

DIRECTORS' REPORT

for the year ended 31 December 2015

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 2015.

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.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	36,391	29,838

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 Company declared and paid:-

- (i) a final ordinary dividend of 14.5 sen per share, tax exempt under the single-tier system totalling RM20,225,000 in respect of the financial year ended 31 December 2014 on 25 June 2015; and
- (ii) an interim ordinary dividend of 4.0 sen per share, tax exempt under the single-tier system totalling RM11,158,000 in respect of the year ended 31 December 2015 on 6 November 2015.

The final ordinary dividend recommended by the Directors in respect of the financial year ended 31 December 2015 is 5.5 sen (2014: 14.5 sen) per ordinary share, tax exempt dividend, totalling RM15,343,000.

DIRECTORS' REPORT (CONT'D)

for the year ended 31 December 2015

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:-

Tan Sri Dato' Dr. Abu Bakar bin Suleiman
 Tan Sri Dato' Dr. Jegathesan a/l N. M. Vasagam @ Manikavasagam
 Dato' Haji Ghazali bin Awang
 Datuk Alias bin Ali
 Dato' Mohamad Kamarudin bin Hassan
 Dr. Byung-Geon Rhee (appointed w.e.f. 5 October 2015)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiary) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:-

	Number of ordinary shares of RM0.50 each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
Interest in the Company:				
Tan Sri Dato' Dr. Abu Bakar bin Suleiman				
– own	286,400	288,600	–	575,000
– others #	22,000	34,400	–	56,400
Tan Sri Dato' Dr. Jegathesan a/l N. M. Vasagam @ Manikavasagam				
– own	34,120	44,120	–	78,240
Dato' Haji Ghazali bin Awang				
– own	105,000	105,000	–	210,000

	Number of ordinary shares of RM1.00 each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
Interest in the intermediate holding company:				
Dato' Haji Ghazali bin Awang				
– own	10,000	10,000	–	20,000

Zufar Suleiman bin Abu Bakar and Halina Jael binti Abu Bakar are the children of Tan Sri Dato' Dr. Abu Bakar bin Suleiman. In accordance with Section 134(12)(c) of the Companies Act, 1965, the interests and deemed interests of Zufar Suleiman Abu Bakar and Halina Jael binti Abu Bakar in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall also be treated as the interests of Tan Sri Dato' Dr. Abu Bakar bin Suleiman.

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

By virtue of their interest in the shares of the Company, they are also deemed interested in the shares of the subsidiaries during the financial year to the extent that CCM Duopharma Biotech Berhad has an interest.

None of the other Directors holding office at 31 December 2015 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 a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) 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 or debentures of the Company or any other body corporate.

HOLDING COMPANIES

The immediate and intermediate holding companies during the financial year are CCM Marketing Sdn. Bhd. and Chemical Company of Malaysia Berhad, a public listed company. The ultimate holding company during the financial year is Permodalan Nasional Berhad. All the holding companies were incorporated in Malaysia.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company has increased its authorised share capital from 200,000,000 ordinary shares of RM0.50 each to 500,000,000 ordinary shares of RM0.50 each by the creation of an additional 300,000,000 new ordinary shares of RM0.50 each.

The Company has:

- (i) re-issued its entire 658,000 treasury shares by resale in the open market for a total consideration of approximately RM2,172,000, including directly attributable costs, net of any tax effects. The average resale price of treasury shares was RM3.30 per share.
- (ii) issued 139,479,500 new ordinary shares of RM0.50 each pursuant to a Right issue exercise on the basis of one (1) Rights Share for every one (1) existing ordinary share of RM0.50 each held at RM1.80 each for a total cash consideration of RM251,063,100, including directly attributable costs, net of any tax effects, for working capital purposes.

There were no other changes in authorised, issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

DIRECTORS' REPORT (CONT'D)

for the year ended 31 December 2015

OPTIONS GRANTED OVER UNISSUED SHARES

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

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 2015 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.

AUDITORS

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

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

Tan Sri Dato' Dr. Abu Bakar bin Suleiman

Dato' Haji Ghazali bin Awang

Kuala Lumpur,
Date: 22 March 2016

STATEMENT BY DIRECTORS

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 97 to 158 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 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 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 28 on page 159 to the financial statements has been compiled in accordance with Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Tan Sri Dato' Dr. Abu Bakar bin Suleiman

Dato' Haji Ghazali bin Awang

Kuala Lumpur,
Date: 22 March 2016

STATUTORY DECLARATION

pursuant to Section 169(16) of the Companies Act, 1965

I, **Chek Wu Kong**, the officer primarily responsible for the financial management of CCM Duopharma Biotech Berhad, do solemnly and sincerely declare that the financial statements set out on pages 97 to 159 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 22 March 2016.

Chek Wu Kong

Before me:

Commission for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

to the members of CCM Duopharma Biotech Berhad
(Company No. 524271-W) (Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of CCM Duopharma Biotech Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 97 to 159.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT (CONT'D)

to the members of CCM Duopharma Biotech Berhad
(Company No. 524271-W) (Incorporated in Malaysia)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act;
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements;
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes; and
- (d) The audit report on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 28 on page 159 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

Firm Number: AF 0758
Chartered Accountants

Abdullah Abu Samah

Approval Number: 2013/06/16(J)
Chartered Accountant

Petaling Jaya,
Date: 22 March 2016