
	293,176		338,207	48,352	72,570	116,874	100,411

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2019						
Group						
<i>Non-derivative financial liabilities</i>						
Banker's acceptance	2,081	4.39 – 4.40	2,172	2,172	-	-
Trade and other payables	113,349	-	113,349	113,349	-	-
Lease liabilities	1,596	5.00	1,715	826	612	277
Term loan – unsecured	154,738	4.41 – 5.08	177,851	22,001	32,066	123,784
Revolving credit – unsecured	107,582	2.70 – 4.71	111,309	111,309	-	-
	<u>379,346</u>		<u>406,396</u>	<u>249,657</u>	<u>32,678</u>	<u>124,061</u>
Company						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	10,277	-	10,277	10,277	-	-
Lease liabilities	1,031	5.00	1,134	439	439	256
Term loan – unsecured	154,738	4.41 – 5.08	177,851	22,001	32,066	123,784
Revolving credit – unsecured	87,580	2.70 – 3.86	90,714	90,714	-	-
	<u>253,626</u>		<u>279,976</u>	<u>123,431</u>	<u>32,505</u>	<u>124,040</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk

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

24.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and bank balance that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Euro ("EURO"), Singapore Dollar ("SGD"), Philippines Peso ("PESO") and Great Britain Pounds ("GBP").

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:

	<i>Denominated in USD</i>	
	2020 RM'000	2019 RM'000
Group		
Trade and other receivables	2,760	2,863
Trade payables	(6,680)	(15,941)
Bank balances	4,552	9,930
Bank borrowings	(16,114)	(83,168)
Net exposure in the statement of financial position	(15,482)	(86,316)

	<i>Denominated in EURO</i>	
	2020 RM'000	2019 RM'000
Trade and other receivables	552	231
Trade payables	(1,761)	(1,607)
Net exposure in the statement of financial position	(1,209)	(1,376)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

	<i>Denominated in SGD</i>	
	2020 RM'000	2019 RM'000
Trade and other receivables	1,158	1,479
Trade payables	(52)	-
Bank balances	4,804	1,938
Net exposure in the statement of financial position	5,910	3,417

	<i>Denominated in PESO</i>	
	2020 RM'000	2019 RM'000
Trade receivables	2,226	1,999
Trade payables	-	(9)
Bank balances	-	3,487
Net exposure in the statement of financial position	2,226	5,477

	<i>Denominated in GBP</i>	
	2020 RM'000	2019 RM'000
Trade receivables	-	168
Net exposure in the statement of financial position	-	168

Currency risk sensitivity analysis

A 10% (2019: 10%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2020 RM'000	2019 RM'000
Group		
USD	1,777	6,560
EURO	92	105
SGD	(449)	(260)
PESO	(169)	(416)
GBP	-	(13)
	1,251	5,976

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

Currency risk sensitivity analysis (continued)

A 10% (2019: 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.

24.6.2 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed rate instruments				
Financial assets	1,462	10,834	29,917	34,416
Financial liabilities	(17,372)	(17,966)	(16,750)	(17,401)
	(15,910)	(7,132)	13,167	17,015
Floating rate instruments				
Financial assets	53,906	42,871	53,906	42,871
Financial liabilities	(285,960)	(248,031)	(265,960)	(225,948)
	(232,054)	(205,160)	(212,054)	(183,077)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.2 Interest rate risk or net asset value risk (continued)

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.

	2020		2019	
	Profit or (loss)		Profit or (loss)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Group				
Floating rate instruments	(1,764)	1,764	(1,559)	1,559
Company				
Floating rate instruments	(1,612)	1,612	(1,391)	1,391

24.7 Fair value information

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.7 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position, is as follows:

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value 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		
Group										
2020										
Financial assets										
Other investments	90,329	-	21,918	112,247	-	-	-	-	112,247	112,247
Highly liquid investments	53,906	-	-	53,906	-	-	-	-	53,906	53,906
	144,235	-	21,918	166,153	-	-	-	-	166,153	166,153
Financial liabilities										
Term loan	-	-	-	-	-	-	(271,544)	(271,544)	(271,544)	(265,960)
2019										
Financial assets										
Other investments	22,183	-	29,656	51,839	-	-	-	-	51,839	51,839
Highly liquid investments	42,871	-	-	42,871	-	-	-	-	42,871	42,871
	65,054	-	29,656	94,710	-	-	-	-	94,710	94,710
Financial liabilities										
Term loan	-	-	-	-	-	-	(155,693)	(155,693)	(155,693)	(154,738)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value 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		
Company										
2020										
Financial assets										
Other investments	90,329	-	21,918	112,247	-	-	-	-	112,247	112,247
Highly liquid investments	53,906	-	-	53,906	-	-	-	-	53,906	53,906
	144,235	-	21,918	166,153	-	-	-	-	166,153	166,153
Financial liabilities										
Term loan	-	-	-	-	-	-	(271,544)	(271,544)	(271,544)	(265,960)
2019										
Financial assets										
Other investments	22,183	-	29,656	51,839	-	-	-	-	51,839	51,839
Highly liquid investments	42,871	-	-	42,871	-	-	-	-	42,871	42,871
	65,054	-	29,656	94,710	-	-	-	-	94,710	94,710
Financial liabilities										
Term loan	-	-	-	-	-	-	(155,693)	(155,693)	(155,693)	(154,738)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.7 Fair value information (continued)

Level 2 fair value

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

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2019: no transfer in either direction).

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	Group	
	2020 RM'000	2019 RM'000
Unquoted shares		
At 1 January	29,656	20,554
Purchases	21,918	-
Transfer out of Level 3	(29,656)	-
Gain recognised in other comprehensive income	-	9,102
At 31 December	21,918	29,656

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.

There would be no material effect on the amounts stated from any reasonably possible change in such inputs at 31 December 2020.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.7 Fair value information (continued)

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 3.45% (2019: 4.75%).

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 2020 and at 31 December 2019 were as follows:

	Note	Group	
		2020 RM'000	2019 RM'000
Loans and borrowings	13	302,074	264,401
Lease liabilities	14	1,260	1,596
Total debts		303,334	265,997
Total equity		643,821	529,750
Debt-to-equity ratios		0.47:1	0.50:1

The Group is also required to maintain a maximum debt-to-equity ratio of 1.5 and minimum debt service cover ratio of 2 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	
	2020 RM'000	2019 RM'000
Capital expenditure commitments		
Plant and equipment		
Contracted but not provided for	19,224	13,850

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Immediate holding company				
Dividend paid	(17,559)	(16,966)	(17,559)	(16,966)
Related companies				
Management fees paid	-	(6,395)	-	(6,395)
Dividend income received from a subsidiary	-	-	36,233	14,084
Interest income received from subsidiaries	-	-	6,616	6,842

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 91 to 161 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 2020 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

11 March 2021

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 91 to 161 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 11 March 2021.

Chek Wu Kong

Before me:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DUOPHARMA BIOTECH BERHAD

(Company 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 2020 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 91 to 161.

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 2020, 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Inventory provisions

Refer to Note 2(h) - Significant accounting policy: Inventories and Note 10 – Inventories.

The key audit matter	How the matter was addressed in our audit
The Group manufactures and sells pharmaceutical products which carry shelf life, increasing the level of judgement involved in estimating inventory provisions. Judgement is required to assess the appropriate level of provisioning for short-dated pharmaceutical products. Such judgements include Directors' expectations for future sales and inventory liquidation plans.	<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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DUOPHARMA BIOTECH BERHAD

(Company No.: 200001021664 [524271-W])
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Director's Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors report thereon), which we obtained prior to the date of this auditor's report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DUOPHARMA BIOTECH BERHAD

(Company No.: 200001021664 [524271-W])
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF DUOPHARMA BIOTECH BERHAD
(Company No.: 200001021664 [524271-W])
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 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: 03470/11/2021 J
Chartered Accountant

Petaling Jaya, Selangor

11 March 2021



SECTION 05

ESG PRACTICES

In June 2020, we were
listed on the FTSE4Good
Bursa Malaysia's Index

SECTION 5 : OTHER INFORMATION

Analysis of Shareholdings	169
List of Top 10 Properties	172

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2021

Total Number of Issued Shares : 706,026,918
Class of Shares : Ordinary Shares
No. of Shareholders : 21,481
Voting Rights : One Vote per Ordinary Share

ANALYSIS BY SIZE OF HOLDINGS

as at 31 March 2021

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Less than 100	1,205	5.609	44,655	0.006
100 - 1,000	6,885	32.052	4,580,593	0.649
1,001 - 10,000	10,534	49.038	42,294,242	5.990
10,001 - 100,000	2,540	11.825	68,306,933	9.675
100,001 to less than 5% of issued ordinary shares	315	1.467	195,586,097	27.703
5% and above of issued ordinary shares	2	0.009	395,214,398	55.977
Total	21,481	100.000	706,026,918	100.000

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS

as at 31 March 2021

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	18,970	0.002	-	-
Dato' Dr. Zaki Morad bin Mohamad Zaher	-	-	-	-
Total	18,970	0.002	-	-

DIRECTORS OF SUBSIDIARY COMPANIES' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS

as at 31 March 2021

Name	No. of Shares Held			
	Direct	%	Indirect	%
Feizril Nor bin Nurbi	-	-	-	-
Mohd Fairuz Khan bin Pret Khan	400	0.000	-	-
Mohd Idzwan bin Mohd Malik	-	-	-	-
Mohamed Shazman Merican	-	-	-	-
Noor Aida binti Jaafar	-	-	-	-
Roziah Hanim binti Abd Karim	-	-	-	-
Sabrina binti Haron	-	-	-	-
Urudra A/L Sarvanantham	63,000	0.009	-	-
Total	63,400	0.009	-	-

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2021

KEY SENIOR MANAGEMENT'S SHAREHOLDINGS

as at 31 March 2021

Name	No. of Shares Held			
	Direct	%	Indirect	%
Wan Amir-Jeffery bin Wan Abdul Majid*	-	-	-	-
Chek Wu Kong*	93	0.000	-	-
Ng Su Yee*	47,200	0.007	-	-
Krisnakumara-Reddi A/L Kesava-Reddi*	2,102	0.000	-	-
Ibrahim Hussin Salleh	-	-	-	-
Shamsul Idham bin A.lahad*	-	-	-	-
Anita binti Esa	-	-	-	-
Rama Sockalingam A/L Nagappan	-	-	-	-
Total	49,395	0.007	-	-

Note:

* Also holds directorship in subsidiary companies of Duopharma Biotech

SUBSTANTIAL SHAREHOLDERS' HOLDINGS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

as at 31 March 2021

Name	No. of Shares Held			
	Direct	%	Indirect	%
Permodalan Nasional Berhad	330,811,628	46.855	-	-
Yayasan Pelaburan Bumiputra	-	-	330,811,628	46.855
Employees Provident Fund Board*	-	-	73,669,870	10.434

* Held via Citigroup Nominees (Tempatan) Sdn Bhd

TOP 30 SECURITIES ACCOUNT HOLDERS AS PER REGISTER OF DEPOSITORS

as at 31 March 2021

No.	Name	Holdings	%
1.	PERMODALAN NASIONAL BERHAD	330,811,628	46.855
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD Employees Provident Fund Board	64,402,770	9.121
3.	AMANAHRAYA TRUSTEES BERHAD Amanah Saham Bumiputera	33,562,900	4.753
4.	PUBLIC NOMINEES (ASING) SDN BHD Pledged Securities Account for Billion Victory Sdn Bhd (KLC)	13,678,773	1.937
5.	AMANAHRAYA TRUSTEES BERHAD Public Islamic Treasures Growth Fund	7,464,867	1.057
6.	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB Trustees Berhad for Manulife Investment Shariah Progressfund	5,026,500	0.711
7.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD Employees Provident Fund Board (CIMB PRIN)	3,317,500	0.469
8.	AMANAHRAYA TRUSTEES BERHAD Amanah Saham Malaysia 3	3,224,595	0.456

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2021

No.	Name	Holdings	%
9.	AMANAHRAYA TRUSTEES BERHAD ASN Equity 2	3,205,700	0.454
10.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB For Participating Fund	2,640,800	0.374
11.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) Trustee Bhd for Manulife Investment Progress Fund (4082)	2,521,540	0.357
12.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. Pledge Securities Account for Ta Kin Yan	2,480,000	0.351
13.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD Employees Provident Fund Board (NIAM EQ)	2,449,600	0.346
14.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD Great Eastern Life Assurance (Malaysia) Berhad (LBF)	2,421,500	0.342
15.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund	2,400,000	0.339
16.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) Trustee Bhd For Manulife Investment Al-Fauzan (5170)	2,375,200	0.336
17.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD Employees Provident Fund Board (AM INV)	2,100,000	0.297
18.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD Manulife Insurance Berhad (OL PAR)	2,008,700	0.284
19.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD Universal Trustee (Malaysia) Berhad For Principal Islamic Small Cap Opportunities Fund	1,911,900	0.270
20.	OOI KENG TAN	1,833,000	0.259
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD National Trust Fund (IFM Affinhwang) (410195)	1,794,600	0.254
22.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD Kumpulan Wang Persaraan (Diperbadankan) (Principal Equits)	1,792,349	0.253
23.	HONG LEONG ASSURANCE BERHAD As Beneficial Owner (UNITLINKED OP)	1,772,082	0.250
24.	UOBM NOMINEES (TEMPATAN) SDN. BHD. UOB Asset Management (Malaysia) Berhad For Gibraltar BSN Aggressive Fund	1,694,669	0.240
25.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) Trustee Bhd For Singular Value Fund	1,665,100	0.235
26.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB Commerce Trustee Berhad For Kenanga Shariah Growth Opportunities Fund (50156 TR01)	1,527,136	0.216
27.	RHB INVESTMENT BANK BERHAD IVT "SW Book 1"	1,524,500	0.215
28.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD Kumpulan Wang Persaraan (Diperbadankan) (ESPG IV SC E)	1,441,900	0.204
29.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. Syarikat Takaful Malaysia Keluarga Berhad (ORDPSA)	1,430,501	0.202
30.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD Employees Provident Fund Board (CPIAM EQ)	1,400,000	0.198
Total		505,959,344	71.662

LIST OF TOP 10 PROPERTIES

as at 31 December 2020

No.	Location	Tenure	Lease Period	Area (sq-meter)	Description	Existing Use	Approximate Age of Building	Net Book Value (RM million)	Date of Valuation
1.	Duopharma (M) Sendirian Berhad Lot 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 e. Construction of 5-storey manufacturing block	Factory, Warehouse and Office	28 years	117.72	December 2015
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	1 year	62.54	December 2015
3.	Duopharma Manufacturing (Bangi) Sdn. Bhd. Lot No. 2, 4, 6, 8 & 10, Jalan P/7, Seksyen 13, Kawasan Perusahaan Bandar Baru Bangi, 43650 Bandar Baru Bangi, 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 2 ½-storey office, factory cum warehouse building with lift services, a pump block and two (2) guardhouse buildings	Industrial Land, Factory and Office	33 years	50.40	November 2014
4.	Duopharma Marketing Sdn. Bhd. Lot No. 2, 4, 6, 8 & 10, Jalan P/7, Seksyen 13, Kawasan Perusahaan Bandar Baru Bangi, 43650 Bandar Baru Bangi, 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	33 years	29.82	November 2014

LIST OF TOP 10 PROPERTIES

as at 31 December 2020

No.	Location	Tenure	Lease Period	Area (sq-meter)	Description	Existing Use	Approximate Age of Building	Net Book Value (RM million)	Date of Valuation
5.	Duopharma Manufacturing (Glenmarie) Sdn. Bhd. 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	23 years	26.50	December 2020
6.	Duopharma Manufacturing (Glenmarie) Sdn. Bhd. Lot No. 1, Phase 1, Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur, Malaysia.	Sub-lease of 30 years	30 years (2001 - 2031)	1.85 acres	Land	Vacant	-	2.70	December 2020
7.	Duopharma Marketing Sdn. Bhd. No. 1, Jalan 4/3, Seksyen 4, 43650 Bandar Baru Bangi, Selangor Darul Ehsan, Malaysia.	Leasehold	99 years (1987 - 2086)	1,565	A plot of vacant residential detached building land	Vacant	-	1.10	December 2020
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 1 ½-storey terraced factory building	Warehouse	29 years	0.80	December 2020
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	24 years	0.70	December 2015
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	24 years	0.13	November 2014



SECTION 06

ENTERPRISE RESOURCE PLANNING

Migrated our Systems,
Applications and
Products (“SAP”) onto
a private cloud

SECTION 6 : AGM INFORMATION

Notice of the 20 th Annual General Meeting of Duopharma Biotech Berhad	175
Statement Accompanying Notice of 20 th Annual General Meeting Proxy Form	182

NOTICE OF THE 20TH ANNUAL GENERAL MEETING OF DUOPHARMA BIOTECH BERHAD

(Incorporated in Malaysia)

[Registration No.: 200001021664 (524271-W)]



NOTICE IS HEREBY GIVEN that the Twentieth (20th) 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 **Virtual Studio 2 (Meeting Room 401 & 402), Level 4, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia** (the “Broadcast Venue”) and **via the TIIH Online website** at <https://tiih.online> on **Friday, 28 May 2021 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 2020 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) Dato’ Mohamad Kamarudin bin Hassan
 - (ii) Datuk Nik Moustpha bin Hj Nik Hassan
 - (iii) Datuk Mohd Radzif bin Mohd Yunus

Ordinary Resolution 1
Ordinary Resolution 2
Ordinary Resolution 3

3. To approve the increase in Directors’ Fees payable to the Directors entitled to receive the Directors’ Fees with effect from 29 May 2021, in such proportions and manner as the Directors may determine as follows:-

Ordinary Resolution 4

(i)	Chairman of the Board	RM125,000 per annum
(ii)	Member of the Board (other than Foreign Director)	RM100,000 per annum
(iii)	Foreign Director of the Board	the amount in United States Dollars equivalent to RM100,000 per annum

AND FURTHER THAT the amount of Directors’ Fees which is increased as aforesaid shall continue to be in force until varied by resolution passed by the shareholders in a general meeting.

AND FURTHER THAT there be no adjustment to the amount of Board Committee Fees and Meeting Allowances payable to Directors that were approved by the shareholders at the Company’s Annual General Meeting held on 31 May 2018 and that such Board Committee Fees and Meeting Allowances shall continue in force until varied by resolution passed by the shareholders in a general meeting.

4. To approve the payment of the proposed total Directors’ Fees amounting to RM1,195,000 for the period commencing 29 May 2021 until the conclusion of the next Annual General Meeting of the Company, and further, to authorise the Directors to divide the remuneration among them in such proportions and manner as the Directors may determine.
5. To approve the payment of the proposed total Directors’ Remuneration (other than Directors’ Fees) up to an amount of RM646,000 for the period from 29 May 2021 until the conclusion of the next AGM of the Company.
6. 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

Ordinary Resolution 7

NOTICE OF THE 20TH ANNUAL GENERAL MEETING OF DUOPHARMA BIOTECH BERHAD

(Incorporated in Malaysia) [Registration No.: 200001021664 (524271-W)]



AS SPECIAL BUSINESS

7. To consider and, if thought fit, to pass the following Ordinary Resolution:-

Ordinary Resolution 8

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.”

8. 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: 28 April 2021

NOTICE OF THE 20TH ANNUAL GENERAL MEETING OF DUOPHARMA BIOTECH BERHAD

[Registration No.: 200001021664 (524271-W)]

(Incorporated in Malaysia)



NOTES:

1. As part of the initiatives to curb the spread of Coronavirus Disease 2019 ("COVID-19"), the 20th 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 20th AGM which is available on the Company's website at <https://duopharmabiotech.com/notice-of-annual-general-meeting/> in order to register, participate and vote remotely via the RPV facilities.
2. The Broadcast Venue of the 20th 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 texts) 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 20th 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 20th 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 20 May 2021 shall be regarded as members and entitled to attend and vote at the meeting.

Explanatory Notes on Ordinary Business

Audited Financial Statements for financial year ended 31 December 2020 and the Reports of the Directors and the Auditors thereon

The Audited Financial Statements for financial year ended 31 December 2020 and the Reports of the Directors and the Auditors thereon are set out on pages 85 to 167 of the Company's Annual Report 2020.

The Annual Report 2020 is available at <https://duopharmabiotech.com/investor-relations/annual-report/>. You may request for a copy of the printed Annual Report at <https://tiih.online> by selecting "Request for Annual Report" under the "Investor Services". 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/annual-report/annual-report-requisition-form/>

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.

NOTICE OF THE 20TH ANNUAL GENERAL MEETING OF DUOPHARMA BIOTECH BERHAD

(Incorporated in Malaysia) [Registration No.: 200001021664 (524271-W)]



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, with the current Board of Directors ("Board") size of nine (9), three (3) Directors will be retiring in accordance with Article 100 of the Constitution.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 20th AGM, the Nomination and Remuneration Committee ("NRC") had assessed each of the retiring Directors, and considered the following:-

- (a) the Director's performance and contribution based on the Self and Peer Assessment ("SPA") results of the Board Effectiveness Assessment ("BEA") for financial year ended 31 December 2020 ("BEA 2020");
- (b) the Director's level of contribution to the Board deliberations through his/her skills and experience; and
- (c) the level of independence demonstrated by the Director, and his/her ability to act in the best interests of the Company in decision-making.

Through the BEA, the Board had conducted an assessment of the Directors of the Company based on the following overarching components:

- (i) structuring a high-performing Board;
- (ii) ensuring smooth functioning of Board operations and interactions; and
- (iii) fulfilling fundamental Board roles and responsibilities at the highest standards of corporate governance.

Based on the Directors' SPA results of the BEA 2020, the individual Directors met the performance criteria required of an effective and a high-performance Board. As part of the Independent Directors' self-assessment under the BEA 2020, each of the Independent Non-Executive Directors had also provided his/her declaration/confirmation of independence. Dato' Mohamad Kamarudin bin Hassan, Datuk Nik Moustpha bin Hj Nik Hassan and Datuk Mohd Radzif bin Mohd Yunus had respectively been rated by their peers as mostly excellent in the areas of assessment under the SPA, including in relation to their active contribution towards the Company's strategy, participation in Board deliberations, as well as demonstration of professionalism and integrity.

Based on the above, the NRC had recommended that these three (3) Directors who retire in accordance with Article 100 of the Company's Constitution were eligible to stand for re-election.

The Board had approved the NRC's assessment and recommendation that Dato' Mohamad Kamarudin bin Hassan, Datuk Nik Moustpha bin Hj Nik Hassan and Datuk Mohd Radzif bin Mohd Yunus, who retire in accordance with Article 100 of the Company's Constitution, are eligible to stand for re-election. All these retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant NRC and Board meetings.

The details of the three (3) Directors of the Company seeking re-election are set out in their respective profiles which appear in the Directors' Profiles on pages 32, 36 and 37 of the Company's Annual Report 2020, as well as in the Statement Accompanying Notice of 20th 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 169 of the Company's Annual Report 2020.

Any of the Directors seeking re-election and who is a shareholder of the Company will abstain from voting on the resolution in respect of his re-election.

Ordinary Resolution 4 – Approval for the increase in Directors' Fees

The Company, had in 2018, sought and obtained the shareholders' approval to increase the Directors' Fees (including Board Committee Fees) and Meeting Allowances payable to the Directors' entitled to receive the ordinary remuneration with effect from 1 January 2018, in the manner as determined by the Board as set out in Column II of the table below.

Under the Remuneration Policy and Procedures for Directors and Senior Management, remuneration packages of the Non-Executive Directors are determined on the basis of the Directors' merit, qualification, experience and competence, having regard to their responsibilities, time commitment and annual evaluation as undertaken by the Nomination and Remuneration Committee ("NRC") and the Company's operating results and comparable market statistics. The remuneration should also be sufficient to attract, incentivise and retain quality Non-Executive Directors. In this respect, the Company undertook a market comparison which adopted comparator companies in the generic pharmaceutical industry in Malaysia and selected other companies, and took into consideration factors such as market capitalisation and performance.

Having considered the NRC's recommendation, the Board had at its meeting in February 2021 approved the NRC's recommendation that it is fair and equitable that the Directors' Fees (other than Board Committee Fees and Meeting Allowances) payable to Directors of the Company be reviewed and that the Directors' Fees (other than Board Committee Fees and Meeting Allowances) be revised to that as set out in Column III of the table below with effect from 29 May 2021 for the following reasons:

- (a) the last review and upward revision of Directors' Fees, Board Committee Fees and Meeting Allowances was three (3) years' ago in 2018;
- (b) Duopharma Group's performance as reflected in its consolidated profit after tax results has shown a progressive steady improvement over the last three financial years (2018 to 2020) despite challenging environment, in particular during the financial year 2020 due to the COVID-19 pandemic;
- (c) the review reflected the demands, complexities and performance of Duopharma Biotech Group as well as had regard to the responsibilities and contribution levels of individual members in terms of statutory duties, fiduciary duties, risk, intensity/complexity of work, time commitment and effort; and
- (d) based on the market comparison and having regard to the current economic situation, the proposed increase in the Directors Fees with no increase in the Board Committee Fees and Meeting Allowances was fair, reasonable and not excessive.

NOTICE OF THE 20TH ANNUAL GENERAL MEETING OF DUOPHARMA BIOTECH BERHAD

(Incorporated in Malaysia) [Registration No.: 200001021664 (524271-W)]



No adjustment has been proposed to be made to the amount of Board Committee Fees nor Meeting Allowances payable to Directors that was approved by the shareholders at the Company's Annual General Meeting held on 31 May 2018. Such Board Committee Fees and Meeting Allowances shall continue in force until varied by resolution passed by the shareholders in a general meeting.

Column I	Column II	Column III
Directors' Fees		
	<i>Existing</i>	<i>Proposed Revision</i>
Chairman of the Board	RM100,000.00 per annum	RM125,000.00 per annum
Member of the Board (other than Foreign Director)	RM75,000.00 per annum	RM100,000.00 per annum
Foreign Director	*USD18,750 per annum	the amount in United States Dollars equivalent to RM100,000 per annum
Board Committee Fees		
	<i>Existing</i>	<i>Revision not proposed</i>
Chairman	RM10,000 per annum	No change
Member (including where member is a Foreign Director)	RM8,000 per annum	No change
Directors' Meeting Allowance (for Board Meeting)		
	<i>Existing</i>	<i>Revision not proposed</i>
Chairman	RM1,300 per meeting	No change
Member (including where member is a Foreign Director)	RM1,000 per meeting	No change
Directors' Meeting Allowance (for Board Committee)		
	<i>Existing</i>	<i>Revision not proposed</i>
Chairman	RM1,200 per meeting	No change
Member (including where member is a Foreign Director)	RM1,000 per meeting	No change

* Based on exchange rate of USD1.00 = RM4.00 (2018).

Any Non-Executive Director who is a shareholder of the Company will abstain from voting on Ordinary Resolution 4 in respect of the proposed increase in Directors' Fees.

Note: The Group Managing Director does not receive any Directors' Fees other than those specified in his service contract.

Ordinary Resolution 5 – Approval for the proposed payment of Total Directors' Fees for the period commencing from 29 May 2021 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 shareholders had at the 19th AGM of the Company held on 17 June 2020 approved the payment of total Directors' Fees amounting to RM878,000 for the period commencing 18 June 2020 until the conclusion of the next AGM of the Company in 2021. The total Directors Fees incurred were as follows:-

Approved at last AGM (from 18 June 2020 until conclusion of 20 th AGM)	Actual (from 18 June 2020 until 31 March 2021)	Forecasted (from 18 June 2020 until conclusion of 20 th AGM)
RM878,000	RM557,600.00	RM694,000.00

With respect to the proposed total Directors' Fees for the period commencing from 29 May 2021 until the conclusion of the next AGM of the Company in 2022, following the increase in the Directors' Fees under Ordinary Resolution 4, if approved, and assuming that (a) one (1) additional director is added to the Board; (b) the number of Board Committees remain the same; (c) that each of the existing Board Committees other than the Medical Advisory Committee ("MAC") comprises four (4) members; and (d) the MAC comprises not more than five (5) members, the amount is estimated to be approximately RM1,195,000. This resolution, if passed, will facilitate the payment of directors' fees on current financial year basis.

NOTICE OF THE 20TH ANNUAL GENERAL MEETING OF DUOPHARMA BIOTECH BERHAD

[Registration No.: 200001021664 (524271-W)]
(Incorporated in Malaysia)



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 Directors' Fees.

Note: The Group Managing Director does not receive any Directors' Fees other than those specified in his service contract.

Ordinary Resolution 6 – Approval for the proposed payment of Total Directors' Remuneration (other than Directors' Fees) for the period commencing from 29 May 2021 until the conclusion of the next AGM of the Company

The Directors' Remuneration (other than Directors' Fees) comprises other emoluments/benefits payable to the Chairman and members of the Board and Board Committees. The current Board Remuneration Policy includes the payment of Meeting Allowances for meetings of the Board and Board Committees as well as other benefits comprising business travel and lodging, directors' medical scheme, directors' training and other claimable benefits.

Note: The Group Managing Director does not receive any Directors' Remuneration other than those specified in his service contract.

The shareholders had at the 19th AGM of the Company held on 17 June 2020 approved the payment of total Directors' Remuneration (other than Directors' Fees) up to an amount of RM646,000 for the period commencing 18 June 2020 until the conclusion of the next AGM of the Company on 28 May 2021. The total Directors Remuneration (other than Directors' Fees) incurred were as follows:-

Approved at last AGM (from 18 June 2020 until conclusion of 20 th AGM)	Actual (from 18 June 2020 until 31 March 2021)	Forecasted (from 18 June 2020 until conclusion of 20 th AGM)
RM646,000	RM187,400.00	RM281,760.00

In determining the estimated total amount of remuneration (other than Directors' Fees) for the 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.

With respect to the proposed Total Directors' Remuneration (other than Directors' Fees) for the period commencing from 29 May 2021 until the conclusion of the next AGM of the Company in 2022 ("Relevant Period"), the amount is estimated to be approximately RM646,000. In the event that the Directors' Remuneration (other than Directors' Fees) proposed is insufficient (e.g. due to more meetings or enlarged board size etc.), approval will be sought at the next AGM for the additional remuneration to meet the shortfall.

Ordinary Resolution 6, if passed, will be made by the Company on a monthly basis and/or as and when incurred. The Board is of the view that it is fair and equitable for the Directors to be paid the Directors' Remuneration (other than Directors' Fees) on a monthly basis and/or as and when incurred particularly after they have discharged their responsibilities and rendered their services to the Company throughout the Relevant Period.

Any Non-Executive Director who is a shareholder of the Company will abstain from voting on Ordinary Resolution 6 in respect of the proposed payment of Directors' Remuneration (other than Directors' Fees).

NOTICE OF THE 20TH ANNUAL GENERAL MEETING OF DUOPHARMA BIOTECH BERHAD

(Incorporated in Malaysia) [Registration No.: 200001021664 (524271-W)]



Ordinary Resolution 7 – Approval for the re-appointment of Messrs. KPMG PLT as Auditors of the Company

The Audit and Integrity Committee (“AIC”) 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.

Private sessions without the presence of the Management were also held in 2020 between the AIC and KPMG PLT to allow the AIC to ask questions on matters that might not have been specifically addressed in the formal part of the audit committee meeting and allows the lead audit engagement partner to provide his review to the AIC.

The AIC had at its meeting held on 10 November 2020 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 12 November 2020 approved the AIC’s recommendation for the shareholders’ approval to be sought at the 20th AGM on the re-appointment of KPMG PLT as the external auditors of the Company for the financial year ending 31 December 2021.

Explanatory Notes on Special Business

Ordinary Resolution 8 – 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 in this AGM and subsequently, and such authority shall expire at the conclusion of the next AGM of the Company.

STATEMENT ACCOMPANYING NOTICE OF 20TH 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 20th AGM are as follows:-

Description	Ordinary Resolution 1
Name	Dato' Mohamad Kamarudin bin Hassan Senior Independent, Non-Executive Director
Nationality/Age/Gender	Malaysian/65/Male
Date of Appointment	2 January 2014
Length of Service	7 years 2 months
Number of Board meetings attended in 2020	16/16
Date of last Re-election	31 May 2018
Qualification(s)	<ul style="list-style-type: none"> • Master of Business Administration (Majoring in Finance), Oklahoma City University, United States of America • Bachelor of Economics (Majoring in Business Administration), University of Malaya, Malaysia
Directorship(s) of Other Public Companies/Listed Issuers	<ul style="list-style-type: none"> • ManagePay Systems Berhad • Malaysian Pacific Industries Berhad • Muhibbah Engineering (M) Bhd
Working Experience and Occupation	<p>Dato' Mohamad Kamarudin brings to the Board extensive experience as an economic/financial advisor in the public sector, beginning in 1979 at the Administrative and Diplomatic Service. Following his first posting to the Macro-Economic Division of the Economic Planning Unit in the Prime Minister's Department, he was transferred in 1987 to the Ministry of International Trade and Industry ("MITI") where he served in various divisions. From 1992 to 1994, he was posted to the Malaysian Embassy in Washington DC as the Economic Counsellor. Upon returning to Malaysia in August 1994, he was re-posted to MITI where he had served in the bilateral and multilateral trade negotiation divisions. He then served as Deputy Chief Executive Officer of the Malaysia External Trade Development Corporation (MATRADE) from January 2006 until his retirement on 31 August 2013.</p> <p>Dato' Mohamad Kamarudin was appointed Senior Independent Director of Duopharma Biotech with effect from 28 December 2017, following the re-designation of Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir as Non-Independent Non-Executive Chairman. Prior to that, he served the Board as an Independent Non-Executive Director. Dato' Mohamad Kamarudin is a fellow of the Institute of Corporate Directors Malaysia (ICDM).</p>

Dato' Mohamad Kamarudin bin Hassan 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 (5) years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2020.

STATEMENT ACCOMPANYING NOTICE OF 20TH ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

Description	Ordinary Resolution 2
Name	Datuk Nik Moustpha bin Hj Nik Hassan Independent, Non-Executive Director
Nationality/Age/Gender	Malaysian/67/Male
Date of Appointment	28 December 2017
Length of Service	3 years 3 months
Number of Board meetings attended in 2020	15/16 <i>Note: Absent for one (1) meeting due to medical reason</i>
Date of last Re-election	31 May 2018
Qualification(s)	<ul style="list-style-type: none"> • Master in Economics, Ohio University, Ohio, United States of America • Degree in Business Administration, Ohio University, Ohio, United States of America
Directorship(s) of Other Public Companies/Listed Issuers	<ul style="list-style-type: none"> • Takaful Ikhlas General Berhad
Working Experience and Occupation	<p>Datuk Nik Moustpha is an academic with interests in economic ideology, systems and management. He has authored six books, edited 18 books and published over 260 scholarly articles in various journals, books, magazines and newspapers on these topics. His book titles include <i>An Islamic Paradigm in Economics: Vision and Mission</i>, <i>Islamic Management for Excellence – Revitalising People for the Future</i>, <i>Value-based Total Performance Excellence Model</i> and <i>Pandangan Alam Islam Dalam Peradaban Ekonomi dan Asas Memacu Ekonomi Ummah – Satu Pandangan</i>. Datuk Nik Moustpha began his career in 1979 as a Lecturer in the Faculty of Economics and Agribusiness, Agricultural University of Malaysia. In June 1983, he was seconded to the Faculty of Economics and Management of International Islamic University, Malaysia. He was made Dean of the faculty from August 1987 to July 1989. In May 1988, he was also appointed as an Associate Professor of the faculty. Following a year's stint as a Visiting Fellow at the Oxford Centre for Islamic Studies, University of Oxford, Datuk Nik Moustpha was appointed as Dean of the Postgraduate Faculty of International Islamic University, Malaysia in August 1992. He subsequently joined the Institute of Islamic Understanding Malaysia (IKIM) where he held various positions before serving as its Director General from September 2009 to August 2015.</p> <p>In September 2017, Datuk Nik Moustpha was appointed as an Adjunct Professor at Universiti Kebangsaan Malaysia's Faculty of Economics and Management which ended in September 2019 and prior to that, he was appointed as an Adjunct Professor at Universiti Pertahanan Malaysia for a two-year period. Datuk Nik Moustpha is currently an Adviser of the Faculty of Business and Accounting at University of Malaya and also a member of the Institute of Corporate Directors Malaysia (ICDM). He was a member of Board of Trustees, Yayasan TRISILCO before he resigned on 28 January 2020, and has served as a Member of Group Shariah Committee, MNRB Holdings Berhad from 2 November 2015 until 9 November 2020.</p> <p>Prior to being appointed to the Board of Duopharma Biotech, he had served as an Independent Non-Executive Director of Chemical Company of Malaysia Berhad from 9 September 2016.</p>

Datuk Nik Moustpha bin Hj Nik Hassan 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 (5) years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2020.

STATEMENT ACCOMPANYING NOTICE OF 20TH ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

Description	Ordinary Resolution 3
Name	Datuk Mohd Radzif bin Mohd Yunus Non-Independent, Non-Executive Director
Nationality/Age/Gender	Malaysian/62/Male
Date of Appointment	8 March 2018
Length of Service	3 years
Number of Board meetings attended in 2020	16/16
Date of last Re-election	31 May 2018
Qualification(s)	<ul style="list-style-type: none"> • 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
Directorship(s) of Other Public Companies/Listed Issuers	<ul style="list-style-type: none"> • HeiTech Padu Berhad • KPJ Healthcare Berhad
Working Experience and Occupation	<p>Datuk Mohd Radzif comes from a diverse management background, which includes leadership positions in an international healthcare organisation, property consultancy, real estate development, construction and banking. He started his career in academia and as a valuer and property consultant in an international firm. This was followed by a management role in Perwira Affin Bank. He was subsequently appointed Chief Executive Officer (“CEO”) of a local conglomerate involved in diversified businesses ranging from construction and property development to highway concession, property management and project management. This was followed by CEO positions in Tabung Haji subsidiary companies. Subsequently, he was appointed as the CEO and Group Managing Director of Institut Jantung Negara Sdn. Bhd. (National Heart Institute) and IJN Holdings Sdn. Bhd., respectively. Datuk Mohd Radzif’s last executive post until 30 June 2017, was as Group Managing Director of Small Medium Enterprise Development Bank Malaysia (SME Bank).</p> <p>Datuk Mohd Radzif was also the Chairman of the Association of Development Finance Institutions of Malaysia (“ADFIM”) and a Vice Chairman of the Association of National Development Finance Institutions in Member Countries of The Islamic Development Bank (ADFIMI). He was a Board member of the Association of Development Financing Institutions in Asia and the Pacific (“ADFIAP”) and The Montreal Group, a grouping of six global SME development banks. He was also on the Board of Advisors for Franchise Association, Advisory Committee for Entrepreneurship in the Ministry of Higher Education and Advisory Committee for Innovation Agency Malaysia.</p> <p>Datuk Mohd Radzif was awarded the Malaysian Business Leadership Award for Healthcare in 2009. He was also accorded the CEO of the Year in 2015 by ADFIAP, and conferred Honorary membership by ADFIMI in 2018 for his contributions to Islamic development finance. Datuk Mohd Radzif is a member of the Institute of Corporate Directors Malaysia (ICDM) and a certified Risk Director by Institute Enterprise Risk Management.</p>

Datuk Mohd Radzif bin Mohd Yunus holds 18,970 shares (0.002%) in Duopharma Biotech. He 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 (5) years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2020.

PROXY FORM

DUOPHARMA BIOTECH BERHAD

[Registration No.: 200001021664 (524271-W)]

(Incorporated in Malaysia)

I/We _____ NRIC No./Passport No./Company 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/or *delete if not applicable

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
Address		No. of shares	%

Or failing him/her, the Chairman of the Meeting *my/our proxy to vote for *me/our behalf at the Twentieth (20th) Annual General Meeting ("AGM") of the Company to be held at the Virtual Studio 2 (Meeting Room 401 & 402), Level 4, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia (the "Broadcast Venue") and via the TIIH Online website at <https://tiih.online> on Friday, 28 May 2021 at 9.00 a.m. and at any adjournment thereof.

My/Our Proxy is to vote as indicated below:

NO.	ORDINARY BUSINESS	RESOLUTION NO.	FOR	AGAINST
1.	To re-elect Dato' Mohamad Kamarudin bin Hassan who retires in accordance with Article 100 of the Company's Constitution.	Ordinary Resolution 1		
2.	To re-elect Datuk Nik Moustpha bin Hj Nik Hassan who retires in accordance with Article 100 of the Company's Constitution.	Ordinary Resolution 2		
3.	To re-elect Datuk Mohd Radzif bin Mohd Yunus who retires in accordance with Article 100 of the Company's Constitution.	Ordinary Resolution 3		
4.	To approve the increase in Directors' Fees payable to the Directors entitled to receive the Directors' Fees with effect from 29 May 2021, in such proportions and manner as the Directors may determine.	Ordinary Resolution 4		
5.	To approve the payment of the proposed total Directors' Fees amounting to RM1,195,000 for the period commencing 29 May 2021 until the conclusion of the next AGM of the Company, and further, to authorise the Directors to divide the remuneration among them in such proportions and manner as the Directors may determine.	Ordinary Resolution 5		
6.	To approve the payment of the proposed total Directors' Remuneration (other than Directors' Fees) up to an amount of RM646,000 for the period from 29 May 2021 until the conclusion of the next AGM of the Company.	Ordinary Resolution 6		
7.	To re-appoint Messrs. KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 7		
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 8		

(Please indicate with an "X" how you wish to cast your vote)

Signed this _____ day of _____ 2021.

CDS Account No.	
No. of ordinary shares	

Signature/Seal

NOTES:

1. As part of the initiatives to curb the spread of Coronavirus Disease 2019 ("COVID-19"), the 20th 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 ("Tricor") via its **TIIH Online** website at <https://tiih.online>. **Please follow the procedures provided in the Administrative Guide for the 20th AGM which is available on the Company's website at <https://duopharmabiotech.com/notice-of-annual-general-meeting/> in order to register, participate and vote remotely via the RPV.**
2. The Broadcast Venue of the 20th 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 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 20th 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 20th 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:-
 - (i) 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 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.
 - (ii) 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.
- 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 20 May 2021 shall be regarded as members and entitled to attend and vote at the meeting.

PLEASE FOLD HERE

Affix
Postage
Stamp

THE REGISTRAR
DUOPHARMA BIOTECH BERHAD
[Registration No.: 200001021664 (524271-W)]

Unit 32-01, Level 32, Tower A
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Wilayah Persekutuan Kuala Lumpur
Malaysia

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DUOPHARMA

Smarter Solutions. Healthier Life.

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