

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

**THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

If you have sold or transferred all your CCM Duopharma Shares, you should at once hand this Abridged Prospectus, and the accompanying NPA and RSF to the agent/ broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Shares should be addressed to our Share Registrar, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, and the accompanying NPA and RSF have also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents.

The approval from our shareholders for the Rights Issue was obtained at our EGM held on 11 March 2015. The approval from Bursa Securities has also been obtained on 30 January 2015 for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue. The listing of and quotation for the Rights Shares on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue. Bursa Securities does not take any responsibility for the correctness of statements made or opinions expressed in this Abridged Prospectus. The listing of and quotation for all the said new securities will commence after the receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful Entitled Shareholders and/ or their renounee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Our Board have seen and approved all the documentation relating to this Rights Issue. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in these documents false or misleading.

This Abridged Prospectus, and the accompanying NPA and RSF are only despatched to our Entitled Shareholders whose names appear on our Record of Depositors and who have provided our Share Registrar with a registered address in Malaysia not later than 5.00 p.m. on 22 June 2015. This Abridged Prospectus, and the accompanying NPA and RSF are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and/ or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and/ or other professional advisers as to whether the acceptance and/ or renunciation (as the case may be) of all or any part of their entitlements to the Rights Shares would result in a contravention of any laws of such countries or jurisdictions. Neither we, RHBIB nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance and/ or renunciation (as the case may be) of the entitlements to the Rights Shares made by the Entitled Shareholders and/ or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such countries or jurisdictions.

RHBIB, being our Principal Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.

**FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO SECTION 6 OF THIS ABRIDGED PROSPECTUS.**



## CCM DUOPHARMA BIOTECH BERHAD

(Company No. 524271-W)

(Incorporated in Malaysia under the Companies Act, 1965)

**RENOUNCEABLE RIGHTS ISSUE OF 139,479,500 NEW ORDINARY SHARES OF RM0.50 EACH IN CCM DUOPHARMA BIOTECH BERHAD ("CCM DUOPHARMA" OR THE "COMPANY") ("RIGHTS SHARE(S)") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) ORDINARY SHARE OF RM0.50 EACH IN CCM DUOPHARMA ("CCM DUOPHARMA SHARE(S)"), AS AT 5.00 P.M. ON MONDAY, 22 JUNE 2015 AT AN ISSUE PRICE OF RM1.80 PER RIGHTS SHARE PAYABLE IN FULL UPON ACCEPTANCE**

*Principal Adviser and Sole Underwriter*



## RHB Investment Bank Berhad

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

### IMPORTANT RELEVANT DATES AND TIME:

Entitlement Date	: Monday, 22 June 2015 at 5.00 p.m,
Commencement date and time for sale of provisional allotment of rights	: Tuesday, 23 June 2015 at 9.00 a.m.,
Last date and time for sale of provisional allotment of rights	: Monday, 29 June 2015 at 5.00 p.m,
Last date and time for transfer of provisional allotment of rights	: Thursday, 2 July 2015 at 4.00 p.m,
Last date and time for acceptance and payment	: Tuesday, 7 July 2015 at 5.00 p.m,
Last date and time for excess application and payment	: Tuesday, 7 July 2015 at 5.00 p.m,

\* or such later date and time as our Board may determine and announced not less than two (2) Market Days before the stipulated date and time.

**This Abridged Prospectus is dated 22 June 2015**

*All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.*

THIS ABRIDGED PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN THE RIGHTS SHARES. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

---

**DEFINITIONS**


---

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus, the NPA and the RSF:

"Acquisition"	: The acquisition of the Target Companies by CCM Duopharma and Duopharma (M) Sdn Bhd to be satisfied by the Purchase Consideration
"Act"	: Companies Act, 1965
"ATM"	: Automated teller machine
"Authorised Nominee(s)"	: A person who is authorised to act as a nominee as defined under the Rules of Bursa Depository
"Board"	: Board of Directors of CCM Duopharma
"BNM"	: Bank Negara Malaysia
"Bursa Depository" or "Depository"	: Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
"Bursa Securities"	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
"CCM Duopharma" or the "Company"	: CCM Duopharma Biotech Berhad (Company No. 524271-W)
"CCM Duopharma Group" or the "Group"	: CCM Duopharma and its subsidiary companies, collectively
"CCM Duopharma Share(s)" or "Share(s)"	: Ordinary share(s) of RM0.50 each in CCM Duopharma
"CCMB"	: Chemical Company of Malaysia Berhad (Company No. 5136-T)
"CCMB Group"	: CCMB and its subsidiary companies, collectively
"CDS"	: Central Depository System
"CDS Account"	: A securities account established by Bursa Depository for a depositor pursuant to the Securities Industry (Central Depository) Act, 1991 and the Rules of Bursa Depository for the recording of deposits of securities and for dealings in such securities by the depositor
"CMSA"	: The Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
"Corporate Exercises"	: Acquisition, Rights Issue and Increase in Authorised Share Capital, collectively
"Director(s)"	: The directors of CCM Duopharma and shall have the meaning given in Section 2(1) of the CMSA
"Documents"	: This Abridged Prospectus, the NPA and RSF, collectively
"EGM"	: Extraordinary general meeting
"Electronic Application"	: Application for the Rights Share and/or Excess Rights Share through the ATMs of Participating Financial Institutions

**DEFINITIONS (Cont'd)**

"Entitled Shareholder(s)"	:	Our shareholders whose names appear in the Record of Depositors of our Company on the Entitlement Date
"Entitlement Date"	:	5.00 p.m. on 22 June 2015, being the time and date on which the names of our shareholders must appear in our Company's Record of Depositors in order to participate in the Rights Issue
"EPS"	:	Earnings per Share
"Excess Rights Shares"	:	Rights Shares which are not taken up or not validly taken up by our Entitled Shareholders and/ or their renounee(s) (if applicable) prior to excess application
"FPE"	:	Financial period ended/ ending
"FYE"	:	Financial year ended/ ending
"GST"	:	Goods and Services Tax
"Increase in Authorised Share Capital"	:	Increase in the authorised share capital of our Company from RM100,000,000 comprising 200,000,000 CCM Duopharma Shares to RM250,000,000 comprising 500,000,000 CCM Duopharma Shares and the amendment to the Memorandum of Association of our Company to accommodate the increase in the authorised share capital
"Internet Application"	:	Application for the Rights Share and/or Excess Rights Share through an Internet Participating Financial Institution
"Internet Participating Financial Institution(s)"	:	Participating financial institution for the Internet Applications, namely Public Bank Berhad (Company No. 20027-W) and/or Affin Bank Berhad (Company No. 25046-T)
"Irrevocable Undertaking"	:	The written irrevocable and unconditional undertaking dated 27 November 2014 provided by the Undertaking Shareholder to subscribe in full for its entitlement under the Rights Issue based on its shareholding as at the Entitlement Date
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities, as amended from time to time
"LPD"	:	26 May 2015, being the latest practicable date prior to the registration of this Abridged Prospectus with the SC
"Market Day(s)"	:	Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"NA"	:	Net assets
"NPA"	:	Notice of provisional allotment of the Rights Shares pursuant to the Rights Issue
"NRS"	:	Nominee Rights Subscription service offered by Bursa Depository, at the request of our Company, to Authorised Nominees for electronic subscription of Rights Shares through Bursa Depository's existing network facilities with the Authorised Nominees

**DEFINITIONS (Cont'd)**

"Official List"	:	A list specifying all securities which have been admitted for listing on the Main Market of Bursa Securities and not removed
"PAT"	:	Profit after taxation
"Participating Financial Institution(s)"	:	Participating financial institution for Electronic Applications, namely Public Bank Berhad (Company No. 20027-W) and/or Affin Bank Berhad (Company No. 25046-T)
"PBT"	:	Profit before taxation
"Price Fixing Date"	:	3 June 2015, being the date on which the issue price of the Rights Shares have been fixed at RM1.80 per Rights Share
"Provisional Rights Shares "	:	Rights Shares provisionally allotted to the Entitled Shareholders
"Purchase Consideration"	:	Total cash consideration of RM133,325,000 to be paid to CCMB, CCM Investments Ltd and CCM International Sdn Bhd pursuant to the Acquisition
"R&D"	:	Research and development
"Record of Depositors"	:	A record consisting of names of depositors established by Bursa Depository under the Rules of Depository
"RHBIB", the "Principal Adviser" or the "Underwriter"	:	RHB Investment Bank Berhad (19663-P)
"Rights Issue"	:	The renounceable rights issue of 139,479,500 Rights Shares on the basis of one (1) Rights Share for every one (1) CCM Duopharma Share, on the Entitlement Date at an issue price of RM1.80 per Rights Share
"Rights Issue Entitlement File"	:	An electronic file forwarded by Bursa Depository to an Authorised Nominee who has subscribed for NRS, containing information of such Authorised Nominee's entitlements under the Rights Issue as at the Entitlement Date
"Rights Share(s)"	:	139,479,500 new CCM Duopharma Shares to be issued pursuant to the Rights Issue
"Rights Shares Subscription File"	:	An electronic file submitted by an Authorised Nominee who has subscribed for NRS, to Bursa Depository containing information pertaining to such Authorised Nominee's subscription of the Rights Shares or Excess Rights Shares
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RSF"	:	Rights Subscription Form
"Rules of Bursa Depository"	:	The rules of Central Depository as defined in the SICDA
"SC"	:	Securities Commission Malaysia
"SICDA"	:	Securities Industry (Central Depositories) Act, 1991

**DEFINITIONS (Cont'd)**

- "Target Companies" : CCM Pharmaceuticals Sdn Bhd (Company No. 27754-W), CCM Pharma Sdn Bhd (Company No. 4672-U), Upha Pharmaceutical Manufacturing (M) Sdn Bhd (Company No. 53667-M), Innovax Sdn Bhd (Company No. 564984-V), CCM International (Philippines), Inc (SEC Registration No. CS200719600) and CCM Pharmaceuticals (S) Pte Ltd (Singapore Company No.198202565C), collectively
- "Undertaking Shareholder" : CCM Marketing Sdn Bhd (Company No. 453442-T)
- "Underwriting Agreement" : Underwriting agreement entered into between CCM Duopharma and the Underwriter dated 5 June 2015
- "Underwritten Shares" : The portion of the Rights Shares amounting to 37,146,608 Rights Shares representing 26.63% of the total Rights Shares to be issued for which no written irrevocable and unconditional undertaking was procured from any Entitled Shareholders
- "WAMP" : Weighted average market price

All references to "our Company" and "CCM Duopharma" in this Abridged Prospectus are made to CCM Duopharma Biotech Berhad (524271-W) and references to "our Group" or "CCM Duopharma Group" are made to our Company and our subsidiary companies. All references to "we", "us", "our" and "ourselves" are made to our Company, or where the context requires, our Group or any of our subsidiary companies. All references to "you" in this Abridged Prospectus are made to our Entitled Shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

---

**TABLE OF CONTENTS**


---

	<b>Page</b>
<b>CORPORATE DIRECTORY</b>	<b>vii</b>
<b>LETTER TO OUR ENTITLED SHAREHOLDERS CONTAINING:</b>	
<b>1. INTRODUCTION</b>	<b>1</b>
<b>2. DETAILS OF THE RIGHTS ISSUE</b>	<b>2</b>
2.1 Particulars of the Rights Issue	2
2.2 Basis and justification of determining the issue price of the Rights Shares	3
2.3 Ranking of the Rights Shares	3
2.4 Details of other corporate exercises	3
<b>3. RATIONALE AND JUSTIFICATION FOR THE RIGHTS ISSUE</b>	<b>6</b>
<b>4. IRREVOCABLE UNDERTAKING AND UNDERWRITING ARRANGEMENT</b>	<b>7</b>
<b>5. UTILISATION OF PROCEEDS</b>	<b>8</b>
<b>6. RISK FACTORS</b>	<b>10</b>
6.1 Risks relating to our operations and the industries that we operate in	10
6.2 Risks relating to the Rights Issue	13
6.3 Forward-looking statements	14
<b>7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP</b>	<b>15</b>
7.1 Overview and outlook of the Malaysian economy	15
7.2 Overview and outlook of the pharmaceutical industry	15
7.3 Prospects of Our Group	16
<b>8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE</b>	<b>17</b>
8.1 Issued and paid-up share capital	17
8.2 NA per share and gearing	18
8.3 Earnings and EPS	19
<b>9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS</b>	<b>20</b>
9.1 Working capital	20
9.2 Borrowings	20
9.3 Contingent liabilities	20
9.4 Material commitments	20

---

**TABLE OF CONTENTS (Cont'd)**


---

<b>10.</b>	<b>PROCEDURES FOR ACCEPTANCE, SALE/TRANSFER, EXCESS APPLICATION AND PAYMENT</b>	<b>21</b>
10.1	Important relevant dates and time	21
10.2	General	21
10.3	Methods of application	22
10.4	Procedures for acceptance and payment	22
10.5	Procedures for sale or transfer of Provisional Rights Shares	37
10.6	Procedures to be followed by renounce(s)/transferee(s)	37
10.7	Procedures for application for Excess Rights Shares	37
10.8	CDS Accounts	44
10.9	Foreign addressed shareholders and/or shareholders subject to laws of foreign jurisdictions	44
<b>11.</b>	<b>TERMS AND CONDITIONS</b>	<b>46</b>
<b>12.</b>	<b>FURTHER INFORMATION</b>	<b>46</b>
<b>APPENDICES</b>		
<b>I.</b>	<b>CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE PASSED AT OUR EGM HELD ON 11 MARCH 2015</b>	<b>47</b>
<b>II.</b>	<b>INFORMATION ON OUR COMPANY</b>	<b>50</b>
<b>III.</b>	<b>PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON</b>	<b>58</b>
<b>IV.</b>	<b>AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON</b>	<b>68</b>
<b>V.</b>	<b>UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE FPE 31 MARCH 2015</b>	<b>137</b>
<b>VI.</b>	<b>ACCOUNTANTS' REPORT FROM MOORE STEPHENS ASSOCIATES PLT ON THE TARGET COMPANIES</b>	<b>148</b>
<b>VII.</b>	<b>DIRECTORS' REPORT</b>	<b>374</b>
<b>VIII.</b>	<b>ADDITIONAL INFORMATION</b>	<b>375</b>



**CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name</b>	<b>Address</b>	<b>Nationality</b>	<b>Occupation</b>
Tan Sri Dato' Dr. Abu Bakar bin Suleiman <i>(Chairman/Non-Independent Non-Executive Director)</i>	14, Jalan 5/21 46000 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Dato' Haji Ghazali bin Awang <i>(Senior Independent Non-Executive Director)</i>	8, Jalan Menara U8/5A Seksyen U8, Bukit Jelutong 40150 Bandaraya Shah Alam Selangor Darul Ehsan	Malaysian	Company Director
Tan Sri Dato' Dr. Jegathesan a/l N.M. Vasagam @ Manikavasagam <i>(Independent Non-Executive Director)</i>	37-07-6, Seri Penaga Condominium Jalan Medang Serai Bukit Bandaraya 59100 Kuala Lumpur	Malaysian	Company Director
Datuk Alias bin Ali <i>(Non-Independent Non-Executive Director)</i>	No.1, Jalan Sentosa Villa 1/2 Taman Sentosa Villa 43000 Kajang Selangor Darul Ehsan	Malaysian	Company Director
Dato' Mohamad Kamarudin bin Hassan <i>(Independent Non-Executive Director)</i>	No 31, Jalan Tengku Ampuan Basik 9/11 40150 Shah Alam Selangor Darul Ehsan	Malaysian	Company Director

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Haji Ghazali bin Awang	Chairman	Senior Independent Non-Executive Director
Tan Sri Dato' Dr. Jegathesan a/l N.M. Vasagam @ Manikavasagam	Member	Independent Non-Executive Director
Datuk Alias bin Ali	Member	Non-Independent Non-Executive Director
Dato' Mohamad Kamarudin bin Hassan	Member	Independent Non-Executive Director

---

**CORPORATE DIRECTORY (Cont'd)**

---

- COMPANY SECRETARY** : Noor Azwah binti Samsudin (LS0006071)  
c/o 13th Floor, Menara PNB  
201-A, Jalan Tun Razak  
50400 Kuala Lumpur  
Tel: 603-2612 3888  
Fax: 603-2612 3999
- REGISTERED OFFICE** : 13th Floor, Menara PNB  
201-A, Jalan Tun Razak  
50400 Kuala Lumpur  
Tel: 603-2612 3888  
Fax: 603-2612 3999
- PRINCIPAL OFFICE** : Lot 2599, Jalan Seruling 59  
Kawasan 3  
Taman Klang Jaya  
41200 Klang  
Selangor Darul Ehsan  
Tel: 603-3323 2759  
Fax: 603-3323 3923  
Website: [www.duopharma.com.my](http://www.duopharma.com.my)  
Email: [ccmd-query@ccmberhad.com](mailto:ccmd-query@ccmberhad.com)
- SHARE REGISTRAR** : Tricor Investor Services Sdn Bhd (Company No. 118401-V)  
Level 17, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel: 603-2264 3883  
Fax: 603-2282 1886
- AUDITORS** : Messrs KPMG  
Level 10, KPMG Tower  
8 First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 603-7721 3388  
Fax: 603-7721 3399
- REPORTING ACCOUNTANTS** : Messrs Moore Stephens Associates PLT (LLP0000963-LCA  
& AF002096)  
Unit 3.3A, 3<sup>rd</sup> Floor, Surian Tower  
No 1 Jalan PJU 7/3  
Mutiara Damansara  
47810 Petaling Jaya  
Selangor Darul Ehsan  
Tel: 603-7728 1800  
Fax: 603-7728 9800
- PRINCIPAL BANKERS** : OCBC Bank (Malaysia) Berhad (Company No. 295400-W)  
No. 19, Jalan Stesen  
41000 Klang  
Selangor Darul Ehsan  
Tel: 603-3375 8886  
Fax: 603-3373 5400

---

**CORPORATE DIRECTORY (Cont'd)**

---

- : CIMB Bank Berhad (Company No. 13491-P)  
GFB Casa Klang  
No. 39, Block A-KU01  
Jalan Meru  
41050 Klang  
Selangor Darul Ehsan  
Tel: 603-3345 1748  
Fax: 603-3345 1736
- : Hong Leong Islamic Bank Berhad (Company No. 686191-W)  
68, Lorong Batu Nilam 4A  
Bandar Bukit Tinggi  
41200 Klang  
Selangor Darul Ehsan  
Tel: 603-2164 3939  
Fax: 603-2161 1278
- DUE DILIGENCE SOLICITOR** : Messrs Zulrafique & Partners  
D3-3-8  
Solaris Dutamas  
No 1 Jalan Dutamas 1  
50480 Kuala Lumpur  
Tel: 603- 6209 8228  
Fax: 603- 6209 8331
- PRINCIPAL ADVISER AND UNDERWRITER** : RHB Investment Bank Berhad (Company No. 19663-P)  
Level 10, Tower One  
RHB Centre  
Jalan Tun Razak  
50400 Kuala Lumpur  
Tel: 603-9287 3888  
Fax: 603-9287 2233/3355
- STOCK EXCHANGE LISTED AND LISTING SOUGHT** : Main Market of Bursa Securities

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**



## CCM DUOPHARMA BIOTECH BERHAD

(Company No. 524271-W)  
(Incorporated in Malaysia under the Companies Act, 1965)

### Registered Office

13th Floor, Menara PNB  
201-A, Jalan Tun Razak  
50400 Kuala Lumpur

22 June 2015

### Board of Directors

Tan Sri Dato' Dr. Abu Bakar bin Suleiman (*Chairman/Non-Independent Non-Executive Director*)  
Dato' Haji Ghazali bin Awang (*Senior Independent Non-Executive Director*)  
Tan Sri Dato' Dr. Jegathesan a/l N.M. Vasagam @ Manikavasagam (*Independent Non-Executive Director*)  
Datuk Alias bin Ali (*Non-Independent Non-Executive Director*)  
Dato' Mohamad Kamarudin bin Hassan (*Independent Non-Executive Director*)

### To: Our Entitled Shareholders

Dear Sir/ Madam,

### RIGHTS ISSUE

#### 1. INTRODUCTION

On 27 November 2014, RHBIB had, on behalf of our Board, announced that our Company proposed to undertake, *inter-alia*, the Rights Issue.

Subsequently, on 4 February 2015, RHBIB had, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 30 January 2015, resolved to approve the listing of and quotation for the Rights Shares to be issued pursuant to the Rights Issue on the Main Market of Bursa Securities, subject to the following conditions:

Conditions	Status of compliance
(i) CCM Duopharma and RHBIB must fully comply with the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Rights Issue;	Noted
(ii) CCM Duopharma and RHBIB to inform Bursa Securities upon the completion of the Rights Issue;	To be complied
(iii) CCM Duopharma to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed; and	To be complied
(iv) A certified true copy of the resolution passed by shareholders at the extraordinary general meeting for the Rights Issue.	Complied

Our shareholders had, at our EGM held on 11 March 2015, approved, *inter-alia*, the Rights Issue. A certified true extract of the ordinary resolution pertaining to the Rights Issue passed at the said EGM, is set out in **Appendix I** of this Abridged Prospectus.

On 3 June 2015, RHBIB had, on behalf of our Board, announced that the issue price of the Rights Shares has been fixed at RM1.80 per Rights Share.

On 8 June 2015, RHBIB had, on behalf of our Board, announced that the Entitlement Date has been fixed on 22 June 2015 at 5.00 p.m., along with other relevant dates pertaining to the Rights Issue.

No person is authorised to give any information or to make any representation not contained in this Abridged Prospectus in connection with the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by us or RHBIB.

**IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

## **2. DETAILS OF THE RIGHTS ISSUE**

### **2.1 Particulars of the Rights Issue**

The Rights Issue entails the issuance of 139,479,500 Rights Shares on the basis of one (1) Rights Share for every one (1) CCM Duopharma Share held by the Entitled Shareholders and/or their renounee(s) (if applicable) at an issue price of RM1.80 per Rights Share. The basis for the Rights Shares was arrived at based on the estimated quantum of funds required for the repayment of new bank borrowings and expansion of factory, details of which are set out in **Section 5** of this Abridged Prospectus.

**The Rights Issue is renounceable in full or in part. Entitled Shareholders can fully or partially renounce their entitlements for the Rights Shares. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part.**

**Any unsubscribed Rights Shares will be made available to other Entitled Shareholders and/ or their renounee(s) (if applicable) under the excess Rights Shares application. Fractional entitlements of the Rights Shares arising from the Rights Issue, if any, shall be dealt with in such manner as our Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of our Company. It is the intention of our Board to allocate the Excess Rights Shares, if any, in a fair and equitable manner, and on the basis as set out in Section 10.7 of this Abridged Prospectus.**

As the Rights Shares are prescribed securities, your CDS Account will be duly credited with the number of Provisional Rights Shares which you are entitled to subscribe for in full or in part under the terms of the Rights Issue. You will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Provisional Rights Shares, as well as to apply for the Excess Rights Shares if you choose to do so.

Any dealing in our securities will be subject to, *inter-alia*, the provisions of the Securities Industry (Central Depositories) Act, 1991, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares will be credited directly into the respective CDS Accounts of the successful applicants. No physical share certificates will be issued.

We will allot and issue the Rights Shares and despatch notices of allotment to the successful applicants within eight (8) Market Days from the last date for acceptance of and payment for the Rights Shares or such other period as may be prescribed by Bursa Securities.

## 2.2 Basis and justification of determining the issue price of the Rights Shares

On 3 June 2015, RHBIB had, on behalf of our Board, announced that the issue price of the Rights Shares has been fixed by our Board at RM1.80 each. This represents a discount of approximately 34.85% to the theoretical ex-rights price of CCM Duopharma Shares of RM2.763, calculated based on the five (5)-day WAMP of CCM Duopharma Shares up to and including 2 June 2015, being the last trading day of CCM Duopharma Shares immediately preceding the price fixing date for the Rights Shares. The issue price for the Rights Shares was determined by our Board after taking into consideration of the following:

- (i) the theoretical ex-rights price of the CCM Duopharma Shares based on the five (5)-day WAMP of CCM Duopharma immediately prior to the Price Fixing Date; and
- (ii) the funding requirements of CCM Duopharma as set out in **Section 5** of this Abridged Prospectus.

## 2.3 Ranking of the Rights Shares

All the Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the CCM Duopharma Shares, except that they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid to the shareholders, the entitlement date of which is prior to the date of allotment and issuance of the Rights Shares.

## 2.4 Details of other corporate exercises

On 27 November 2014, RHBIB had, on behalf of our Board, announced that CCM Duopharma had entered into the following agreements:

- (i) the conditional share sale agreement dated 27 November 2014 entered into between CCMB and CCM Duopharma in relation to the proposed acquisition of the entire equity interest in CCM Pharmaceuticals Sdn Bhd and Duopharma (M) Sdn Bhd for an aggregate purchase consideration of RM17,600,000 together with the settlement of advances due from Innovax Sdn Bhd, and CCM Pharmaceuticals Sdn Bhd and its subsidiaries to CCMB and its subsidiaries amounting to RM10,655,000 based on 30 September 2014 to be settled via cash ("**CCMD SSA**");
- (ii) the conditional share sale agreement dated 27 November 2014 entered into between CCM Investments Ltd and CCM Duopharma in relation to the proposed acquisition of the entire equity interest in CCM International (Philippines), Inc for a purchase consideration of RM1,000 to be settled via cash ("**Philippines Company SSA**"); and
- (iii) the conditional share sale agreement dated 27 November 2014 entered into between CCM International Sdn Bhd and CCM Duopharma in relation to the proposed acquisition of the entire equity interest in CCM Pharmaceuticals (S) Pte Ltd from CCM International Sdn Bhd for a purchase consideration of RM2,417,000 together with the settlement of advances due from CCM Pharmaceuticals (S) Pte Ltd to CCMB and its subsidiaries amounting to RM27,000 based on 30 September 2014 to be settled via cash ("**Singapore Company SSA**").

On even date, RHBIB had, on behalf of our Board, announced that Duopharma (M) Sdn Bhd, a wholly subsidiary of CCM Duopharma had entered into a conditional share sale agreement dated 27 November 2014 with CCMB in relation to the proposed acquisition by Duopharma (M) Sdn Bhd of the entire equity interest in CCM Pharma Sdn Bhd and Upha Pharmaceutical Manufacturing (M) Sdn Bhd from CCMB for an aggregate purchase consideration of RM113,307,000 together with the settlement of advances due from CCM Pharma Sdn Bhd and Upha Pharmaceutical Manufacturing (M) Sdn Bhd to CCMB and its subsidiaries amounting to RM101,116,000 based on 30 September 2014 to be settled via cash ("**DMSB SSA**").

(The CCMD SSA, the Philippines Company SSA, the Singapore Company SSA and the DMSB SSA are hereinafter collectively referred to as the "**SSAs**")

The Purchase Consideration of the Acquisition amounts to RM133,250,000 and the aforesaid settlement of advances amounts to RM111,798,000.

Subsequently on 24 December 2014, RHBIB had on behalf of our Board, announced the following:

- (i) CCM Duopharma had entered into the supplementary agreement dated 24 December 2014 with CCMB to vary the CCMD SSA whereby CCMB agreed to grant to CCM Duopharma an additional warranty with respect to the potential liability arising from the disclosure in the CCMD SSA in relation to the alleged sales tax issues currently being investigated by the Royal Malaysian Customs Department on CCM Pharmaceuticals Sdn Bhd; and
- (ii) Duopharma (M) Sdn Bhd had entered into the supplementary agreement dated 24 December 2014 with CCMB to vary the DMSB SSA whereby CCMB agreed to grant to Duopharma (M) Sdn Bhd an additional warranty with respect to the potential liability arising from the disclosure in the DMSB SSA in relation to the alleged sales tax issues currently being investigated by the Royal Malaysian Customs Department on Upha Pharmaceutical Manufacturing (M) Sdn Bhd.

On 27 March 2015, RHBIB had also on behalf of our Board, announced that the purchasers and the vendors in relation to the SSAs have mutually agreed to extend the date by which the conditions precedent must be fulfilled to 27 June 2015. All the other terms in the SSAs unless varied or amended otherwise therein shall remain unchanged.

In addition to the above, on 25 May 2015, RHBIB had on behalf of our Board, announced that CCM Duopharma and CCM Investments Ltd (the "**Parties**") had on 25 May 2015 entered into a supplementary letter of the share sale agreement ("**Supplementary Letter**") in relation to the Philippines Company SSA.

Pursuant to the Supplementary Letter, the Parties agreed:

- (a) to proceed with the completion of the Philippines Company SSA; and
- (b) that the condition for the capitalisation of inter-company advances made by CCM Investments Ltd or CCMB or any subsidiary of CCMB of Philippines Peso Sixty Nine Million Four Hundred Fifty Six Thousand Eight Hundred (PHP69,456,800.00) to CCM International (Philippines), Inc and for that purpose, issuance of 694,568 new shares in CCM International (Philippines), Inc to CCM Investments Ltd be performed as a condition subsequent to completion of the Philippines Company SSA. The new shares will not be transferred at completion and CCM Investments Ltd undertakes to perform all actions necessary to complete the capitalisation and transfer the issued shares to CCM Duopharma.

Consequently, the SSAs became unconditional as at 25 May 2015, the date of the Supplementary Letter.

Our shareholders had, at our EGM held on 11 March 2015, approved, *inter-alia*, the Acquisition.

The Acquisition is in line with the strategic direction of our Group to increase its manufacturing capacity to cater for the increasing demand for our products. The benefits to be derived from the Acquisition includes, amongst others:

- (i) to cater to the increasing demands from our customers, our Group would be required to expand its facilities. The Acquisition would allow our Group to tap into the manufacturing capabilities of Upha Pharmaceutical Manufacturing (M) Sdn Bhd which is currently running at between 30% to 40% of its full capacity. This would allow our Group to have an immediate boost in manufacturing capabilities as opposed to organic growth which may take some time to construct and commission;
- (ii) in order to bid for additional government contracts, our Group would be required to increase its existing manufacturing capacity and the Acquisition is the most efficient means to do so as compared to building and commissioning its own production facility. Our Group's revenue generated from sales to the government sector contributes approximately 62.4% to the total sales of our Group, 29.2% from sales to the private sector whilst the remaining 8.4% of the revenue is generated from export sales (based on the audited financial statements for the financial year ended 31 December 2014);
- (iii) moving forward, after integrating with our Group, the Target Companies is expected to contribute positively to future earning of the Our Group; and
- (iv) to provide an opportunity for the pharmaceutical division of our Group and CCMB to integrate into a single business which will enable our Group:
  - (a) to increase product offering and scale of operations of our Group by pooling together the skills, experiences, competencies and knowledge of both the pharmaceutical divisions;
  - (b) to better strategise and coordinate our Group's promotional and marketing activities; and
  - (c) to realise synergies from improved economies of scale arising from stronger buying positions with suppliers and more efficient resource allocation.



As at the LPD, the principal activities of the Target Companies are as follows:

<b>Target Companies</b>	<b>Principal Activities</b>
CCM Pharmaceuticals Sdn Bhd	The principal activities of CCM Pharmaceuticals Sdn Bhd are that of marketing and sales of medicine and pharmaceutical products.
CCM Pharma Sdn Bhd	The principal activities of CCM Pharma Sdn Bhd are that of property management and services.
Upha Pharmaceutical Manufacturing (M) Sdn Bhd	The principal activities of Upha Pharmaceutical Manufacturing (M) Sdn Bhd are that of contract manufacturing of pharmaceutical products and sale of medicine. Upha Pharmaceutical serves as the contract manufacturer for CCM Pharmaceuticals.
Innovax Sdn Bhd	The principal activity of Innovax Sdn Bhd is research and development in pharmaceutical products.
CCM International (Philippines), Inc	The principal activities of CCM International (Philippines), Inc are distribution, importing and exporting of pharmaceuticals and chemicals products.
CCM Pharmaceuticals (S) Pte Ltd	The principal activities of CCM Pharmaceuticals (S) Pte Ltd are wholesalers of medicinal and pharmaceutical products as well as wholesaler of chemicals and chemical products.

We wish to highlight that the Acquisition became unconditional as at 25 May 2015 and is estimated to be completed by early July 2015.

The Accountants' Report prepared by Moore Stephens Associates PLT on the Target Companies' past financial information for FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014 are set out in Appendix VI of this Abridged Prospectus.

Save for the Acquisition and the Rights Issue, there are no other corporate exercises announced but pending completion which is subject to the approval of the shareholders of CCM Duopharma.

### 3. RATIONALE AND JUSTIFICATION FOR THE RIGHTS ISSUE

The Rights Issue will enable CCM Duopharma to raise gross proceeds of RM251,063,100 from the shareholders of CCM Duopharma for the repayment of new bank borrowings, expansion of factory and to defray estimated expenses for the Corporate Exercises, as set out in **Section 5** of this Abridged Prospectus.

After due consideration of the various options available including bank borrowing, our Board is of the view that the Rights Issue is currently the most appropriate means of raising funds for CCM Duopharma after taking into consideration several major factors including the following:

- (i) the Rights Issue provides an opportunity for the Entitled Shareholders to increase their equity participation in CCM Duopharma through the subscription of Rights Shares which is expected to be priced at a discount to the market price and correspondingly for Entitled Shareholders to increase their participation in the prospect of our Group;
- (ii) the issuance of Rights Shares will increase CCM Duopharma's shareholders' funds and strengthen its balance sheet;
- (iii) the enlarged share base is also expected to enhance the liquidity of CCM Duopharma Shares on the Main Market of Bursa Securities;

- (iv) the Rights Issue enables CCM Duopharma to repay the borrowings (Islamic financing) incurred for the Acquisition (if completed) which would result in profit payment of RM5.93 million per annum, based on the profit rate of 4.45% per annum; and
- (v) the Rights Issue enables CCM Duopharma to expand the current facilities to increase its manufacturing capabilities and to manufacture more products to meet the demands of its customers.

#### 4. IRREVOCABLE UNDERTAKING AND UNDERWRITING ARRANGEMENT

The Rights Issue will be undertaken on a full subscription basis of 139,479,500 Rights Shares to raise a total gross proceeds of RM251,063,100 at an issue price of RM1.80 per Rights Share. The full subscription basis is determined based on the funding requirements of CCM Duopharma after taking into consideration of the funds needed for the repayment of new bank borrowings and expansion of factory as set out in **Section 5** of this Abridged Prospectus.

On 27 November 2014, the Undertaking Shareholder had provided its Irrevocable Undertaking based on its shareholdings as at the LPD:

	No. of CCM Duopharma Shares held as at the LPD	No. of Rights Shares to be subscribed pursuant to the Irrevocable Undertaking	% of CCM Duopharma Shares entitled/ undertaken
CCM Marketing Sdn Bhd	102,332,892	102,332,892	73.37

The Undertaking Shareholder had also given its undertaking to subscribe in full for any additional entitlement of the Rights Issue, in the event that they increase their shareholding in CCM Duopharma, prior to the Entitlement Date.

The Undertaking Shareholder had confirmed that it has sufficient financial resources to subscribe for its entitlement pursuant to the Rights Issue. RHBIB has verified the sufficiency of financial resources of the Undertaking Shareholder for the purpose of subscribing for the Rights Shares pursuant to the Irrevocable Undertaking based on the issue price of RM1.80 per Rights Share.

CCM Duopharma had also on 5 June 2015 entered into an Underwriting Agreement with the Underwriter to underwrite 37,146,608 Rights Shares representing approximately 26.63% of the total Rights Shares to be issued under the Rights Issue, for which no written irrevocable and unconditional undertaking to subscribe the Rights Shares has been obtained from other Entitled Shareholders, based on the terms and conditions of the Underwriting Agreement.

The underwriting commission is 1.50% of the value of the Underwritten Shares, amounting to approximately RM1,002,958 payable to the Underwriters. The underwriting commission payable to the Underwriters and all other costs in relation to the underwriting arrangement will be fully borne by our Company.

After taking into consideration the Irrevocable Undertaking and the underwriting arrangement, we confirm that the abovementioned shareholders' subscription of the Rights Shares will not give rise to any consequences of Mandatory General Offer ("MGO") obligation pursuant to the Malaysian Code on Take-Overs and Mergers, 2010.

## 5. UTILISATION OF PROCEEDS

The Rights Issue is expected to raise an estimated gross proceeds of RM251,063,100 from the subscription of the Rights Shares based on the issue price of RM1.80 per Rights Share. The proceeds are expected to be utilised in the following manner:

Details of utilisation	RM'000	Estimated timeframe for utilisation of proceeds from the completion of the Rights Issue
Repayment of bank borrowing <sup>(1)</sup>	140,000	Within twelve (12) months
Expansion of factory <sup>(2)</sup>	106,963	Within thirty-six (36) months
Estimated expenses <sup>(3)</sup>	4,100	Within one (1) month
<b>Total</b>	<b>251,063</b>	

### Notes:

- (1) The proceeds are intended to be utilised to settle the bank borrowing of RM140.00 million (inclusive of any profit payments incurred) which was obtained from RHB Islamic Bank Berhad vide a letter of offer dated 12 February 2015 to finance the Purchase Consideration. For avoidance of doubt, as at the LPD, our Company has yet to draw down any amount from the bank facility provided pending the completion of the Acquisition which is estimated to be completed by early July 2015, but before the completion of the Rights Issue. The bank borrowing obtained has a profit rate of 4.45% per annum and the settlement of the bank borrowing would result in profit payment (in Islamic financing term) of approximately RM5.93 million per annum. In the event that the proceeds earmarked is in excess of the actual repayment of bank borrowings, the excess proceeds raised would be utilised for the expansion of factory as disclosed in Note (2).

We wish to highlight that the Acquisition became unconditional as at 25 May 2015 and is estimated to be completed by early July 2015.

Details of the Acquisition are set out in Section 2.4 of this Abridged Prospectus.

- (2) The proceeds are intended to be utilised for the expansion of the facilities of our Group (inclusive of the assets from the Target Companies) which includes, amongst others, the construction of new factories and purchase of machineries.

The funds raised for expansion of factory would be utilised in the following manner:

	RM'000
Part finance for the factory expansion	75,000
Part finance for the purchase of machineries	31,963

For avoidance of doubt, the total cost of the factory expansion (consisting of the construction of four (4) new factories to be situated in Klang and an office cum warehouse in Bangi) and purchase of machineries is budgeted to be in excess of RM100.00 million and RM35.00 million, respectively. The construction of an office cum warehouse in Bangi is to increase the storage capacity for finished goods.

Any shortfall in the fund required for the expansion of the factory will be funded from internally generated funds and/or bank borrowings.

For information, as at 30 April 2015, our Group has one (1) existing facility which is located in Klang and the production capacity and output for four (4) months up to 30 April 2015 and for the FYE 31 December 2014 are as follows:

	Output		Annual Capacity
	Four (4) months up to 30 April 2015	FYE 31 December 2014	
Ampoules, vials and cartridges ('000 units)	11,110	31,690	50,700
Tablets and capsules ('000 units)	195,102*	1,002,450	1,202,000
Others ('000 litres)	1,041	31,930	36,000

**Note:**

\* The decrease in output was mainly due to the products contracted for but not drawn down (i.e. not purchased) by the government sector.

The Target Companies would add to our Group with two (2) facilities, which are located in Bangi and Glenmarie, Shah Alam with the following production capacity and output:

	Output		Annual Capacity
	Four (4) months up to 30 April 2015	FYE 31 December 2014	
Tablets and capsules ('000 units)	299,351	1,034,624	2,874,756
Others ('000 litres)	452	1,118	2,860

The expansion of the factory is expected to include the construction of a new manufacturing facility for Oral Solid Dosage (tablets and capsules), increase the manufacturing capacity of the tablets and capsules by approximately 50% and increase its product offerings as well as purchase of machineries for both the facility in Klang as well as the Target Companies (inclusive of the existing facility and new facilities to be constructed) as the Acquisition became unconditional as at 25 May 2015 and is expected to be completed by early July 2015. RM31.96 million from the proceeds to be raised for the expansion of the factory has been allocated for the purchase of machineries.

As at the LPD, the management of CCM Duopharma is still assessing and planning for the expansion (i.e. CCM Duopharma has just appointed a pharmaceutical consultant to begin drafting the factory plans/layout) and as such the management of CCM Duopharma is unable to determine the size of the facility to be constructed, the output that is expected to be derived from the expansion of the factory as well as the type of new product offerings that our Group (inclusive of the Target Companies) can produce. However, the machineries that the management of CCM Duopharma has budgeted to acquire include, amongst others, fluid bed dryers, blisters and cartoner, compression machines, granulators, blenders, filling machines with filtration system, coaters and quality control equipment.

The construction of the new factory in Klang is expected to commence in 2016 and is estimated to be completed by 2018. For avoidance of doubt, the preparatory work for the construction of the new factory such as the appointment of consultants (i.e. architects, engineers and other professionals required for the planning of the new factory) has commenced which would be funded by the Rights Issue.

- (3) Includes advisory fees, solicitors' fees, fees payable to relevant authorities, printing cost, and other incidental expenses in connection with the Corporate Exercises. Any shortfall or excess in funds allocated for estimated expenses will be funded from or used for the expansion of factory of our Group.

Pending utilisation of the proceeds from the Rights Issue, the said proceeds will be placed in a Syariah compliant deposit account(s) with financial institutions or investments in short-term money market instruments as our Board may deem fit. The profit derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of our Group.

## **6. RISK FACTORS**

You and/or your renounee(s) (if applicable) should consider carefully, in addition to other information contained elsewhere in this Abridged Prospectus, the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group before subscribing for or investing in the Rights Shares.

### **6.1 Risks relating to our operations and the industries that we operate in**

#### **6.1.1 Operating risks**

Our Group is exposed to the risks of fire breakouts and electricity supply disruptions at our facilities, which may disrupt or otherwise adversely affect the operations of our Group. In this regards, our Group has installed fire detection systems at our facilities, and also has back-up electricity generator sets capable of generating back-up power supply for critical operations for a short period of time as to mitigate such risks. Our Group has not, as at the LPD, experienced any major fire breakouts and electricity supply disruptions at our facilities. Although our Group has not taken insurance coverage against disruptions in electricity supply, we believe that our operations should not be significantly affected by temporary electricity supply disruptions.

However, it should also be noted that in the context of our Group's insurance coverage, though the assets located at our Group's premises are covered by the said insurance to the amount of its book value, there is a risk that any damage or destruction to such assets may still result in a materially adverse disruption to our Group's operations, the financial costs of which may exceed the book value of our Group's assets, despite any claim which our Group may have for insurance compensation to the amount of the book value of the said assets. In order to further mitigate such risks, our Group also has in place consequential loss insurance.

#### **6.1.2 Supply of raw material**

One of the main business risks faced by pharmaceutical companies is cost, availability and suitability of raw materials. The basic raw materials are mainly chemicals, which are commodities. However, these raw materials are not easily replaceable, as various studies need to be carried out and conducted to ensure that the raw materials are suitable and fit into the bio-equivalence of the generic drug to be produced. The changing of a supplier is tedious, as the raw material will need to undergo again the process of testing and confirming bio-equivalent test. Given that, our Group is constantly on the lookout for alternative sources of raw material. Our Group has not, as at the LPD, experienced any major disruption to the supply of raw materials.

### **6.1.3 Competition risks**

Our Group may face intense competition from existing competitors and new entrants into the market in the future, both locally and internationally which offer similar products and services.

In view of the competitive market environment, CCM Duopharma intends to sharpen its competitive edge by continually developing new measures to counter competition, which will include, amongst others, expanding its in-house R&D team and also tapping on R&D expertise from abroad, in anticipation to be a comprehensive solution centre for its customers. Such a development will also serve to reduce costs for its customers. The Target Companies will continue to focus on providing reliable products and services in addition to investments in products innovation to ensure its competitiveness in capturing market share and gaining market acceptance. However, there can be no assurance that CCM Duopharma would be able to sustain its competitiveness against current and future competitors.

### **6.1.4 Political and economic risks**

Our Group's financial and business prospects and the industry which they operate in will depend to some degree on the developments in the economy, political and regulatory front in, *inter-alia*, Malaysia, Philippines and Singapore. Such economy, political and regulatory uncertainties include (but not limited to) changes in inflation rates, interest rates, war, terrorism activities, riots, expropriations, changes in political leadership and unfavourable changes in the governments' policies affecting the pharmaceutical industry.

Our Group will continue to adopt effective measures such as prudent management and efficient operating procedures to mitigate these factors. However, there can be no assurance that adverse economic, political and regulatory changes will not materially affect our Group's business.

### **6.1.5 Acquisition risk**

Although our Board believes that our Group may derive benefits from the Acquisition, there is no assurance that the anticipated benefits of the Acquisition will be realised or that our Group will be able to generate sufficient revenues from the Acquisition to offset the associated acquisition costs incurred.

However, our Company believes it can mitigate such risks by adopting prudent investment strategies and conducting assessment and review, including a dedicated team to conduct the due diligence review on the Target Companies, prior to making its investment decisions.

### **6.1.6 Risk of expansion of factory**

The funds from the Rights Issue would be utilised partially for the expansion of facilities, which would enable our Group to renew its ageing factories as well as improve the production capacity and capabilities. The expansion also allows our Group to modernise its existing facilities and to construct new facilities for new products whilst preparing for anticipated future regulatory changes.

Although our Board believes that our Group may derive benefits from the expansion of factory, there can be no assurance in terms of realising the anticipated benefits of the expansion, achieving profitability and contributing to the overall financial results of our Group.

However, our Company believes it can mitigate such risks as our management would closely monitor market requirements, regulatory requirements and engagement with the relevant authorities as well as to adopt prudent management and efficient operating procedures in the new facilities.

#### **6.1.7 Foreign exchange risk**

The operating and reporting currencies of CCM International (Philippines), Inc (“**CCM Philippines**”) and CCM Pharmaceuticals (S) Pte Ltd (“**CCM Singapore**”) are denominated in Philippines Peso and Singapore Dollar respectively. As CCM Duopharma will be consolidating the financial results of the Target Companies after the Target Companies become wholly-owned subsidiary companies of CCM Duopharma pursuant to the Acquisition, any fluctuation of the aforementioned currencies against the RM may impact profits and the financial position of our Group when translating into RM terms.

CCM Philippines and CCM Singapore are also exposed to foreign exchange fluctuations in the event of mismatches between the amounts and timing of receipts and payments in foreign currencies. To the extent there are any such mismatches, a significant fluctuation in the applicable foreign currency against the domestic currency in which CCM Philippines or CCM Singapore transacts arising from such timing differences may result in CCM Philippines or CCM Singapore incurring a foreign exchange loss.

There can be no assurance that fluctuations in foreign exchange rates will not have material and adverse effects on CCM Philippines’s and CCM Singapore’s financial performance. Nevertheless, CCM Duopharma will assess the need to utilise financial instruments to hedge its foreign exchange exposure to mitigate the foreign exchange risk exposure.

#### **6.1.8 Industry risks**

The performance of our Group is subject to risks inherent in the manufacturing industry. These may include, amongst others, entry of new players, shortage of skilled workforce, increase in cost of labour, cost of operations, changes in government policies affecting the industry, changes in general economic, business, credit and interest rate condition and introduction of new technology and new products.

Whilst CCM Duopharma seeks to mitigate these risks through its continued initiative in R&D for new products, employment of highly skilled technical personnel, implementing prudent business strategies and carrying out continuous review of its operations, there is no assurance that any change to the above factors, which are beyond CCM Duopharma’s control, will not materially affect its businesses.

#### **6.1.9 Dependence on key personnel**

Our Group’s future success depends on its ability to attract and retain its key personnel. The loss of key personnel of our Group may have an unfavourable and material impact on the performance of our Group as the continued success of the business is considerably dependent on the combined efforts of the management team of our Company.

As such, CCM Duopharma will continuously consider measures so as to attract and retain our Group's key personnel by providing incentives and competitive remunerations for continued and future satisfactory performance. CCM Duopharma has also organised both external and in-house training programmes to improve existing skills and ensure competency in all aspects.

## **6.2 Risks relating to the Rights Issue**

### **6.2.1 Market risks**

The market price of the CCM Duopharma Shares is influenced by, amongst others, the prevailing market sentiments, the liquidity of CCM Duopharma Shares, the volatility of equity markets, the outlook of the industries which CCM Duopharma operates in and its financial performance. In view of this, there can be no assurance that CCM Duopharma Shares will trade at or above the issue price of the Rights Shares or the theoretical ex-rights price of CCM Duopharma Shares upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

### **6.2.2 Delay in or abortion of the implementation of the Rights Issue**

The Rights Issue is exposed to the risk that it may be aborted or delayed on the occurrence of any material adverse change of events/ circumstances such as changes in inflation rates, interest rates, political leadership and unfavourable changes in the governments' policies such as taxation and licensing regulations as well as other force majeure events, which are beyond the control of our Company and RHBIB, arising prior to or during the implementation of the Rights Issue.

Nevertheless, our Company will endeavour to ensure the successful listing of the Rights Shares. However, there can be no assurance that the abovementioned events will not occur or cause a delay in or abortion of the Rights Issue. In the event the Rights Issue is aborted, our Company will repay without interest all monies received in respect of the accepted application for the subscription of the Rights Shares pursuant to the Rights Issue and if such monies are not repaid within 14 days after it becomes liable, we will repay such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

In the event that the Rights Issue is aborted/ terminated, and the Rights Shares have been allotted to the shareholders, a return of monies to all holders of the Rights Shares could only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be removed within a short period of time or at all in such circumstances.

### **6.2.3 Potential dilution**

The Entitled Shareholders who do not or are not able to accept their provisional offer of the Right Shares will have their proportionate ownership and voting interest in our Company reduced and the percentage of our enlarged issued and paid-up share capital represented by their shareholdings in our Company will also be reduced accordingly.



### **6.3 Forward looking statements**

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of the future results, and others are forward looking in nature and are subject to uncertainties and contingencies outside the control of CCM Duopharma. All forward-looking statements, opinions and/or views contained herein are based on estimates and assumptions made by CCM Duopharma. Although our Board believes that these forward looking statements, opinions and/or views are reasonable based on information currently available to them, the statements are nonetheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to differ from that expressed or implied. In light of these and other uncertainties, the inclusion of such forward-looking statements, opinions and/or views herein should not be regarded as a representation or warranty by CCM Duopharma or its advisers that the plans and objectives of CCM Duopharma will be achieved.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP

### 7.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a growth of 5.6% in the first quarter of 2015 (4Q 2014: 5.7%). Private sector expenditure remained the key driver of growth (9.6%; 4Q 2014: 8.3%). This contributed towards a strong domestic demand performance, which offset the negative contribution from net exports during the quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 1.2% (4Q 2014: 1.8%).

Domestic demand expanded by 7.9% in the first quarter of 2015 (4Q 2014: 5.7%), driven mainly by private sector expenditure. Private sector activity grew by 9.6% (4Q 2014: 8.3%), following continued growth in consumption and investment activities. Private consumption expanded at a stronger pace of 8.8% (4Q 2014: 7.6%), supported by stable labour market conditions and higher wage growth. Furthermore, household spending was supported by flood relief efforts, in particular, during the early parts of the quarter. The frontloading of consumer purchases prior to the implementation of government service tax, particularly on transport, food and beverages, as well as communication, also contributed to the strong expansion in private consumption. Private investment expanded by 11.7% (4Q 2014: 11.1%), driven by capital spending in the export-oriented manufacturing sector and in the telecommunication and transport-related services industries.

On the supply side, growth in the first quarter was supported by the major economic sectors. The services sector was underpinned by growth in all sub-sectors, particularly consumption-related sub-sectors. Growth in the manufacturing sector was supported by stronger performance in the export-oriented industries, particularly the electronics and electrical (E&E) cluster. The construction sector was supported mainly by the non-residential and residential sub-sectors, while the mining sector continued to record stronger growth amid higher crude oil production. Meanwhile, the agriculture sector contracted as a result of lower palm oil production.

The Malaysian economy is expected to remain on a steady growth path. Domestic demand will remain the key driver of growth amid the lower oil prices. Investment activity is projected to remain resilient, with continued capital spending by both the private and public sectors. While private consumption is expected to moderate as households adjust to the introduction of the GST, the steady rise in income and stable labour market conditions would support household spending. The recovery in global growth while remaining moderate, will provide support to manufactured exports, although lower commodity prices will likely weigh down on overall exports.

*(Source: Economic and Financial Developments in Malaysia in the First (1<sup>st</sup>) Quarter 2015, Bank Negara Malaysia)*

### 7.2 Overview and outlook of the pharmaceutical industry

The pharmaceutical industry is an important component of the healthcare sector in Malaysia. The industry has high growth potential, both in the domestic and export markets, in view of its present strength in the production of generic drugs.

During the period of the Third Industrial Master Plan ("IMP3"), 2006-2020, further development of the industry will be driven by rising wealth, increase longevity of the population, greater awareness of healthcare and better access to medicines. The industry is expected to focus on the production of high-margin niche products, add value to the existing products through improved drug delivery technologies and increasingly move into biopharmaceuticals and branded generics, including bi-generics (biologic drugs, for which patents have expired).

Patents of many drugs made by the United States of America (“US”) and European companies have either expired or will be expiring during the next few years. It is estimated that the patent expiry will involve about USD100 billion worth of branded drugs of the major pharmaceutical companies. This will create market opportunities for generics worldwide, which are expected to grow at an average annual rate of 10%. The expected increases in the Government purchase of generic drugs, as a measure to contain healthcare costs, together with the anticipated expiry of several branded drugs, offers vast opportunities for the production of patent expired generic drugs, for both the local and export markets.

One of the prospects for growth in the industry in Malaysia is the positive development worldwide for biotech drugs. Malaysia is one of the world’s twelve most bio-diverse countries and offers high potential for sourcing active compounds for therapeutics and wellness products. The industry can leverage not only upon the highly diversified flora, fauna and medicinal plants, but also the vast R&D experience in regional diseases and the country’s multi-ethnic population, which facilitates clinical trial activities.

*(Source: The Third Industrial Master Plan (IMP3) 2006-2020, Ministry of International Trade and Industry)*

The healthcare sector has seen robust growth over the past decade and this sector has one of the highest multipliers in the economy in Malaysia. Changing demographics, a more affluent society and more health-conscious lifestyles have led to the creation of a robust domestic industry. While the local industry has been dominated by the public healthcare sector, over the past decade, there has been tremendous growth of private healthcare services.

As such, the Government aims to further grow this sector by encouraging more private investments in areas such as manufacturing of pharmaceutical products, medical devices, clinical research, aged-care services and supporting collaborative efforts between public and private healthcare providers.

Collectively, 40 healthcare projects announced under Healthcare NKEA are projected to create 26,966 jobs and generate an income of RM6.59 billion, as well as RM4.96 billion in new investments by 2020.

*(Source: Economic Transformation Programme, Performance Management and Delivery Unit, Prime Minister’s Department)*

### **7.3 Prospects of Our Group**

Our Group and the Target Companies operate in the pharmaceutical industry which is expected to grow due to, amongst others, the government’s focus to contain healthcare costs in Malaysia by having government owned hospitals increasingly using locally manufactured generic drugs. As stated in the IMP3, many patents of drugs made by the US and European companies have expired or are expiring in the near future, opening the market to local manufacturers to produce these generic drugs.

Our Group and the Target Companies are the manufacturers of generic drugs with a combined dossier of approximately 700 registered with the Drug Control Authority of the Ministry of Health. With the Acquisition and Rights Issue, our Group would then be able to offer more generic drugs to its current customers and be able to tap into the network currently established by the Target Companies (mainly the distribution channel of the over-the-counter products of the Target Companies) to distribute our Group’s products, which may lead to an increase in revenue generated by our Group.

The Target Companies are also producing over-the-counter products under established brands such as Champs, Flavettes, Proviton, Naturalle, Uphamol, Eye Glo and Alucid and these products are sold locally and to various countries such as the ASEAN region, Middle East countries and Africa. The facilities of the Target Companies are able to cater to high speed and large-scale manufacturing of a wide variety of pharmaceuticals products, which include, amongst others, sophisticated encapsulating and tableting machines, blister packing machines, sachet packing machine, high-speed liquid fillers, blenders and fluid bed driers. In addition, the Target Companies are always involved in research and development of pharmaceutical products, providing scientific and technical knowledge and skills in the development of high quality, safe and efficacious pharmaceutical products in the pre and post-registration drug development stage.

The funds from the Rights Issue would be utilised partially for the expansion of current facilities, which would enable our Group (inclusive of the Target Companies) to renew its ageing factories which were constructed more than 20 years ago as well as improve the production capacity and capabilities. For information purposes, although the factories are more than 20 years old, our Group had constantly refurbished and/or renovated the factories to keep up with current regulatory requirement. In order to keep up with future regulatory requirements and product requirements, our Group would need to expand the factories. Amongst the plans by the management of CCM Duopharma includes the expansion and modernisation of existing facilities and the construction of new facilities for new products whilst preparing for anticipated future regulatory changes.

Premised on the above, our Board is of the opinion that the prospects of our Group as well as the Target Companies, after the successful implementation of the Acquisition and Rights Issue are expected to be positive.

*(Source: The management of CCM Duopharma)*

## 8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE

### 8.1 Issued and paid-up share capital

The proforma effects of the Rights Issue on the issued and paid-up share capital of CCM Duopharma are set out below:

	No. of CCM Duopharma Shares	Par value RM	RM
Issued and paid-up share capital as at the LPD	139,479,500	0.50	69,739,750
To be issued pursuant to the Rights Issue	139,479,500	0.50	69,739,750
<b>Enlarged issued and paid-up capital</b>	<b>278,959,000</b>	<b>0.50</b>	<b>139,479,500</b>

## 8.2 Net assets per share and gearing

The proforma effects of the Rights Issue on the NA per share and gearing based on the audited consolidated statement of financial position of CCM Duopharma for the FYE 31 December 2014 are set out below:

	Audited as at FYE 31 December 2014	Proforma I (1) Adjustment for subsequent events	After Proforma I and the Acquisition	Proforma II and the Acquisition	After Proforma II and the Rights Issue	Proforma III and the Rights Issue
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Share capital	69,739	69,739	69,739	69,739	139,478	139,478
Share premium	13,720	14,306	14,306	14,306	195,630	195,630
Treasury shares	(1,578)	-	-	-	-	-
Retained earnings	111,749	91,524	91,524	(2)(3)91,541	91,541	91,541
<b>Shareholders fund/NA</b>	<b>193,630</b>	<b>175,569</b>	<b>175,569</b>	<b>175,586</b>	<b>426,649</b>	<b>426,649</b>
Number of shares ('000)	138,822	139,480	139,480	139,480	278,958	278,958
NA per share (RM)	1.39	1.26	1.26	1.26	1.53	1.53
Total borrowings (RM'000)	-	-	-	267,094	(4)133,769	(4)133,769
Gearing ratio (times)	-	-	-	1.52	0.31	0.31

### Notes:

- After incorporating the following adjustments:
  - final single tier dividend of RM0.145 per CCM Share for the FYE 31 December 2014 as proposed and announced by our Company on 24 February 2015 amounting to RM22.23 million;
  - all of the 658,000 treasury shares were resold into the open market on 25 February 2015, 26 February 2015 and 27 February 2015 for an average selling price of RM3.2887 amounting to RM2.16 million; and
- After incorporating negative goodwill arising from the Acquisition of approximately RM4.12 million.
- After deducting the estimated expenses relating to the Corporate Exercises amounting to approximately RM4.1 million.
- After deducting the Purchase Consideration (excluding any profit payments to be incurred) for the Acquisition which is intended to be repaid via proceeds from the Rights Issue as set out in Section 5. The breakdown and movement of the borrowings are as follows:

	RM'000
<b>Proforma II</b>	
Arising from the consolidation of the Target Companies to the financial statements of CCM Duopharma	21,971
Draw down of loans and borrowings to finance the Acquisition	245,123
	<u>267,094</u>
<b>Proforma III</b>	
Repayment of bank borrowings	(133,325)
	<u>133,769</u>

### 8.3 Earnings and EPS

Save for the estimated expenses of RM4,100,000 in relation to the Corporate Exercises, the Rights Issue is not expected to have material effect on the earnings of CCM Duopharma for the FYE 31 December 2015. However, the EPS of our Company may be reduced correspondingly as a result of the increase in the number of CCM Duopharma Shares pursuant to the Rights Issue.

The proforma effects of the Rights Issue on the earnings and EPS based on the audited consolidated statement of financial position of CCM Duopharma for the FYE 31 December 2014 are set out below:

	Audited as at 31 December 2014	Adjustment for subsequent events	Proforma I After Proforma I and the Acquisition	Proforma II After Proforma I and the Acquisition	Proforma III After Proforma II and the Rights Issue
Profit for the financial year attributable to the owners of CCM Duopharma (RM'000)	35,275	35,275	(2)33,705	33,705	33,705
Number of shares ('000)	138,822	(1)139,480	139,480	139,480	278,958
EPS (sen)	25.41	25.29	24.16	24.16	12.08

#### Notes:

- (1) After incorporating all of the 658,000 treasury shares were resold into the open market on 25 February 2015, 26 February 2015 and 27 February 2015.
- (2) After incorporating the following adjustments:
  - (a) deducting the estimated expenses relating to the Corporate Exercises amounting to approximately RM4.1 million; and
  - (b) incorporating the Target Companies' combined profit after tax of approximately RM2.53 million as at 31 December 2014.

Nevertheless, the Rights Issue is expected to contribute positively to the future earnings of CCM Duopharma when the benefits of the utilisation of proceeds are realised.

## 9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

### 9.1 Working capital

Our Board is of the opinion that, after taking into consideration the cash flow position of our Group, banking facilities available and the proceeds to be received from the Rights Issue, our Group will have sufficient working capital for the next twelve (12) months from the date of this Abridged Prospectus.

### 9.2 Borrowings

As at the LPD, save for the bank borrowing of RM245.12 million which was obtained from RHB Islamic Bank Berhad to finance the Purchase Consideration and settlement of advances made by CCMB Group to the Target Companies pursuant to the Acquisition (which our Company has yet to draw down any amount from the bank facility provided pending the completion of the Acquisition which is estimated to be completed by early July 2015, but before the completion of the Rights Issue), our Group has no outstanding borrowings.

Based on the assumption that the bank borrowing of RM245.12 million has been drawn down as at the LPD, the bank borrowing denominated in local currency, would be interest bearing, comprise the following:

	RM'000
<b>Short term borrowing:</b>	
Term loan	133,325
<b>Long term borrowing:</b>	
Term loan	111,798
<b>Total</b>	<u><u>245,123</u></u>

After having made all reasonable enquiries and to the best knowledge and belief of our Board, there has been no default on payments of either interest and/ or principal sums in respect of any borrowings during the FYE 31 December 2014 and the subsequent financial period up to the LPD.

### 9.3 Contingent liabilities

As at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group.

### 9.4 Material commitments

Save as disclosed below, as at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group.

<b>Plant and equipment</b>	<b>RM'000</b>
Authorised but not provided for	26,199
Contracted but not provided for	3,399
<b>Acquisition<sup>(1)</sup></b>	<b>RM'000</b>
Purchase Consideration	133,325
Settlement of advances made by CCMB Group to the Target Companies	111,798

**Note:**

(1) The Acquisition is estimated to be completed by early July 2015.

## 10. PROCEDURES FOR ACCEPTANCE, SALE/TRANSFER, EXCESS APPLICATION AND PAYMENT

### 10.1 Important relevant dates and time

Last date and time for the sale of Provisional Rights Shares 29 June 2015 at 5.00 p.m.

Last date and time for the transfer of Provisional Rights Shares 2 July 2015 at 4.00 p.m.

Last date and time for acceptance and payment 7 July 2015 at 5.00 p.m.

Last date and time for application for Excess Rights Shares and payment 7 July 2015 at 5.00 p.m.

Our Board may decide in its absolute discretion to extend the last date and time for acceptance, application for Excess Rights Shares and payment to any later time(s) and/or date(s). We will announce the extension (if any) not less than two (2) Market Days before the stipulated date and time. Proof of time of postage shall not constitute proof of the time of receipt by our Share Registrar.

Late applications will not be accepted.

### 10.2 General

The Provisional Rights Shares are prescribed securities under Section 14(5) of the SICDA and therefore, all dealings in the Provisional Rights Shares will be by book entries through CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renounee(s) and/or transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making applications to subscribe for the Rights Shares.

If you are an Entitled Shareholder (other than an Authorised Nominee who has subscribed for NRS), you will find enclosed with this Abridged Prospectus the NPA notifying you of the crediting of such Provisional Rights Shares into your CDS Account and the RSF to enable you to subscribe for such Rights Shares that have been provisionally allotted to you, as well as to apply for Excess Rights Shares, if you choose to do so.

Full instructions for the acceptance of and payment for the Rights Shares provisionally allotted to you and/or your renounee(s) and/or transferee(s) (if applicable) and the procedures to be followed are set out in this Abridged Prospectus and the accompanying RSF. You are advised to read this Abridged Prospectus, the RSF and the notes and instructions contained in the documents carefully.

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository, an electronic copy of this Abridged Prospectus and the Rights Issue Entitlement File will be transmitted to you electronically by Bursa Depository through its existing network facility with the Authorised Nominees. Please refer to Sections 10.4.4 and 10.6.4 of this Abridged Prospectus for the procedures for acceptance as well as to apply for Excess Rights Shares, if you choose to do so.

Acceptances which do not strictly conform to the terms and conditions as well as the notes and instructions contained herein, or which may be illegible may not be accepted at the absolute discretion of our Board.



### 10.3 Methods of application

You may subscribe for such number of Rights Shares that you have been provisionally allotted as well as to apply for Excess Rights Shares, if you so choose, using either of the following methods:

Method of application	Category of Entitled Shareholders
RSF <sup>(1)</sup>	All Entitled Shareholders
Electronic Application <sup>(2)</sup> or Internet Application <sup>(3)</sup>	All Entitled Shareholders
NRS	Authorised Nominee who has subscribed for NRS

**Notes:**

- (1) A copy of the RSF will be enclosed together with this Abridged Prospectus. The RSF is also available on the website of Bursa Securities (<http://www.bursamalaysia.com>).
- (2) The following surcharge per Electronic Application will be charged by the following Participating Financial Institutions:
- Public Bank Berhad – RM4.24 (inclusive of 6% GST); and
  - Affin Bank Berhad – RM4.24 (inclusive of 6% GST)
- (3) The following processing fee per Internet Application will be charged by the following Internet Participating Financial Institutions:
- Public Bank Berhad ([www.pbepbank.com](http://www.pbepbank.com)) – RM4.24 (inclusive of 6% GST); and
  - Affin Bank Berhad – (inclusive of 6% GST).

### 10.4 Procedures for acceptance and payment

#### 10.4.1 By way of RSF

If you wish to accept your entitlement to the Provisional Rights Shares, either in full or in part, please complete Parts I(A) and II of the RSF in accordance with the notes and instruction in the RSF. Send each completed and signed RSF with the relevant payments in the reply envelope enclosed with this Abridged Prospectus, by ORDINARY POST, COURIER or DELIVERED BY HAND (at your own risk) to our Share Registrar at the following address:

Tricor Investor Services Sdn Bhd  
 Level 17, The Gardens North Tower  
 Mid Valley City  
 Lingkaran Syed Putra  
 59200 Kuala Lumpur  
 Tel: 603-2264 3883  
 Fax: 603-2282 1886

so as to arrive not later than 5.00 p.m. on 7 July 2015 (or such later date and time as our Board may determine and announce not less than 2 Market Days before the stipulated date and time).

If you have lost, misplaced or for any other reasons require another copy of the RSF, you and/or your renounee(s)/transferee(s) (if applicable) may obtain additional copies from your stockbrokers, our Share Registrar, our Registered Office or Bursa Securities' website (<http://www.bursamalaysia.com>).

One (1) RSF can only be used for acceptance of the Provisional Rights Shares standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for the acceptance of Provisional Rights Shares standing to the credit in more than one (1) CDS Account. The Rights Shares accepted by you will be credited into the CDS Account(s) where the Provisional Rights Shares are credited.

A reply envelope is enclosed with this Abridged Prospectus. To facilitate the processing of the RSF(s) by our Share Registrar, you are advised to use one (1) reply envelope for each complete RSF.

The minimum number of Rights Shares that can be accepted is one (1) Rights Share. However, you should take note that a trading board lot comprises 100 CCM Duopharma Shares.

Any fractional entitlement under the Rights Issue shall be disregarded and the aggregate of such fractional, if any, shall be dealt with in such manner or on such terms as our Board may at its absolute discretion deem fit and expedient and in the best interest of our Company.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares accepted in the form of Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia and made payable to "**CCM DUOPHARMA RIGHTS ISSUE ACCOUNT**", crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name, contact number and your CDS Account number. The payment must be made for the exact amount. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. **Cheques or other modes of payment not prescribed here are not acceptable.** Details of remittance must be filled in the appropriate boxes provided in the RSF.

If acceptance and payment for the Provisional Rights Shares allotted to you and/or your renounee(s)/transferee(s) (if applicable) (whether in full or in part) are not received by our Share Registrar by 5.00 p.m. on 7 July 2015 or such later date and time as our Board may determine and announce not less than two (2) Market Days before the stipulated date and time, the provisional entitlement to you and/or your renounee(s)/transferee(s) (if applicable) will be deemed to have been declined and will be cancelled. Our Board will then have the right to allot such Rights Shares not taken up to applicants who have applied for Excess Rights Shares in the manner as set out in Section 10.7 of this Abridged Prospectus.

**You should note that all RSFs lodged with our Share Registrar will be irrevocable and cannot be subsequently withdrawn.**

**Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. No acknowledgement of receipt of the RSF for the Rights Shares application or the application monies will be issued by our Company or our Share Registrar.**

Applications for Rights Shares shall not be deemed to have been accepted by reason of the remittance being presented for payment. Our Board reserves the right not to accept any Rights Shares application, in full or in part, without assigning any reason.

Notification on the outcome of your application for the Rights Shares will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:

- (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Rights Shares; or
- (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Rights Shares.

If you have provided your bank account information to Bursa Depository for purposes of cash dividend/distribution, the refund will be credited directly into that bank account. For this purpose, you are required to provide your consent via the RSF in accordance with the relevant laws of Malaysia, including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institutions, their respective agents and any third party who may be involved in facilitating the payment of refund to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refund or for any other purpose in connection with such payments.

If the crediting of the refund into that bank account (details of which has been provided to Bursa Depository) is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

#### **10.4.2 By way of Electronic Application**

Only individuals who are Entitled Shareholders may apply for the Rights Shares by way of Electronic Application.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for Electronic Application and the procedures set out at the ATMs of the Participating Financial Institutions before making an Electronic Application.

(i) **Steps for Electronic Applications through a Participating Financial Institution's ATM**

The procedures for Electronic Applications at the ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("**Steps**"). For illustration purposes, the procedures for Electronic Applications at ATMs are set out below. The Steps set out the actions that you must take at the ATM to complete an Electronic Application. Please read carefully the terms of this Abridged Prospectus, the Steps and the Terms and Conditions for Electronic Applications set out below before making an Electronic Application.

- (a) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for the Rights Share at an ATM belonging to other Participating Financial Institutions;
- (b) You are advised to read and understand this Abridged Prospectus **BEFORE** making the application; and
- (c) You shall apply for the Rights Shares via the ATM of the Participating Financial Institutions by choosing the Electronic Application option. Mandatory statements required in the application are as set out in "**Terms and conditions for Electronic Applications**" (please refer to Section 10.4.2(iii) below). You shall enter at least the following information through the ATM when the instructions on the ATM screen require you to do so:
- Personal Identification Number ("**PIN**");
  - Select CCM Duopharma Rights Issue Account;
  - CDS Account number;
  - Number of Rights Shares applied for and/or the RM amount to be debited from the account;
  - Current contact number (for e.g. your mobile phone number); and
  - Confirmation of several mandatory statements.

Upon the completion of your Electronic Application transaction, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Application or any data relating to such an Electronic Application by our Company or the Share Registrar. The Transaction Record is for your record and is not required to be submitted with your Application.

**You must ensure that you use the number of the CDS Account held in your name when making an Electronic Application. If you operate a joint bank account with any of the Participating Financial Institutions, you must ensure that you enter the number of the CDS Account held in your name when using an ATM card issued to you in your name. Your application will be rejected if you fail to comply with the foregoing.**

**(ii) Participating Financial Institutions**

Electronic Applications may be made through an ATM of the following Participating Financial Institutions and their branches within Malaysia:

- Public Bank Berhad; and
- Affin Bank Berhad.

**(iii) Terms and Conditions of Electronic Applications**

The Electronic Application shall be made on, and subject to, the terms of this Abridged Prospectus, as well as the terms and conditions of the Participating Financial Institutions and those appearing herein:

- (a) You are required to confirm the following statements (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:
- (i) You have attained 18 years of age as at the last day for application and payment;
  - (ii) You have read the relevant Abridged Prospectus and understood and agreed with the terms and conditions of the application;
  - (iii) You authorise the financial institution with which you have a bank account to deduct the full amount payable for the Rights Shares (including the processing fee as mentioned in Section 10.3 (Note 2) of this Abridged Prospectus) from your bank account with the Participating Financial Institution; and
  - (iv) You hereby give consent to our Company, Bursa Depository, our Share Registrar, the relevant Participating Financial Institution, their respective agents and any third party involved in facilitating the application/refund, to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to the relevant authorities and any person as may be necessary or expedient to facilitate the making of the application/refund.

Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institution. By doing so, you shall have confirmed each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosures as described above.

- (b) You confirm that you are not applying for the Rights Shares as a nominee of any other person and that any Electronic Application that you make is made by you as the beneficial owner.
- (c) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your Electronic Application, failing which your Electronic Application will not be completed. Any Electronic Application, which does not strictly conform to the instructions set out on the screen of the ATM through which the Electronic Application is being made, will be rejected.

- (d) You agree and undertake to subscribe for or purchase and to accept the number of Rights Shares applied for as stated on the Transaction Record in respect of your Electronic Application. Your confirmation (by your action of pressing the pre-designated keys (or buttons) on the ATM) of the number of Rights Shares applied for shall signify, and shall be treated as, your acceptance of the number of Rights Shares that may be allotted to you.

Should you encounter any problems in your Electronic Application, please refer to the Participating Financial Institution.

- (e) By making and completing your Electronic Application, you, if successful, request and authorise our Company to credit the Rights Shares allotted to you into your CDS Account.

- (f) You acknowledge that your Electronic Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the Participating Financial Institution or Bursa Depository and irrevocably agree that if:

(i) Our Company, our Share Registrar or Bursa Depository does not receive your Electronic Application; or

(ii) Data relating to your Electronic Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made an Electronic Application and you shall not make any claim whatsoever against our Company, our Share Registrar, the Participating Financial Institution or Bursa Depository for the Rights Shares applied for or for any compensation, loss or damage relating to the application for the Rights Shares.

- (g) All of your particulars, including your nationality and place of residence, in the records of the relevant Participating Financial Institution at the time you make your Electronic Application shall be true and correct, and our Company, our Share Registrar, the relevant Participating Financial Institution and Bursa Depository shall be entitled to rely on the accuracy thereof.

- (h) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Application will be rejected. You must inform Bursa Depository promptly of any change in address, failing which, the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.

- (i) By making and completing an Electronic Application, you agree that:

(i) In consideration of our Company agreeing to allow and accept your application for the Rights Shares via the Electronic Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Application is irrevocable and cannot be subsequently withdrawn;

- (ii) Our Company, the Participating Financial Institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
  - (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the Rights Shares for which your Electronic Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares; and
  - (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Electronic Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (j) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (k) Notification on the outcome of your application for the Rights Shares will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:
- (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Rights Shares; or
  - (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Rights Shares.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note of the terms and conditions as stated in Section 10.4.2(iii) of this Abridged Prospectus and the required consent in making your Electronic Application.

If the crediting of the refund into your bank account from which your Electronic Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

### 10.4.3 By way of Internet Application

All Entitled Shareholders may apply for the Rights Shares by way of Internet Application.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for Internet Application and the procedures set out on the internet financial services website of the Internet Participating Financial Institutions before making an Internet Application.

#### (i) **Step 1: Set up of account**

Before making an application by way of Internet Application, you **must have** all of the following:

- (a) an existing account with access to internet financial services with **Public Bank Berhad** at [www.pbebank.com](http://www.pbebank.com) or Affin Bank Berhad at [www.affinbank.com.my](http://www.affinbank.com.my). Accordingly, you will need to have your user identification and PIN/password for the internet financial services facility; and
- (b) a CDS Account held in your name.

#### (ii) **Step 2: Read the Abridged Prospectus**

You are advised to read and understand this Abridged Prospectus **BEFORE** making your application.

#### (iii) **Step 3: Apply through Internet**

While we will attempt to provide you with assistance in your application for the Rights Shares through Internet Application, please note that the actual steps for Internet Application through the internet financial services website of the Internet Participating Financial Institutions may differ from the steps outlined below. The possible steps set out below are purely for illustration purposes only.

- (a) Connect to the internet financial services website of the Internet Participating Financial Institution with which you have a bank account;
- (b) Log in to the internet financial services facility by entering your user identification and PIN/password;
- (c) Navigate to the section of the website on applications in respect of the Rights Shares;
- (d) Select the counter in respect of the Rights Shares to launch the electronic Abridged Prospectus and the terms and conditions of the Internet Application;
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions;
- (f) At the next screen, complete the online application form;



- (g) Check that the information contained in your online application form, such as the share counter (in this case, CCM Duopharma Rights Issue Account), your NRIC number, your current contact number (for e.g. your mobile phone number), your CDS Account number, number of Rights Shares applied for and the account number to debit are correct. Then select the designated hyperlink on the screen to confirm and submit the online application form.
- (h) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution (as defined below) to effect the online payment of your money for the Rights Issue;
- (i) You must pay for the Rights Issue through the website of the Authorised Financial Institution (as defined below), failing which the Internet Application is not completed, despite the display of the Confirmation Screen. "Confirmation Screen" refers to the screen which appears or is displayed on the internet financial services website, which confirms that the Internet Application has been completed and states the details of your Internet Application, including the number of Rights Shares applied for, which can be printed out for your record;
- (j) As soon as the transaction is completed, a message from the Authorised Financial Institution (as defined below) pertaining to the payment status will appear on the screen of the website through which the online payment for the Rights Shares is being made. Subsequently, the Internet Participating Financial Institution shall confirm that the Internet Application has been completed, via the Confirmation Screen on its website; and
- (k) You are advised to print out the Confirmation Screen for your reference and record.

**(iv) Terms and Conditions of Internet Applications**

The Internet Application shall be made on, and subject to, the terms of this Abridged Prospectus, as well as the terms and conditions of the Internet Participating Financial Institutions and those appearing herein:

- (a) After selecting the designated hyperlink on the screen, you are required to confirm and undertake that the following information given are true and correct:
  - (i) You have attained eighteen (18) years of age as at the last day for application and payment;
  - (ii) You have, prior to making the Internet Application, received and/or have had access to a printed/electronic copy of this Abridged Prospectus, the contents of which you have read and understood;
  - (iii) You agree to all the terms and conditions of the Internet Application as set out in this Abridged Prospectus and have carefully considered the risk factors set out in this Abridged Prospectus, in addition to all other information contained in this Abridged Prospectus, before making the Internet Application;

- (v) You authorise the financial institution with which you have a bank account to deduct the full amount payable for the Rights Shares (including the processing fee as mentioned in Section 10.3 (Note 3) of this Abridged Prospectus) from your bank account with the Participating Financial Institution; and
  - (vi) You hereby give consent in accordance with the relevant laws of Malaysia (including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA) for the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant Internet Participating Financial Institution, their respective agents and any third party involved in facilitating the application/refund, of information pertaining to yourself, the Internet Application made by you, your account with the Internet Participating Financial Institution and/or the Authorised Financial Institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the application/refund.
- (b) You confirm that you are not applying for the Rights Shares as a nominee of any other person and that the Internet Application is made in your own name, as beneficial owner and subject to the risks referred to in this Abridged Prospectus.
- (c) You agree and undertake to subscribe for or purchase and to accept the number of Rights Shares applied for as stated on the Confirmation Screen in respect of your Internet Application. Your confirmation of the number of Rights Shares applied for shall signify, and shall be treated as, your acceptance of the number of Rights Shares that may be allotted to you.
- Should you encounter any problems in your Internet Application, please refer to the Internet Participating Financial Institution.
- (d) By making and completing your Internet Application, you, if successful, request and authorise our Company to credit the Rights Shares allotted to you into your CDS Account.
- (e) You acknowledge that your Internet Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the Internet Participating Financial Institutions or Bursa Depository and irrevocably agree that if:
- (i) Our Company, our Share Registrar or Bursa Depository does not receive your Internet Application; or
  - (ii) Data relating to your Internet Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made an Internet Application and you shall not make any claim whatsoever against our Company, our Share Registrar, the Internet Participating Financial Institution or Bursa Depository for the Rights Shares applied for or for any compensation, loss or damage relating to the application for the Rights Shares.

- (f) All of your particulars, including your nationality and place of residence, in the records of the relevant Internet Participating Financial Institution at the time you make your Internet Application shall be true and correct, and our Company, our Share Registrar, the relevant Internet Participating Financial Institution and Bursa Depository shall be entitled to rely on the accuracy thereof.
- (g) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Application will be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.
- (h) By making and completing an Internet Application, you agree that:
  - (i) In consideration of our Company agreeing to allow and accept your application for the Rights Shares via the Internet Application facility established by the Internet Participating Financial Institutions at their respective internet financial services website, your Internet Application is irrevocable and cannot be subsequently withdrawn;
  - (ii) Our Company, the Internet Participating Financial Institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Internet Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
  - (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the Rights Shares for which your Internet Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares; and
  - (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Internet Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (i) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (j) Notification on the outcome of your application for the Rights Shares will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:
  - (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Rights Shares; or

- (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Rights Shares.

The refund will be credited directly into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made. Kindly take note of the terms and conditions as stated in Section 10.4.3(iv) of this Abridged Prospectus and the required consent in making your Internet Application.

If the crediting of the refund into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

- (k) You authorise the Internet Participating Financial Institutions to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, Bursa Securities or other relevant parties in connection with the Rights Issue, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institutions, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with the Rights Issue. Further, the Internet Participating Financial Institutions will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institutions in connection with the use of the Internet Application services.

#### 10.4.4 By way of NRS

Our Company has appointed Bursa Depository to provide NRS to our shareholders who are Authorised Nominees. Only our Entitled Shareholders who are Authorised Nominees and who have subscribed for NRS with Bursa Depository may apply via NRS.

Please read carefully and follow the terms of this Abridged Prospectus, the procedures, terms and conditions for application via NRS and Bursa Depository's terms and conditions for NRS and User Guide for NRS (which are made available to all Authorised Nominees who have subscribed for NRS with Bursa Depository) before making the application.

##### (i) Steps for applications via NRS

- (a) If you are an Entitled Shareholder, and who is an Authorised Nominee who has subscribed for NRS with Bursa Depository, you will not be receiving this Abridged Prospectus, the RSF nor the NPA by post.
- (b) Instead, this Abridged Prospectus and a Rights Issue Entitlement File will be transmitted electronically to you by Bursa Depository through Bursa Depository's existing network facility with the Authorised Nominees in the manner as set out in Bursa Depository's User Guide for NRS, on the next business day after the Entitlement Date.

- (c) A notification of the delivery of the Abridged Prospectus and the Rights Issue Entitlement File will also be sent to you via email using the details you have provided to Bursa Depository when you subscribed for NRS with Bursa Depository.
- (d) You are advised to read carefully, understand and follow the terms of this Abridged Prospectus, **BEFORE** making the application.
- (e) You may accept, on behalf of your client, partially or fully, their respective allocation under the Rights Issue.
- (f) To apply for the Rights Shares, you will be required to submit your subscription information via a Rights Shares Subscription File which is to be prepared based on the format as set out in Bursa Depository's User Guide for NRS.
- (g) Once completed, you will need to submit the Rights Shares Subscription File to Bursa Depository at any time daily before 5.00 p.m., but in any event no later than the last date and time for acceptance and payment.
- (h) Together with the Rights Shares Subscription File, you will also need to submit a confirmation to Bursa Depository of the following information:
  - (i) Confirmation that you have, prior to making the application via NRS, received and/or had access to the electronic copy of this Abridged Prospectus, the contents of which you have read, understood and agreed; and
  - (ii) Consent to the disclosure of your information to facilitate electronic refunds where applicable.
- (i) With regards to payment for the Rights Shares which you have applied for, you must transfer the amount payable directly to our bank account, the details of which are as follows:

**Bank: RHB Bank Berhad**  
**Account Name : CCM DUOPHARMA RIGHTS ISSUE ACCOUNT**  
**Bank Account No. : 21418300047993**

prior to submitting the Rights Shares Subscription File to Bursa Depository.
- (j) Upon completion of the transfer/payment, you may receive a transaction slip ("**Transaction Record**") from the transacting financial institution confirming the details of your transfer/payment. The Transaction Record is only a record of the completed transaction and not a record of the receipt of the application via NRS or any data relating to such an application by our Company or Bursa Depository. The Transaction Record is for your record and is not required to be submitted with your application via NRS.
- (k) You will be notified on the outcome of your application for the Rights Shares electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.
  - (i) successful application – an electronic notification will be sent to you within eight (8) Market Days from the last day for application and payment for the Rights Shares; or

- (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Rights Shares.

The refund will be credited directly into your bank account(s) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in Section 10.4.4(ii)(a) of this Abridged Prospectus and the required consent in making the application via NRS.

If the crediting of the refund into your bank account(s) (as provided by you in the Rights Shares Subscription File) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

- (l) Upon crediting of the Rights Shares allotted to you into your CDS account(s), you will also receive an electronic confirmation of the crediting from Bursa Depository.
- (m) You should note that all applications made for the Rights Shares submitted under NRS will be irrevocable upon submission of the Rights Shares Subscription File to Bursa Depository and cannot be subsequently withdrawn.

**(ii) Terms and Conditions for applications via NRS**

The application via NRS shall be made on, and subject to, the terms of this Abridged Prospectus, Bursa Depository's terms and conditions for NRS and Bursa Depository's User Guide for NRS as well as the terms and conditions appearing herein:

- (a) For purposes of making the electronic refund, you hereby give consent in accordance with the relevant laws of Malaysia, including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institution, their respective agents and any third party involved in facilitating the payment of refunds to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refunds or for any other purpose in connection with such payments. You will be required to provide confirmation of your consent in the manner prescribed in Bursa Depository's terms and conditions for NRS.
- (b) You agree and undertake to subscribe for or purchase and to accept the number of Rights Shares applied for as stated on your Rights Shares Subscription File in respect of your application via NRS. Your application shall signify, and shall be treated as, your acceptance of the number of Rights Shares that may be allotted to you.
- (c) You acknowledge that by completing and submitting the Rights Shares Subscription File to Bursa Depository, you, if successful, requests and authorises our Company to credit the Rights Shares allotted to you into the respective CDS Account(s) as indicated in the Rights Shares Subscription File.

- (d) You acknowledge that your application via NRS is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the relevant financial institution or Bursa Depository, and irrevocably agree that if:
- (i) our Company or our Share Registrar or Bursa Depository does not receive your application via NRS; or
  - (ii) the data relating to your application via NRS is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,
- you shall be deemed not to have made your application and you shall not make any claim whatsoever against our Company, Bursa Depository, our Share Registrar or the relevant financial institution for the Rights Shares applied for or for any compensation, loss or damage relating to the application for the Rights Shares.
- (e) By completing and submitting the Rights Shares Subscription File to Bursa Depository, you agree that:
- (i) In consideration of our Company agreeing to allow and accept your application for the Rights Shares via the NRS facility established by Bursa Depository, your application via NRS is irrevocable and cannot be subsequently withdrawn;
  - (ii) Our Company, the relevant financial institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your application via NRS due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
  - (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the electronic notification of allotment in respect of the Rights Shares issued is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares; and
  - (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation to with the contract between the parties and/or the application via NRS and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (f) Our Share Registrar and Bursa Depository, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

## 10.5 Procedures for sale or transfer of Provisional Rights Shares

The Provisional Rights Shares are renounceable securities and will be traded on Bursa Securities commencing from 23 June 2015 up to 29 June 2015. As such, you may sell/transfer all or part of your entitlements under the Rights Issue during such period.

As the Provisional Rights Shares are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Provisional Rights Shares to one (1) or more persons, you may do so through your stockbrokers without first having to request for a split of the Provisional Rights Shares standing to the credit in your CDS Account.

You may sell such entitlement on Bursa Securities or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository, both for the period up to the last date and time for the sale or transfer of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository).

**You are advised to read and adhere to the RSF and the notes and instructions contained in the RSF. In selling or transferring all or part of your Provisional Rights Shares, you need not deliver any document (including the RSF) to your stockbrokers in respect of the portion of the Provisional Rights Shares sold or transferred. However, you are advised to ensure that you must have sufficient number of Provisional Rights Shares standing to the credit in your CDS Account before selling or transferring.**

If you have sold or transferred only part of the Provisional Rights Shares, you may still accept the balance of the Provisional Rights Shares. Please refer to Section 10.4 of this Abridged Prospectus for the procedures for acceptance and payment.

## 10.6 Procedures to be followed by renounee(s)/transferee(s)

Renounee(s)/transferee(s) of the Provisional Rights Shares may obtain a copy of this Abridged Prospectus and the RSF from their stockbrokers, our Share Registrar, our Registered Office or Bursa Securities' website ( <http://www.bursamalaysia.com> ).

The procedures and payment for the acceptance of the Provisional Rights Shares and the Excess Rights Shares by the renounee(s)/transferee(s) are the same as those applicable to you as described in Section 10.4 and 10.7, respectively, of this Abridged Prospectus.

## 10.7 Procedures for application for Excess Rights Shares

### 10.7.1 By way of RSF

If you are an Entitled Shareholder and/or a renounee(s) and/or a transferee(s) and/or if you have purchased any Provisional Rights Shares, and wish to apply for additional Rights Shares in excess of your entitlement, you may do so by completing Part I(B) and II of the RSF and send each completed and signed RSF with a **separate remittance** for the full amount payable on the Excess Rights Shares applied for to our Share Registrar so as to arrive not later than 5.00 p.m. on 7 July 2015 (or such later date and time as our Board may determine and announce not less than two (2) Market Days before the stipulated date and time).

The minimum number of Excess Rights Shares that can be applied for is one (1) Excess Rights Share. However, you should take note that a trading board lot comprises 100 CCM Duopharma Shares.



Payment for the Excess Rights Shares applied for should be made in the same manner described in Section 10.4.1 of this Abridged Prospectus except that the Banker's Draft or Cashier's Order or Money Order or Postal Order drawn on a bank or post office in Malaysia should be made payable to "**CCM DUOPHARMA EXCESS RIGHTS ISSUE ACCOUNT**", crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name, contact number and your CDS Account number. The payment must be made for the exact amount. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. **Cheques or other modes of payment not prescribed here are not acceptable.** Details of remittance must be filled in the appropriate boxes provided in the RSF.

It is the intention of our Board to allocate the Excess Rights Shares, if any, in a fair and equitable manner in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to our Entitled Shareholders who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on their respective shareholdings as at the Entitlement Date;
- (iii) thirdly, for allocation to our Entitled Shareholders who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares application; and
- (iv) fourthly, for allocation to renouncee(s) and/or transferee(s) who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares application.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in (i) to (iv) above is achieved. Our Board also reserves the right not to accept any Excess Rights Shares application, in full or in part, without assigning any reason.

**You should note that all RSFs lodged with our Share Registrar will be irrevocable and cannot be subsequently withdrawn.**

**Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. No acknowledgement of receipt of the RSF for the Excess Rights Shares application or the application monies will be issued by our Company or our Share Registrar.**

Applications for Excess Rights Shares shall not be deemed to have been accepted by reason of the remittance being presented for payment. Our Board reserves the right not to accept any Excess Rights Shares application, in full or in part, without assigning any reason.

Notification on the outcome of your application for the Excess Rights Shares will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:

- (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Excess Rights Shares; or

- (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Excess Rights Shares.

If you have provided your bank account information to Bursa Depository for purposes of cash dividend/distribution, the refund will be credited directly into that bank account. For this purpose, you are required to provide your consent via the RSF in accordance with the relevant laws of Malaysia, including Section 134 of the Financial Services Act, 2013 and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institutions, their respective agents and any third party who may be involved in facilitating the payment of refund to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refund or for any other purpose in connection with such payments.

If the crediting of the refund into that bank account (details of which has been provided to Bursa Depository) is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

#### 10.7.2 By way of Electronic Application

If you are an individual who is an Entitled Shareholder and/or a renounee(s) and/or a transferee(s) and/or if you have purchased any Provisional Rights Shares, and wish to apply for additional Rights Shares via Electronic Application in excess of your entitlement, you may do so by following the same steps as set out in Section 10.4.2 of this Abridged Prospectus save and except that you shall proceed with the option for Excess Rights Shares application and the amount payable to be directed to "**CCM DUOPHARMA EXCESS RIGHTS ISSUE ACCOUNT**" for the Excess Rights Shares applied.

The minimum number of Excess Rights Shares that can be applied for is one (1) Excess Rights Share. However, you should take note that a trading board lot comprises of 100 CCM Duopharma Shares.

It is the intention of our Board to allocate the Excess Rights Shares, if any, in a fair and equitable manner in the following priority:

- (i) firstly, to minimise the incidence of odd lots; and
- (ii) secondly, for allocation to our Entitled Shareholders who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on their respective shareholdings as at the Entitlement Date;
- (iii) thirdly, for allocation to our Entitled Shareholders who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares application; and
- (iv) fourthly, for allocation to the renounee(s) and/or transferee(s) who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares application.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in (i) to (iv) above is achieved. Our Board also reserves the right not to accept any Excess Rights Shares application, in full or in part, without assigning any reason.

The Electronic Application for Excess Rights Shares shall be made on, and subject to, the same terms and conditions appearing in Section 10.4.2 of this Abridged Prospectus, as well as the terms and conditions as stated below:

- (i) You agree and undertake to subscribe for or purchase and to accept the number of Excess Rights Shares applied for as stated on the Transaction Record or any lesser number of Excess Rights Shares that may be allotted to you in respect of your Electronic Application. In the event that our Company decides to allot any lesser number of such Excess Rights Shares or not to allot any Excess Rights Shares to you, you agree to accept any such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the pre-designated keys (or buttons) on the ATM) of the number of Excess Rights Shares applied for shall signify, and shall be treated as, your acceptance of the number of Excess Rights Shares that may be allotted to you.
- (ii) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (iii) Notification on the outcome of your application for the Excess Rights Shares will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:
  - (a) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Excess Rights Shares; or
  - (b) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Excess Rights Shares.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note of the terms and conditions as stated in Section 10.4.2(iii) of this Abridged Prospectus and the required consent in making your Electronic Application.

If the crediting of the refund into your bank account from which your Electronic Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

### 10.7.3 By way of Internet Application

If you are an Entitled Shareholder and/or a renouncee(s) and/or a transferee(s) and/or if you have purchased any Provisional Rights Shares, and wish to apply for additional Rights Shares via Internet Application in excess of your entitlement, you may do so by following the same steps as set out in Section 10.4.3 of this Abridged Prospectus save and except that you shall proceed with the option for Excess Rights Shares application and the amount payable to be directed to **"CCM DUOPHARMA EXCESS RIGHTS ISSUE ACCOUNT"** for the Excess Rights Shares applied.

The minimum number of Excess Rights Shares that can be applied for is one (1) Excess Rights Share. However, you should take note that a trading board lot comprises of 100 CCM Duopharma Shares.

It is the intention of our Board to allocate the Excess Rights Shares, if any, in a fair and equitable manner in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to our Entitled Shareholders who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on their respective shareholdings on the Entitlement Date;
- (iii) thirdly, for allocation to our Entitled Shareholders who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares application; and
- (iv) fourthly, for allocation to renouncee(s) and/or transferee(s) who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares application.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in (i) to (iv) above is achieved. Our Board also reserves the right not to accept any Excess Rights Shares application, in full or in part, without assigning any reason.

The Internet Application for Excess Rights Shares shall be made on, and subject to, the same terms and conditions appearing in Section 10.4.3 of this Abridged Prospectus, as well as the terms and conditions as stated below:

- (i) You agree and undertake to subscribe for or purchase and to accept the number of Excess Rights Shares applied for as stated on the Confirmation Screen or any lesser number of Excess Rights Shares that may be allotted to you in respect of your Internet Application. In the event that our Company decides to allot any lesser number of such Excess Rights Shares or not to allot any Excess Rights Shares to you, you agree to accept any such decision as final. If your Internet Application is successful, your confirmation (by your action of clicking the designated hyperlink on the relevant screen of the website) of the number of Excess Rights Shares applied for shall signify, and shall be treated as, your acceptance of the number of Excess Rights Shares that may be allotted to you.
- (ii) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

- (iii) Notification on the outcome of your application for the Excess Rights Shares will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:
- (a) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Excess Rights Shares; or
  - (b) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Excess Rights Shares.

The refund will be credited directly into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made. Kindly take note of the terms and conditions as stated in Section 10.4.3(iv) of this Abridged Prospectus and the required consent in making your Internet Application.

If the crediting of the refund into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

#### 10.7.4 By way of NRS

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository who is an Entitled Shareholder and/or a renouncee(s) and/or a transferee(s) and/or if you have purchased any Provisional Rights Shares, and wish to apply for additional Rights Shares via NRS in excess of your entitlement, you may do so by following the same steps as set out in Section 10.4.4 of this Abridged Prospectus save and except for the amount payable to be directed to "**CCM DUOPHARMA EXCESS RIGHTS ISSUE ACCOUNT**" (**Bank Account No. 21418300048000 with RHB Bank Berhad**) for the Excess Rights Shares applied and also that you should complete the details for excess rights application at the designated fields for excess applications in the Rights Shares Subscription File.

The minimum number of Excess Rights Shares that can be applied for is one (1) Excess Rights Share. However, you should take note that a trading board lot comprises of 100 CCM Duopharma Shares.

It is the intention of our Board to allocate the Excess Rights Shares, if any, in a fair and equitable manner in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to our Entitled Shareholders who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on their respective shareholdings on the Entitlement Date;
- (iii) thirdly, for allocation to our Entitled Shareholders who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares application; and

- (v) fourthly, for allocation to the renouncee(s) and/or transferee(s) who have applied for the Excess Rights Shares on a pro-rata basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares application.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in (i) to (iv) above is achieved. Our Board also reserves the right not to accept any Excess Rights Shares application, in full or in part, without assigning any reason.

The Application for Excess Rights Shares via NRS shall be made on, and subject to, the same terms and conditions appearing in Section 10.4.4 of this Abridged Prospectus, Bursa Depository's terms and conditions for NRS and User Guide for NRS (which are made available to all Authorised Nominees who wish to register for NRS), as well as the terms and conditions as stated below:

- (i) You agree and undertake to subscribe for or purchase and to accept the number of Excess Rights Shares applied for as stated on the Rights Shares Subscription File or any lesser number of Excess Rights Shares that may be allotted to you in respect of your application via NRS. In the event that our Company decides to allot any lesser number of such Excess Rights Shares or not to allot any Excess Rights Shares to you, you agree to accept any such decision as final. If your application via NRS is successful, your submission of the Rights Shares Subscription File to Bursa Depository shall signify, and shall be treated as, your acceptance of the number of Excess Rights Shares that may be allotted to you.
- (ii) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (iii) You will be notified on the outcome of your application for the Excess Rights Shares electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.
  - (a) successful application – an electronic notification will be sent to you within eight (8) Market Days from the last day for application and payment for the Excess Rights Shares; or
  - (b) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Excess Rights Shares.

The refund will be credited directly into your bank account(s) (as provided by you in the Rights Shares Subscription File) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in Section 10.4.4(ii)(a) of this Abridged Prospectus and the required consent in making the application via NRS.

If the crediting of the refund into your bank account(s) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

#### **10.8 CDS Accounts**

Bursa Securities has prescribed the CCM Duopharma Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares are prescribed securities and as such, all dealings in the Rights Shares will be by book entries through CDS Accounts and will be subject to the SICDA and the Rules of Bursa Depository. You must have a valid and subsisting CDS Account in order to subscribe for the Rights Shares.

Your subscription for the Rights Shares /application for the Excess Rights Shares shall mean that you consent to receiving such Rights Shares /Excess Rights Shares (if successful) as deposited securities which will be credited directly into your CDS Account. No physical share certificates will be issued.

#### **10.9 Foreign addressed shareholders and/or shareholders subject to laws of foreign jurisdictions**

The Documents have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any jurisdiction other than Malaysia.

The Documents are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue will not be made or offered or deemed to be made or offered for purchase or subscription, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which this Abridged Prospectus relates is only available to persons receiving the Documents electronically or otherwise within Malaysia.

As a result, the Documents have not been (and will not be) sent to our foreign addressed shareholders as at the Entitlement Date who have not provided an address in Malaysia to Bursa Depository for the delivery of the Documents ("**Foreign Addressed Shareholders**"). However, Foreign Addressed Shareholders may collect the Documents from our Share Registrar, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, who will be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the Documents.

If you are a Foreign Addressed Shareholder, our Company will not make or be bound to make any enquiry as to whether you have a registered address in Malaysia as stated in our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. Our Company will assume that the Rights Issue and the acceptance thereof by you would be in compliance with the terms and conditions of the Rights Issue and would not be in breach of the laws of any jurisdiction. Our Company will further assume that you had accepted the Rights Issue in Malaysia and will at all applicable times be subject to the laws of Malaysia.

As an Entitled Shareholder, you and/or your renounee(s) and/or transferee(s) (if applicable) may only accept or renounce or transfer (as the case may be) all or any of the Rights Shares to the extent that it would be lawful to do so, and our Directors and officers of our Company and RHB Investment Bank, being our Principal Adviser (collectively, "**Parties**"), would not in connection with the Rights Issue, be in breach of the laws of any foreign country or jurisdiction to which you and/or your renounee(s) and/or transferee(s) (if applicable) is or might be subject to. You and/or your renounee(s) and/or transferee(s) (if applicable) shall be solely responsible to seek advice from your legal and/or professional advisers as to the laws of the countries or jurisdictions to which you are or might be subject to. The Parties shall not accept any responsibility or liability whatsoever to any party in the event that any acceptance and/or renunciation and/or transfer made by any Entitled Shareholder and/or his renounee(s) and/or transferee(s) (if applicable) is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction.

In addition, each person, by accepting the delivery of the Documents, accepting any Provisional Rights Shares by signing any of the forms accompanying the Documents or subscribing for or acquiring any Rights Shares, will be deemed to have represented, warranted, acknowledged and declared in favour of (and which representations, warranties, acknowledgements and declarations will be relied upon by) the Parties as follows:

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which you and/or your renounee(s) and/or transferee(s) are or might be subject to;
- (ii) you and/or your renounee(s) and/or transferee(s) have complied with the laws to which you and/or your renounee(s) and/or transferee(s) are or might be subject to in connection with the acceptance or renunciation;
- (iii) you and/or your renounee(s) and/or transferee(s) are not a nominee or agent of a person in respect of whom the Parties would, by acting on the acceptance or renunciation of the Provisional Rights Shares, be in breach of the laws of any jurisdiction to which that person is or might be subject to;
- (iv) you and/or your renounee(s) and/or transferee(s) are aware that the Provisional Rights Shares can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) you and/or your renounee(s) and/or transferee(s) have obtained a copy of this Abridged Prospectus and have had access to such financial and other information and have been provided the opportunity to ask such questions to the representatives of the Parties and receive answers thereto as you and/or your renounee(s) and/or transferee(s) deem necessary in connection with your and/or your renounee(s)'s and/or transferee(s)'s decision to subscribe for or purchase the Rights Shares; and
- (vi) you and/or your renounee(s) and/or transferee(s) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing for or purchasing the Rights Shares, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares.



Entitled Shareholders and any other person having possession of this Abridged Prospectus and/or its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside of Malaysia receiving this Abridged Prospectus and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for or acquire any Rights Shares unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other regulatory or legal requirements in such territory.

We reserve the right, in our absolute discretion, to treat any acceptance as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Rights Shares relating to any acceptance which is treated as invalid will be included in the pool of Excess Rights Shares available for excess application by the other Entitled Shareholders. You and/or your renounee(s) and/or transferee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of your, and/or your renounee(s)'s and/or transferee(s)'s entitlement under the Rights Issue or to any net proceeds thereof.

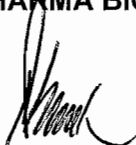
**11. TERMS AND CONDITIONS**

The issuance of the Rights Shares pursuant to the Rights Issue is governed by the terms and conditions set out in this Abridged Prospectus, and the accompanying NPA and RSF.

**12. FURTHER INFORMATION**

You are advised to refer to the attached appendices for further information.

Yours faithfully,  
For and on behalf of the Board of  
**CCM DUOPHARMA BIOTECH BERHAD**



**TAN SRI DATO' DR. ABU BAKAR BIN SULEIMAN**  
Chairman/Non-Independent Non-Executive Director

---

**CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE PASSED AT OUR EGM HELD ON 11 MARCH 2015**

---

**CCM DUOPHARMA BIOTECH BERHAD (524271-W)**

(Incorporated in Malaysia)

**EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY HELD AT THE BALLROOM 1, PREMIERE HOTEL, BANDAR BUKIT TINGGI, 1/KS6 JALAN LANGAT, 41200 KLANG SELANGOR DARUL EHSAN ON WEDNESDAY 11 MARCH 2015**

---

**RESOLVED:****ORDINARY RESOLUTION 1 : PROPOSED ACQUISITION**

**THAT** subject to the approvals of all relevant regulatory authorities being obtained, where required, and the conditions precedent in the share sale agreements being fulfilled or waived (as the case may be), approval be and is hereby given for:

- (a) The acquisition of the entire equity interest in CCM Pharmaceuticals Sdn Bhd ("**CCM Pharmaceuticals**") and Innovax Sdn Bhd ("**Innovax**") from Chemical Company of Malaysia Berhad ("**CCMB**") for an aggregate purchase consideration of RM17,600,000 together with the settlement of advances due from Innovax and CCM Pharmaceuticals to CCMB and its subsidiaries ("**CCMB Group**") amounting to RM10,655,000 based on 30 September 2014 to be settled via cash;
- (b) The acquisition of the entire equity interest in CCM International (Philippines), Inc ("**CCM Philippines**") from CCM Investments Ltd, a wholly-owned subsidiary of CCMB ("**CCM Investments**") for a purchase consideration of RM1,000 to be settled via cash;
- (c) The acquisition of the entire equity interest in CCM Pharmaceuticals (S) Pte Ltd ("**CCM Singapore**") from CCM International Sdn Bhd, a wholly-owned subsidiary of CCMB ("**CCM International**") for a purchase consideration of RM2,417,000 together with the settlement of advances due from CCM Singapore to the CCMB Group amounting to RM27,000 based on 30 September 2014 to be settled via cash; and
- (d) The acquisition of the entire equity interest in CCM Pharma Sdn Bhd ("**CCM Pharma**") and Upha Pharmaceutical Manufacturing (M) Sdn Bhd ("**Upha Pharmaceutical**") from CCMB for an aggregate purchase consideration of RM113,307,000 together with the settlement of advances due from CCM Pharma and Upha Pharmaceutical to the CCM Group amounting to RM101,116,000 based on 30 September 2014 to be settled via cash.

(hereinafter the aforesaid proposed acquisition of CCM Pharmaceuticals, Innovax, CCM Philippines, CCM Singapore, CCM Pharma and Upha Pharmaceutical are collectively referred to as the "**Proposed Acquisition**")

**CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE PASSED AT OUR EGM HELD ON 11 MARCH 2015 (Cont'd)**

CCM DUOPHARMA BIOTECH BERHAD

Company No. 524271-W

Extract of Minutes of the Extraordinary General Meeting held on 11 March 2015

- Proposed Acquisition, Proposed Rights Issue, Proposed Increase in Authorised Share Capital

Page: 2

**THAT** the Board of Directors of the Company ("**Board**") be and are hereby authorised and empowered to give full effect to the Proposed Acquisition and the relevant share sale agreements (as amended by the relevant supplementary agreements thereto, as the case may be) with full powers to complete and implement the Proposed Acquisition in such manner as the Board may deem fit or necessary, including: to negotiate, approve, agree, and/or assent to any conditions, modifications, variations, revaluations and/or amendments in any manner as may be required/permitted by the law, the relevant authorities or deemed necessary by the Board, to take all such steps and to execute and deliver and/or cause to be executed and delivered the share sale agreements and all such other agreements, arrangements, undertakings, indemnities, transfers, extensions, assignments, confirmations, declarations, and/or guarantees to any party or parties and to do all such acts and matters as they may deem fit, necessary and/or expedient in the best interest of the Company.

**ORDINARY RESOLUTION 2 : PROPOSED RIGHTS ISSUE**

**THAT**, subject to the passing of Special Resolution 1, the approval-in-principle granted by Bursa Malaysia Securities Berhad ("**Bursa Securities**") and all other relevant authorities/parties (if applicable), approval be and is hereby given to the Board to provisionally allot and issue by way of a renounceable rights issue of up to 139,479,500 Rights Shares, on the basis of one (1) Rights Share for every one (1) ordinary share of RM0.50 each held in CCM Duopharma ("**CCM Duopharma Share**") held, by way of provisional allotment to shareholders whose names appear in the Record of Depositors at the close of business on an entitlement date to be determined and announced later by the Board ("**Entitlement Date**");

**AND THAT**, the Rights Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing CCM Duopharma Shares, save and except that the Rights Shares shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid prior to the relevant date of allotment and issuance of the Rights Shares;

**AND THAT**, the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the aforesaid Proposed Rights Issue with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps to enter into all such agreement, arrangement, undertaking, indemnities, transfer, assignment and guarantee with any party or parties and to do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue;

**CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION PERTAINING TO THE RIGHTS ISSUE PASSED AT OUR EGM HELD ON 11 MARCH 2015 (Cont'd)**

CCM DUOPHARMA BIOTECH BERHAD

Company No. 524271-W

Extract of Minutes of the Extraordinary General Meeting held on 11 March 2015

- Proposed Acquisition, Proposed Rights Issue, Proposed Increase in Authorised Share Capital

Page: 3

**AND THAT**, approval is hereby given for the Company to utilise the proceeds of the Proposed Rights Issue for the purposes set out in the circular to shareholders to the Company dated 16 February 2015 ("**Circular**"), and the Directors be and are hereby authorised with full powers to vary the manner and/or purpose of utilisation of proceeds in such manner as the Directors of the Company in their discretion deem fit, necessary, expedient and/or in the best interest of the Company.

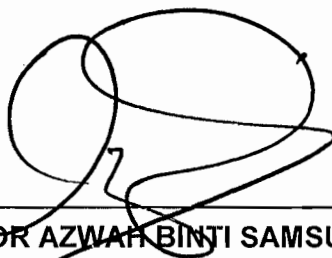
**SPECIAL RESOLUTION 1 : PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

**THAT**, subject to the passing of Ordinary Resolution 2, and the approvals being obtained from all relevant authorities and/or parties (where required), the authorized share capital of the Company be and is hereby increased from RM100,000,000 divided into 200,000,000 CCM Duopharma Shares to RM250,000,000 divided into 500,000,000 CCM Duopharma Shares, by the creation of an additional 300,000,000 CCM Duopharma Shares;

**AND THAT**, in consequence thereof, the Company's Memorandum of Association be and is hereby altered by deleting the existing Clause 5 in its entirety and replacing it with the following new Clause 5:

"The capital of the Company is RM250,000,000/- Malaysian Currency divided into 500,000,000 ordinary shares of RM0.50 each."

**AND THAT** the Board be and is hereby authorized to do all such acts and things and to take such step that are necessary and/or expedient in order to give full effect to the Proposed Increase in Authorised Share Capital with full power to assent to any conditions, modifications and/or amendments as may be requested by any relevant parties to give effect to the Proposed Increase in Authorised Share Capital.

**CERTIFIED TRUE COPY**

**NOOR AZWAN BINTI SAMSUDIN**  
Company Secretary (LS0006071)

Dated: 11 March 2015

**INFORMATION ON OUR COMPANY****1. HISTORY AND PRINCIPAL ACTIVITIES**

Our Company was incorporated in Malaysia on 23 August 2000 under the Act, as a public company under the name Duopharma Biotech Berhad. Our Company was listed on the Second Board of Bursa Securities on 18 July 2002 and was subsequently transferred to the Main Market (formerly known as Main Board) of Bursa Securities on 3 November 2003. In 2006, our Company assumed its current name.

We are principally engaged in investment holding, whilst our subsidiary is primarily involved in carrying on business as manufacturer, distributor, importer and exporter of pharmaceutical products and medicines.

Further details on our subsidiary companies are set out in **Section 5** of this Appendix.

**2. SHARE CAPITAL**

As at the LPD, our authorised and issued and paid-up share capital are set out below:

	No. of Shares	Par value RM	Total RM
Authorised	500,000,000	0.50	250,000,000
Issued and paid-up	139,479,500	0.50	69,739,750

There were no changes in our Company's issued and paid-up share capital for the past three (3) years preceding the LPD.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

### INFORMATION ON OUR COMPANY (Cont'd)

#### 3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The proforma effects of the Rights Issue on the substantial shareholders' shareholding of CCM Duopharma based on the Register of Substantial Shareholders as at the LPD are set out below:

Substantial shareholder	Shareholdings as at LPD				Proforma I After the Acquisition				Proforma II After Proforma I and the Rights Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of CCM Duopharma Shares held	%	No. of CCM Duopharma Shares held	%	No. of CCM Duopharma Shares held	%	No. of CCM Duopharma Shares held	%	No. of CCM Duopharma Shares held	%	No. of CCM Duopharma Shares held	%
CCM Marketing Sdn Bhd	102,332,892	73.37	-	-	102,332,892	73.37	-	-	204,665,784	73.37	-	-
CCMB	-	-	(1)102,332,892	73.37	-	-	(1)102,332,892	73.37	-	-	(1)204,665,784	73.37
Permodalan Nasional Berhad	-	-	(2)102,332,892	73.37	-	-	(2)102,332,892	73.37	-	-	(2)204,665,784	73.37
Yayasan Pelaburan Bumiputra	-	-	(3)102,332,892	73.37	-	-	(3)102,332,892	73.37	-	-	(3)204,665,784	73.37

**Notes:**

- (1) Deemed interested by virtue of its interest in CCM Marketing Sdn Bhd pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of its interest in CCMB pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of its interest in Permodalan Nasional Berhad pursuant to Section 6A of the Act.

**INFORMATION ON OUR COMPANY (Cont'd)****4. DIRECTORS**

The particulars of our Directors as at the LPD are set out below:

<b>Name</b>	<b>Address</b>	<b>Age</b>	<b>Nationality</b>	<b>Profession</b>	<b>Designation</b>
Tan Sri Dato' Dr. Abu Bakar bin Suleiman	14, Jalan 5/21 46000 Petaling Jaya Selangor Darul Ehsan	71	Malaysian	Company Director	Chairman/Non-Independent Executive Director
Dato' Haji Ghazali bin Awang	8, Jalan Menara U8/5A Seksyen U8, Bukit Jelutong 40150 Bandaraya Shah Alam Selangor Darul Ehsan	68	Malaysian	Company Director	Senior Independent Executive Director
Tan Sri Dato' Dr. Jegathesan a/l N.M. Vasagam @ Manikavasagam	37-07-6, Seri Penaga Condominium Jalan Medang Serai Bukit Bandaraya 59100 Kuala Lumpur	71	Malaysian	Company Director	Independent Executive Director
Datuk Alias bin Ali	No.1, Jalan Sentosa Villa 1/2 Taman Sentosa Villa 43000 Kajang Selangor Darul Ehsan	67	Malaysian	Company Director	Non-Independent Executive Director
Dato' Mohamad Kamarudin bin Hassan	No 31, Jalan Tengku Ampuan Basik 9/11 40150 Shah Alam Selangor Darul Ehsan	59	Malaysian	Company Director	Independent Executive Director

**INFORMATION ON OUR COMPANY (Cont'd)**

The shareholdings of our Directors as at the LPD and after the Rights Issue are set out below:

Directors	Shareholdings as at LPD			Proforma I After the Acquisition			Proforma II After Proforma I and the Rights Issue					
	Direct		Indirect	Direct		Indirect	Direct		Indirect			
	No. of CCM Duopharma Shares held	%	No. of CCM Duopharma Shares held	%	No. of CCM Duopharma Shares held	%	No. of CCM Duopharma Shares held	%	No. of CCM Duopharma Shares held	%		
Tan Sri Dato' Dr. Abu Bakar bin Suleiman	286,400	0.21	(1)22,000	0.02	286,400	0.21	(1)22,000	0.02	572,800	0.21	(1)44,000	0.02
Dato' Ghazali bin Awang	105,000	0.08	-	-	105,000	0.08	-	-	210,000	0.08	-	-
Tan Sri Dato' Dr. Jegathesan a/l N.M. Vasagam @ Manikavasagam	34,120	0.02	-	-	34,120	0.02	-	-	68,240	0.02	-	-
Datuk Alias bin Ali	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Mohamad Kamarudin bin Hassan	-	-	-	-	-	-	-	-	-	-	-	-

**Note:**

(1) Deemed interested by virtue of the interests and deemed interests of his children, Zulfar Suleiman bin Abu Bakar and Halina Jael bin Abu Bakar in the shares of CCM Duopharma pursuant to Section 134(12)(c) of the Act.



**INFORMATION ON OUR COMPANY (Cont'd)****5. SUBSIDIARY AND ASSOCIATE COMPANIES**

As at the LPD, our subsidiary company is set out below:

<b>Name of company</b>	<b>Date and place of incorporation</b>	<b>Issued and paid-up share capital</b>	<b>Effective equity interest %</b>	<b>Principal activities</b>
Duopharma (M) Sdn Bhd	14 October 1978 Malaysia	RM1,700,000	100	Manufacturing, distributing, importing and exporting of pharmaceutical products and medicines

As at the LPD, we do not have any associate company.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

---

**INFORMATION ON OUR COMPANY (Cont'd)**


---

**6. PROFIT AND DIVIDEND RECORDS**

The following table sets out a summary of our audited consolidated financial statements for the past three (3) financial years up to the FYE 31 December 2014 and the latest unaudited quarterly report of our Group for the FPE 31 March 2015:

	<-----Audited----->			<-----Unaudited----->	
	<-----FYE 31 December----->			<-----FPE 31 March----->	
	2012	2013	2014	2014	2015
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	135,310	162,405	176,961	40,495	45,599
Cost of sales	(72,230)	(95,509)	(95,328)	(20,748)	(22,050)
<b>Gross profit</b>	<b>63,080</b>	<b>66,896</b>	81,633	19,747	23,549
Other income	1,356	3,968	141	34	-
Distribution and marketing expenses	(12,636)	(17,128)	(16,718)	(4,805)	(4,333)
Administrative expenses	(14,966)	(12,952)	(16,572)	(3,712)	(3,915)
Other expenses	(1,236)	(597)	(1,710)	(92)	(3,141)
<b>Results from operating activities</b>	<b>35,598</b>	<b>40,187</b>	46,774	11,172	12,160
Finance income	101	295	165	74	79
Finance costs	(401)	(307)	(438)	(71)	(41)
<b>PBT</b>	<b>35,298</b>	<b>40,175</b>	46,501	11,175	12,198
Tax expense	(9,284)	(7,900)	(11,226)	(2,810)	(3,229)
<b>PAT</b>	<b>26,014</b>	<b>32,275</b>	35,275	8,365	8,969
<b>Profit attributable to:</b>					
Owners of the Company	26,014	32,275	35,275	8,365	8,969
Non-controlling interest	-	-	-	-	-
	<b>26,014</b>	<b>32,275</b>	35,275	8,365	8,969
Earnings before interests, taxes, depreciation and amortisation	42,673	48,267	55,207	13,315	14,378
Gross profit margin (%)	46.62	41.19	46.13	48.76	51.64
PAT margin (%)	19.23	19.87	19.93	20.66	19.67
EPS (sen)					
Basic and fully diluted <sup>(1)</sup>	18.74	23.25	25.41	6.03	6.43
Dividends paid	19,956	20,129	24,294	-	-

**Note:**

(1) The fully diluted EPS is the same as the basic EPS as there is no dilutive instrument in issue.

---

**INFORMATION ON OUR COMPANY (Cont'd)**

---

**Commentary on past financial performance:****FYE 31 December 2012**

The Group registered a total revenue of RM135.31 million for the FYE 31 December 2012 as compared to RM138.13 million in the preceding financial year which represents a slight decrease of 2.04%. The small drop in revenue was due to lower demand from the private sector.

Despite the minor dip in revenue, PBT of the Group increased 1.64% to RM35.30 million from RM34.73 million for the FYE 31 December 2012. The growth was largely due to the 0.81% increase in gross profit margins driven by selective changes in our channel strategy. Gains from disposal of warehouses and recognition in changes of fair value in investment properties amounting to RM0.60 million and RM0.75 million respectively during the financial year helped in reducing the impact of expense increased during the year.

**FYE 31 December 2013**

The Group registered a total revenue of RM162.41 million for the FYE 31 December 2013 as compared to RM135.31 million in the preceding financial year which represents a significant increase of 20.0%. The growth was mainly attributed to increase in demand from government hospitals via the tender business and export market.

On the other hand, there was a 5.43% decrease in gross profit margin for FYE 31 December 2013 of 41.19% as compared to FYE 31 December 2012 of 46.62% was due to incremental cost of R&D.

The Group's PBT increased 13.82% to RM40.18 million from RM35.30 million. This was mainly due to the increase in revenue coupled with incorporation of changes in fair value of investment property.

**FYE 31 December 2014**

The Group registered a total revenue of RM176.96 million for the FYE 31 December 2014 as compared to RM162.41 million in the preceding financial year which represents an increase of 8.96%. The growth was attributed by higher demands from government hospitals via tender business and the export market.

There was also a 4.94% increase in gross profit margin for FYE 31 December 2014 of 46.13% as compared to FYE 31 December 2013 of 41.19% which was due to better management of products mix and increase of plant run rate.

The Group's PBT increased 15.73% to RM46.50 million from RM40.18 million. This was mainly due to the increase in revenue especially in the government sector and export market which is more profitable as compared to other sectors catered by CCM Duopharma.

**INFORMATION ON OUR COMPANY (Cont'd)****Unaudited FPE 31 March 2015**

The Group recorded a revenue and PBT of RM45.60 million and RM12.16 million, respectively for the current period ended 31 March 2015 as compared to RM40.50 million and RM11.17 million for the corresponding period last year. The Group's revenue and PBT thereof have improved 12.59% and 8.86% respectively as compared to the corresponding period last year. This was mainly due to an increase in revenue generated from government hospitals (via tender business whereby only vendors who hold product registration are allowed to tender for registered drugs contained in the Approved Pharmaceutical Product List (APPL) issued by the Ministry of Health). For the FPE 31 March 2015, we also saw improvement in the revenue generated from the private sector.

We wish to highlight that the revenue generated from the government hospitals has increased despite the reduction in manufacturing output for government sector (as disclosed in Section 5 of the Abridged Prospectus) as the products which was contracted for but not drawn down (i.e. not purchased) had lower value per unit.

**7. HISTORICAL SHARE PRICES**

The monthly highest and lowest market prices of our Shares as traded on Bursa Securities for the past twelve (12) months from June 2014 to May 2015 are set out below:

	High RM	Low RM
<b>2014</b>		
June	3.05	2.79
July	3.31	2.97
August	3.37	3.11
September	3.22	3.15
October	3.18	2.90
November	3.12	2.99
December	3.00	2.40
<b>2015</b>		
January	2.86	2.48
February	3.37	2.68
March	3.90	3.23
April	4.02	3.69
May	4.10	3.67
Last transacted market price on 26 November 2014 (being the day prior to the announcement on the Rights Issue)		3.08
Last transacted market price on the LPD		3.92
Last transacted price of CCM Duopharma Shares on 17 June 2015 (being the date prior to the ex-date for the Rights Issue)		3.73

(Source: Bloomberg Finance LP)

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON**

**MOORE STEPHENS**

**Moore Stephens Associates PLT**  
(LLP0000963-LCA & AF002096)  
Chartered Accountants  
Unit 3.3A, 3rd Floor, Surian Tower  
No 1 Jalan PJU 7/3, Mutiara Damansara  
47810 Petaling Jaya, Selangor, Malaysia  
T 603 7728 1800 (General) ; 7724 1033 (Assurance)  
F 603 7728 9800 (General) ; 7733 1033 (Assurance)

**REPORTING ACCOUNTANTS' LETTER ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Prepared for inclusion in the Abridged Prospectus to Shareholders)

8 June 2015

The Board of Directors  
CCM Duopharma Biotech Berhad  
Lot 2599, Jalan Seruling 59,  
Kawasan 3, Taman Klang Jaya,  
Klang 41200 Selangor

Attention: Tan Sri Dato' Dr. Abu Bakar bin Suleiman

Dear Sirs

**CCM Duopharma Biotech Berhad ("CCM Duopharma")  
Reporting Accountants' letter on the Compilation of Pro Forma Consolidated Statements of  
Financial Position for inclusion in the Abridged Prospectus to Shareholders for:-**

- **Renounceable rights issue of 139,479,500 new ordinary shares of RM0.50 each in CCM Duopharma ("Rights Shares") on the basis of (1) Rights Share for every (1) ordinary share of RM0.50 each held in CCM Duopharma on 22 June 2015 at an issue price of RM1.80 per Rights Share payable in full upon acceptance.**

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position of CCM Duopharma ("the Company") and its subsidiaries ("CCMD Group") prepared by the Board of Directors of the Company, which we have stamped for the purpose of identification. The pro forma consolidated financial information consists of the pro forma consolidated statements of financial position as at 31 December 2014 as set out in Appendix A and the applicable criteria on the basis of which the Board of Directors of the Company has compiled the pro forma financial information are described in the notes as set out in Appendix B.

---

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

---

**MOORE STEPHENS**

---

**REPORTING ACCOUNTANTS' LETTER ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)**

The pro forma consolidated financial information has been compiled by the Board of Directors of the Company to illustrate the impact of the events or transactions as set out in the notes in Appendix B to the pro forma consolidated financial information on CCMD Group's financial position as at 31 December 2014 as if the events or transactions had taken place at 31 December 2014. As part of this process, information about CCMD Group's financial position had been extracted by the Board of Directors of the Company from the financial statements of CCMD Group for the year ended 31 December 2014, on which an unmodified audit report has been published.

**Board of Directors' Responsibility for the Pro Forma Consolidated Financial Information**

The Board of Directors of the Company are responsible for compiling the pro forma consolidated financial information based on the basis of the applicable criteria as set out in the notes in Appendix B to the pro forma consolidated financial information.

**Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion, about whether the pro forma consolidated financial information has been compiled, in all material respects, by the Board of Directors of the Company on the basis of the applicable criteria as set out in the notes in Appendix B to the pro forma consolidated financial information.

We conducted our engagement in accordance with the Malaysian Approved Standard on Assurance Engagements ISAE 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the pro forma consolidated financial information on the basis of the applicable criteria as set out in the notes in Appendix B to the pro forma consolidated financial information.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions made by us on any historical financial information used in compiling the pro forma consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated financial information.

---

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

---

**MOORE STEPHENS**

---

**REPORTING ACCOUNTANTS' LETTER ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)**

The purpose of pro forma consolidated financial information is solely to illustrate the impact of any significant events or transactions on unadjusted financial information of CCMD Group as if the events had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events of transactions, when they occur, would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- a) The related pro forma adjustments give appropriate effect to those criteria; and
- b) The pro forma consolidated financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of CCMD Group, the event or transaction in respect of which the pro forma consolidated financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated financial information.

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

**Opinion**

In our opinion, the pro forma consolidated financial information has been properly compiled, in all material respects, on the basis of the applicable criteria as stated in the notes in Appendix B to the pro forma consolidated financial information.

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

**MOORE STEPHENS**

**REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)**

**Other Matter**

This letter is issued in connection to the rights issue and for no other purpose. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the rights issue described above.

We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, other than pursuant to the rights issue.

Yours faithfully



MOORE STEPHENS ASSOCIATES PLT  
LLP0000963-LCA & AF002096  
Chartered Accountants



**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

MOORE STEPHENS ASSOCIATES PLT  
Chartered Accountants  
(LLP0000963-LCA & AF002096)  
*For Identification Purposes Only*

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CCM DUOPHARMA BIOTECH BERHAD AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON**

**Appendix A**

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014**

The Pro Forma Consolidated Statements of Financial Position of CCM Duopharma Biotech Berhad ("CCM Duopharma" or "the Company") and its subsidiaries ("CCMD Group") as at 31 December 2014 as set out below, for which the Directors of the Company are solely responsible, have been prepared for illustrative purposes only to show the effects on the audited consolidated statements of financial position of CCMD Group as at 31 December 2014 and the events described in the Notes to the Pro Forma Consolidated Statements of Financial Position has been effected on that date, and should be read in conjunction with the Notes to the Pro Forma Consolidated Statements of Financial Position.

	Audited Consolidated Statement of Financial Position as at 31.12.2014	Pro Forma I Adjustments for subsequent events	Pro Forma II After Pro Forma I and after the Acquisitions	Pro Forma III After Pro Forma I, II and after the Rights Issue
Note	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>				
Property, plant and equipment	101,060	101,060	244,593	244,593
Investment properties	11,500	11,500	13,100	13,100
Intangible assets	3,063	3,063	6,263	6,263
Deferred tax assets	-	-	3,687	3,687
Goodwill on acquisition	-	-	9,496	9,496
<b>Total non-current assets</b>	<b>115,623</b>	<b>115,623</b>	<b>277,139</b>	<b>277,139</b>
Inventories	44,644	44,644	101,423	101,423
Current tax assets	-	-	1,842	1,842
Trade and other receivables	43,907	43,907	129,016	129,016
Cash and cash equivalents	3 18,303	242	21,731	139,469
<b>Total current assets</b>	<b>106,854</b>	<b>88,793</b>	<b>254,012</b>	<b>371,750</b>
<b>Total assets</b>	<b>222,477</b>	<b>204,416</b>	<b>531,151</b>	<b>648,889</b>

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

MOORE STEPHENS ASSOCIATES PLT  
Chartered Accountants  
(LLP0000963-LCA & AF002096)

For Identification Purposes Only

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CCM DUOPHARMA BIOTECH BERHAD AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 (cont'd)**

		<b>Audited</b>	<b>Pro Forma I</b>	<b>Pro Forma II</b>	<b>Pro Forma III</b>
		<b>Consolidated</b>	<b>Pro Forma I</b>	<b>After Pro</b>	<b>After Pro</b>
		<b>Statement of</b>	<b>Adjustments</b>	<b>Forma I and</b>	<b>Forma I, II</b>
		<b>Financial</b>	<b>for subsequent</b>	<b>after the</b>	<b>and after the</b>
		<b>Position as at</b>	<b>events</b>	<b>Acquisitions</b>	<b>Rights Issue</b>
		<b>31.12.2014</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Equity</b>					
Share capital	4	69,739	69,739	69,739	139,478
Share premium	4	13,720	14,306	14,306	195,630
Treasury shares	4	(1,578)	-	-	-
Retained earnings	4	111,749	91,524	91,541	91,541
<b>Total equity</b>		<b>193,630</b>	<b>175,569</b>	<b>175,586</b>	<b>426,649</b>
<b>Liability</b>					
Deferred tax liabilities		5,500	5,500	6,226	6,226
<b>Total non-current liability</b>		<b>5,500</b>	<b>5,500</b>	<b>6,226</b>	<b>6,226</b>
Loans and borrowings	5	-	-	267,094	133,769
Provision		758	758	758	758
Trade and other payables		20,866	20,866	79,541	79,541
Current tax payables		1,723	1,723	1,946	1,946
<b>Total current liabilities</b>		<b>23,347</b>	<b>23,347</b>	<b>349,339</b>	<b>216,014</b>
<b>Total liabilities</b>		<b>28,847</b>	<b>28,847</b>	<b>355,565</b>	<b>222,240</b>
<b>Total equity and liabilities</b>		<b>222,477</b>	<b>204,416</b>	<b>531,151</b>	<b>648,889</b>
No. of shares ('000)		138,822	139,480	139,480	278,958
Par value (RM)		0.50	0.50	0.50	0.50
NA per share (RM) <sup>(1)</sup>		1.39	1.26	1.26	1.53
Total borrowings		-	-	267,094	133,769
Gearing (times) <sup>(2)</sup>		-	-	1.52	0.31

Note:

- (1) Net assets ("NA") per share is computed based on total equity attributable to owners of the Company divided by the total number of shares.
- (2) Gearing (times) is computed based on total borrowings divided by total equity.

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

MOORE STEPHENS ASSOCIATES PLT  
Chartered Accountants  
(LLP0000963-LCA & AF002096)  
*For Identification Purposes Only*

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CCM DUOPHARMA BIOTECH BERHAD AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON**

**Appendix B**

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014**

**1. BASIS OF PREPARATION**

The Pro Forma Consolidated Statements of Financial Position as at 31 December 2014 as illustrated in Appendix A for which the Directors of CCM Duopharma Biotech Berhad ("CCM Duopharma" or "the Company") are solely responsible, have been prepared for illustrative purposes only, in relation to the following:

- Acquisition of the entire equity interest in CCM Pharmaceuticals Sdn. Bhd. and its subsidiaries and the entire equity interest of Innovax Sdn. Bhd. by CCM Duopharma from Chemical Company of Malaysia Berhad ("CCMB")
- Acquisition of the entire equity interest in CCM Pharmaceutical (S) Pte. Ltd. by CCM Duopharma from CCM International Sdn. Bhd., a wholly-owned subsidiary of CCMB
- Acquisition of the entire equity interest in CCM International (Philippines) Inc. by CCM Duopharma from CCM Investments Ltd, a wholly-owned subsidiary of CCMB
- Acquisition of the entire equity interest in CCM Pharma Sdn. Bhd. and the entire equity interest in Upha Pharmaceuticals Manufacturing Sdn. Bhd. by Duopharma (M) Sdn. Bhd., a wholly-owned subsidiary of CCM Duopharma from CCMB

(Collectively known as "the Acquisitions")

- Renounceable rights issue of 139,479,500 new ordinary shares of RM0.50 each in CCM Duopharma ("Rights Shares") on the basis of (1) Rights Share for every (1) ordinary share of RM0.50 each held in CCM Duopharma on 22 June 2015 at an issue price of RM1.80 per Rights Share payable in full upon acceptance.

("Rights Issue")

The Acquisitions and Rights Issue are collectively known as "Corporate Exercise".

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

MOORE STEPHENS ASSOCIATES PLT  
Chartered Accountants  
(LLP0000963-LCA & AF002096)

*For Identification Purposes Only*

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CCM DUOPHARMA BIOTECH BERHAD AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014**

**1. BASIS OF PREPARATION (cont'd)**

The Pro Forma Consolidated Statements of Financial Position illustrated the effect of the above Corporate Exercise on the assumption that they had been implemented and completed on 31 December 2014. The Pro Forma Consolidated Statements of Financial Position of CCM Duopharma have been properly prepared using the audited financial statements of CCM Duopharma for the financial year ended 31 December 2014 which was prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and in the manner consistent with both the format of the financial statements and the accounting policies of CCM Duopharma.

Furthermore, such financial information does not purport to predict the future financial position of CCM Duopharma.

The final determination of the purchase price allocation will be based on the established fair value of the assets acquired, including the fair value of the identifiable intangible assets and liabilities assumed as of the acquisition date, in accordance with MFRS 3, *Business Combinations*. The excess of the purchase price over the fair value of net assets acquired is allocated to goodwill, or vice versa be reflected as gain from bargain purchase. Accordingly, the final determination of the purchase price, fair values and resulting goodwill or gain from bargain purchase may differ significantly from what is reflected in this Pro Forma Consolidated Statements of Financial Position.

**2. EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**a) Proforma I**

Proforma I incorporates the effects of the following subsequent events on the audited consolidated statements of financial position of CCM Duopharma as at 31 December 2014:-

- (i) Issuance of final single tier dividend of RM0.145 per CCM Duopharma share for the financial year ended 31 December 2014 as proposed and announced by the Company on 24 February 2015; and
- (ii) All of the 658,000 treasury shares were resold in the open market on 25 February 2015, 26 February 2015 and 27 February 2015 for an average selling price of RM3.2887 per share. The gain on disposal of the treasury shares of RM0.586 million was credited into the share premium account.

**b) Proforma II**

Proforma II incorporates the effects of Proforma I, the Acquisitions and deduction of estimated expenses relating to the Corporate Exercise amounting to approximately RM4.1 million on the audited consolidated statements of financial position of CCM Duopharma as at 31 December 2014.

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

MOORE STEPHENS ASSOCIATES PLT  
Chartered Accountants  
(LLP0000963-LCA & AF002096)  
*For Identification Purposes Only*

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CCM DUOPHARMA BIOTECH BERHAD AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014**

**2. EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (cont'd)**

**b) Proforma II (cont'd)**

The total purchase consideration for the Acquisitions is RM133.325 million and the settlement of advances made by CCMB totalling RM111.798 million.

**c) Proforma III**

Proforma III incorporates the effects of Proforma II, the Rights Issue and deduction of purchase consideration of RM133.325 million (excluding any profit payments to be incurred) which is intended to be repaid via proceeds from the Rights Issue on the audited consolidated statements of financial position of CCM Duopharma as at 31 December 2014.

The subscription of 139,479,500 Rights Shares at an issue price of RM1.80 per Rights Share will raise gross proceeds of RM251,063,100 on the basis of one (1) Rights Share for every one (1) existing CCM Duopharma share.

The subscription of 139,479,500 Rights Shares would give rise to an increase of RM69,739,750 in the issued and paid-up capital account and RM181,323,350 in the share premium account.

**3. CASH AND CASH EQUIVALENTS**

	<b>RM'000</b>
Audited as at 31 December 2014	18,303
<b>Pro Forma I</b>	
Issuance of final dividend of RM0.145 per CCM Duopharma share for the financial year ended 31 December 2014	(20,225)
Proceeds from resale of treasury shares	2,164
	<u>242</u>
<b>Pro Forma II</b>	
Arising from the Acquisitions	25,589
Draw down of loans and borrowings to finance the Acquisitions	245,123
Estimated expenses in relation to the Corporate Exercise	(4,100)
Payment to CCMB for the Acquisitions	(245,123)
	<u>21,731</u>
<b>Pro Forma III</b>	
Proceeds from Rights Issue	251,063
Repayment of loans and borrowings	(133,325)
	<u><u>139,469</u></u>

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**

MOORE STEPHENS ASSOCIATES PLT  
Chartered Accountants  
(LLP0000963-LCA & AF002096)  
*For Identification Purposes Only*

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF CCM DUOPHARMA BIOTECH BERHAD AS AT 31 DECEMBER 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (cont'd)**

**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014**

**4. EQUITY**

	Share capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Retained earnings RM'000	Total Equity Attributable to Owners of the Company RM'000
Audited as at 31 December 2014	69,739	13,720	(1,578)	111,749	193,630
<b>Pro Forma I</b>					
Effects of subsequent events	-	586	1,578	(20,225)	(18,061)
	69,739	14,306	-	91,524	175,569
<b>Pro Forma II</b>					
Negative goodwill arising from the Acquisitions	-	-	-	4,117	4,117
Estimated expenses in relation to the Corporate Exercise	-	-	-	(4,100)	(4,100)
	69,739	14,306	-	91,541	175,586
<b>Pro Forma III</b>					
Issuance of shares pursuant to the Rights Issue	69,739	181,324	-	-	251,063
	139,478	195,630	-	91,541	426,649

**5. LOANS AND BORROWINGS**

	RM'000
Audited as at 31 December 2014 and Pro Forma I	-
<b>Pro Forma II</b>	
Arising from the Acquisitions	21,971
Draw down of loans and borrowings to finance the Acquisitions	245,123
	267,094
<b>Pro Forma III</b>	
Repayment of loan and borrowings	(133,325)
	133,769

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31  
DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON**

---

**CCM Duopharma Biotech Berhad**  
(Company No. 524271-W)  
(Incorporated in Malaysia)  
**and its subsidiary**

**Financial statements for the year  
ended 31 December 2014**

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**


---

1

## CCM Duopharma Biotech Berhad

(Company No. 524271-W)

(Incorporated in Malaysia)

### and its subsidiary

## Directors' report for the year ended 31 December 2014

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 2014.

### Principal activities

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiary 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	<u>35,275</u>	<u>22,722</u>

### 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 13.5 sen per share, tax exempt under the single-tier system totalling RM18,741,000 in respect of the financial year ended 31 December 2013 on 20 June 2014; and
- ii) an interim ordinary dividend of 4.0 sen per share, tax exempt under the single-tier system totalling RM5,553,000 in respect of the year ended 31 December 2014 on 7 November 2014.

The final ordinary dividend recommended by the Directors in respect of the financial year ended 31 December 2014 is 14.5 sen (2013 : 13.5 sen) per ordinary share, tax exempt under the single-tier tax system, totalling RM20,225,000.



---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**


---

2

## 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  
 Amirul Feisal bin Wan Zahir (resigned on 1 October 2014)

## 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 1.1.2014	Bought	Sold	At 31.12.2014
Interest in the Company:				
Tan Sri Dato' Dr. Abu Bakar bin Suleiman				
– own	286,400	-	-	286,400
– others #	22,000	-	-	22,000
Tan Sri Dato' Dr. Jegathesan a/l N. M. Vasagam @ Manikavasagam				
– own	34,120	-	-	34,120
Dato' Haji Ghazali bin Awang				
– own	97,000	8,000	-	105,000
	Number of ordinary shares of RM1.00 each			
	At 1.1.2014	Bought	Sold	At 31.12.2014
Interest in the intermediate holding company:				
Dato' Haji Ghazali bin Awang				
– own	10,000	-	-	10,000

# 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.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

3

**Directors' interests in shares (continued)**

By virtue of their interest in the shares of the Company, they are also deemed interest in the shares of the subsidiary 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 2014 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 were CCM Marketing Sdn. Bhd. and Chemical Company of Malaysia Berhad, a public listed company. The ultimate holding company during the financial year was Permodalan Nasional Berhad. All the holding companies were incorporated in Malaysia.

**Issue of shares and debentures**

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

**Options granted over unissued shares**

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

4

**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 2014 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.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

5

**Subsequent event**

Subsequent event after the financial year is disclosed in Note 26 to the financial statements.

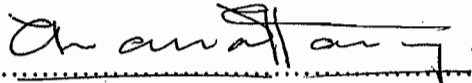
**Auditors**

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: 9 March 2015

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

6

**CCM Duopharma Biotech Berhad**

(Company No. 524271-W)

(Incorporated in Malaysia)

**and its subsidiary**

**Statements of financial position as at 31 December 2014**

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Assets</b>					
Property, plant and equipment	3	101,060	98,902	-	-
Investment property	4	11,500	11,500	-	-
Intangible asset	5	3,063	1,062	-	-
Investment in a subsidiary	6	-	-	40,187	40,187
Trade and other receivables	7	-	-	62,503	62,749
<b>Total non-current assets</b>		<b>115,623</b>	<b>111,464</b>	<b>102,690</b>	<b>102,936</b>
Current tax assets		-	-	26	-
Inventories	8	44,644	36,331	-	-
Trade and other receivables	7	43,907	38,978	637	2,000
Cash and cash equivalents	9	18,303	18,879	130	467
<b>Total current assets</b>		<b>106,854</b>	<b>94,188</b>	<b>793</b>	<b>2,467</b>
<b>Total assets</b>		<b>222,477</b>	<b>205,652</b>	<b>103,483</b>	<b>105,403</b>
<b>Equity</b>					
Share capital	10.1	69,739	69,739	69,739	69,739
Reserves		12,142	12,142	12,142	12,142
Retained earnings		111,749	100,768	20,886	22,458
<b>Equity attributable to owners of the Company</b>	10	<b>193,630</b>	<b>182,649</b>	<b>102,767</b>	<b>104,339</b>
<b>Liabilities</b>					
Deferred tax liabilities	11	5,500	4,449	-	-
<b>Total non-current liability</b>		<b>5,500</b>	<b>4,449</b>	<b>-</b>	<b>-</b>
Current tax liabilities		1,723	1,395	-	13
Trade and other payables	12	21,624	17,159	716	1,051
<b>Total current liabilities</b>		<b>23,347</b>	<b>18,554</b>	<b>716</b>	<b>1,064</b>
<b>Total liabilities</b>		<b>28,847</b>	<b>23,003</b>	<b>716</b>	<b>1,064</b>
<b>Total equity and liabilities</b>		<b>222,477</b>	<b>205,652</b>	<b>103,483</b>	<b>105,403</b>

The notes on pages 12 to 63 are an integral part of these financial statements.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

7

**CCM Duopharma Biotech Berhad**

(Company No. 524271-W)

(Incorporated in Malaysia)

**and its subsidiary**

**Statements of profit or loss and other comprehensive income for the year ended 31 December 2014**

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	13	176,961	162,405	22,440	23,205
Cost of sales		(95,328)	(95,509)	-	-
<b>Gross profit</b>		<b>81,633</b>	<b>66,896</b>	<b>22,440</b>	<b>23,205</b>
Other income		141	3,968	-	-
Distribution and marketing expenses		(16,718)	(17,128)	-	-
Administrative expenses		(16,572)	(12,952)	(1,579)	(543)
Other expenses		(1,710)	(597)	-	-
<b>Results from operating activities</b>	14	<b>46,774</b>	<b>40,187</b>	<b>20,861</b>	<b>22,662</b>
Finance income	15	165	295	2,453	2,542
Finance costs	16	(438)	(307)	(2)	(1)
<b>Profit before tax</b>		<b>46,501</b>	<b>40,175</b>	<b>23,312</b>	<b>25,203</b>
Tax expense	18	(11,226)	(7,900)	(590)	(629)
<b>Profit for the year</b>		<b>35,275</b>	<b>32,275</b>	<b>22,722</b>	<b>24,574</b>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<b>35,275</b>	<b>32,275</b>	<b>22,722</b>	<b>24,574</b>
<b>Basic and diluted earnings per ordinary share (sen)</b>	19	<b>25.41</b>	<b>23.25</b>		

The notes on pages 12 to 63 are an integral part of these financial statements.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

8

**CCM Duopharma Biotech Berhad**

(Company No. 524271-W)

(Incorporated in Malaysia)

**and its subsidiary**

**Consolidated statement of changes in equity for the year ended 31 December 2014**

Group	Note	<i>Attributable to owners of the Company</i>				Total RM'000
		<i>Non-distributable</i>	<i>Distributable</i>			
		Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	
At 1 January 2013		69,739	13,720	(1,578)	88,622	170,503
Profit for the year		-	-	-	32,275	32,275
<b>Profit and total comprehensive income for the year</b>		-	-	-	32,275	32,275
<i>Contributions by and distributions to owners</i>						
-Dividends to owners of the Company	20	-	-	-	(20,129)	(20,129)
<b>Total distribution to owners of the Company</b>		-	-	-	(20,129)	(20,129)
At 31 December 2013/ 1 January 2014		69,739	13,720	(1,578)	100,768	182,649
Profit and total comprehensive income for the year		-	-	-	35,275	35,275
<i>Contributions by and distributions to owners</i>						
-Dividends to owners of the Company	20	-	-	-	(24,294)	(24,294)
<b>Total distribution to owners of the Company</b>		-	-	-	(24,294)	(24,294)
At 31 December 2014		69,739	13,720	(1,578)	111,749	193,630
		Note 10.1	Note 10.2	Note 10.3		

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

9

**CCM Duopharma Biotech Berhad**

(Company No. 524271-W)

(Incorporated in Malaysia)

**and its subsidiary**

**Statement of changes in equity for the year ended  
31 December 2014 (continued)**

Company	Note	<i>Attributable to owners of the Company</i>			Total RM'000	
		<i>Non-distributable</i>	<i>Distributable</i>			
		Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	
<b>At 1 January 2013</b>		69,739	13,720	(1,578)	18,013	99,894
Profit for the year		-	-	-	24,574	24,574
<b>Profit and total comprehensive income for the year</b>		-	-	-	24,574	24,574
<i>Contributions by and distributions to owners</i>						
-Dividends to owners of the Company	20	-	-	-	(20,129)	(20,129)
<b>Total distribution to owners of the Company</b>		-	-	-	(20,129)	(20,129)
<b>At 31 December 2013/ 1 January 2014</b>		69,739	13,720	(1,578)	22,458	104,339
Profit and total comprehensive income for the year		-	-	-	22,722	22,722
<i>Contributions by and distributions to owners</i>						
-Dividends to owners of the Company		-	-	-	(24,294)	(24,294)
<b>Total distribution to owners of the Company</b>		-	-	-	(24,294)	(24,294)
<b>At 31 December 2014</b>		69,739	13,720	(1,578)	20,886	102,767
		Note 10.1	Note 10.2	Note 10.3		

The notes on pages 12 to 63 are an integral part of these financial statements.



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

10

**CCM Duopharma Biotech Berhad**

(Company No. 524271-W)

(Incorporated in Malaysia)

**and its subsidiary**

**Statements of cash flows for the year ended  
31 December 2014**

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		46,501	40,175	23,312	25,203
Adjustments for:					
Depreciation of property, plant and equipment	3	8,268	7,785	-	-
Dividend income		-	-	(22,440)	(23,205)
Finance income	15	(165)	(295)	(2,453)	(2,542)
Finance cost	16	438	307	2	1
Net unrealised foreign exchange gain		(173)	(224)	-	-
Provision for warranty		348	69	-	-
Gain on revaluation of investment property		-	(3,882)	-	-
(Gain)/loss on disposal of property, plant and equipment		(7)	1	-	-
<b>Operating profit/(loss) before changes in working capital</b>		<b>55,210</b>	<b>43,936</b>	<b>(1,579)</b>	<b>(543)</b>
Change in inventories		(8,313)	5,052	-	-
Change in trade and other receivables		(4,929)	(1,880)	1,609	(4,854)
Change in trade and other payables		4,290	492	(335)	102
<b>Cash generated from/(used in) operations</b>		<b>46,258</b>	<b>47,600</b>	<b>(305)</b>	<b>(5,295)</b>
Interest paid		(438)	(307)	(2)	(1)
Tax paid		(9,847)	(7,815)	(629)	(572)
Tax refund		-	54	-	54
<b>Net cash from/(used in) operating activities</b>		<b>35,973</b>	<b>39,532</b>	<b>(936)</b>	<b>(5,814)</b>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

11

**Statements of cash flows for the year ended  
31 December 2014 (continued)**

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	3	(12,427)	(8,842)	-	-
Costs associated to conversion of land to industrial status		-	(1,148)	-	-
Dividends received		-	-	22,440	23,205
Interest received		165	295	2,453	2,542
Proceeds from disposal of plant and equipment		7	32	-	-
<b>Net cash (used in)/from investing activities</b>		<u>(12,255)</u>	<u>(9,663)</u>	<u>24,893</u>	<u>25,747</u>
<b>Cash flows from financing activities</b>					
Dividends paid to owners of the Company	20	(24,294)	(20,129)	(24,294)	(20,129)
Repayment of loan and borrowing		-	(5,000)	-	-
<b>Net cash used in financing activities</b>		<u>(24,294)</u>	<u>(25,129)</u>	<u>(24,294)</u>	<u>(20,129)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(576)	4,740	(337)	(196)
Cash and cash equivalents at 1 January		<u>18,879</u>	<u>14,139</u>	<u>467</u>	<u>663</u>
<b>Cash and cash equivalents at 31 December</b>	9	<u>18,303</u>	<u>18,879</u>	<u>130</u>	<u>467</u>

The notes on pages 12 to 63 are an integral part of these financial statements.

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

---

12

**CCM Duopharma Biotech Berhad**

(Company No. 524271-W)

(Incorporated in Malaysia)

**and its subsidiary****Notes to the financial statements**

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

**Principal place of business**

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

**Registered office**

13<sup>th</sup> floor, Menara PNB  
201-A, Jalan Tun Razak  
50400 Kuala Lumpur  
Malaysia

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2014 comprise the Company and its subsidiary (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 2014 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the subsidiary is primarily involved in carrying on business as manufacturer, distributor, importer and exporter of pharmaceutical products and medicines.

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

These financial statements were authorised for issue by the Board of Directors on 9 March 2015.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

13

**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, 1965 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 July 2014***

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**


---

14

**1. Basis of preparation (continued)****(a) Statement of compliance (continued)**

*MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016*

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- 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*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

*MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017*

- MFRS 15, *Revenue from Contracts with Customers*

*MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018*

- MFRS 9, *Financial Instruments (2014)*

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

15

**1. Basis of preparation (continued)****(a) Statement of compliance (continued)**

The Group and Company plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014, except for Amendment to MFRS 2 and Amendments to MFRS 119 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for Amendments to MFRS 11, MFRS 14, Amendments to MFRS 119 and Amendments to MFRS 127 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

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

***MFRS 15, Revenue from Contracts with Customers***

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfer of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

***MFRS 9, Financial Instruments***

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

---

16

**1. Basis of preparation (continued)****(b) Basis of measurement**

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

**(c) Functional and presentation currency**

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

**(d) Use of estimates and judgements**

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

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

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

- Note 4 – Valuation of investment property
- Note 6 – Investment in a subsidiary

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

---

17

**2. Significant accounting policies**

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

**(a) Basis of consolidation****(i) Subsidiaries**

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

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

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

**(ii) Business combinations**

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

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

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



---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31  
DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

---

18

**2. Significant accounting policies (continued)****(a) Basis of consolidation (continued)****(ii) Business combinations (continued)**

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

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

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

**(iii) 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 an available-for-sale financial asset depending on the level of influence retained.

**(iv) 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.

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31  
DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

---

19

**2. Significant accounting policies (continued)****(b) Foreign currency****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 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 available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

**(c) Financial instruments****(i) Initial recognition and 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 instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

20

**2. Significant accounting policies (continued)****(c) Financial instruments (continued)****(ii) Financial instrument categories and subsequent measurement**

The Group and the Company categorise and measure financial instruments as follows:

***Financial assets******Loans and receivables***

Loans and receivables category comprises debt instruments that are not quoted in an active market.

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

All financial assets are subject to review for impairment (see note 2(j)(i)).

***Financial liabilities***

All financial liabilities are subsequently measured at amortised cost.

**(iii) Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

21

**2. Significant accounting policies (continued)****(c) Financial instruments (continued)****(iv) 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 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 expenditure that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing cost.

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

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

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

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**


---

22

**2. Significant accounting policies (continued)****(d) Property, plant and equipment (continued)****(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:

• 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.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

23

**2. Significant accounting policies (continued)****(e) Leased assets****(i) Finance lease**

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

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

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

**(ii) Operating lease**

Leases where the Group or the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

24

**2. Significant accounting policies (continued)****(f) Intangible assets****(i) Research and development**

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

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

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

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

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

**(ii) 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.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

25

**2. Significant accounting policies (continued)****(g) Investment property****(i) Investment property carried at fair value**

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

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

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

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

**(ii) Reclassification to/from investment property**

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

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.



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

26

**2. Significant accounting policies (continued)****(h) Inventories**

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

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

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

**(i) 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 on 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. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

**(j) Impairment****(i) Financial assets**

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

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

---

27

**2. Significant accounting policies (continued)****(j) Impairment (continued)****(i) Financial assets (continued)**

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

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

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

**(ii) Other assets**

The carrying amounts of other assets (except for inventories and investment property measured at fair value) 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 asset 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.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

28

**2. Significant accounting policies (continued)****(j) Impairment (continued)****(ii) Other assets (continued)**

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

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

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

**(k) 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.

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

---

29

**2. Significant accounting policies (continued)****(k) Equity instruments (continued)****(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.

Where 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.

**(l) 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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

---

30

**2. Significant accounting policies (continued)****(m) 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.

**(n) Revenue and other income****(i) Goods sold**

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

**(ii) Dividend income**

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

**(iii) Interest income**

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

31

**2. Significant accounting policies (continued)****(o) Tax expense**

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 assets or 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.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, 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 liabilities and assets 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.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

32

**2. Significant accounting policies (continued)****(p) 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.

**(q) 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 Group's Chief Executive Officer ("GCEO") 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.

**(r) Contingencies****(i) Contingent liabilities**

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

**(ii) Contingent assets**

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

33

**2. Significant accounting policies (continued)****(s) Fair value measurement**

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

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

34

**3. Property, plant and equipment**

Group	Note	Freehold land		Buildings		Plant and machineries		Office equipment, furniture and fittings		Motor vehicles		Renovations		Capital work-in-progress		Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Cost</b>																
At 1 January 2013		12,897	53,833	73,896	4,995	467	496	275	146,859							
Additions		-	420	7,139	133	103	233	834	8,862							
Disposals		-	(5)	-	(138)	-	-	(27)	(170)							
Transfer to investment property	4	-	-	-	-	-	-	(20)	(20)							
Transfer to intangible asset	5	-	-	-	-	-	-	(1,062)	(1,062)							
At 31 December 2013/1 January 2014		12,897	54,248	81,035	4,990	570	729	-	154,469							
Additions		-	1,152	8,774	189	210	1	2,101	12,427							
Disposals		-	-	(19)	-	-	-	-	(19)							
Write off		-	-	(2)	(219)	-	-	-	(221)							
Transfer to intangible asset	5	-	-	-	-	-	-	(2,001)	(2,001)							
At 31 December 2014		12,897	55,400	89,788	4,960	780	730	100	164,655							

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

35

**3. Property, plant and equipment (continued)**

Group	Note	Freehold land RM'000	Buildings RM'000	Plant and machineries RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovations RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Depreciation</b>									
At 1 January 2013		-	1,791	42,869	2,561	405	293	-	47,919
Depreciation for the year		-	1,088	6,276	343	46	32	-	7,785
Disposals		-	-	-	(137)	-	-	-	(137)
At 31 December 2013/1 January 2014		-	2,879	49,145	2,767	451	325	-	55,567
Depreciation for the year		-	1,100	6,699	355	66	48	-	8,268
Disposals		-	-	(19)	-	-	-	-	(19)
Write off		-	-	(2)	(219)	-	-	-	(221)
At 31 December 2014		-	3,979	55,823	2,903	517	373	-	63,595
<b>Carrying amounts</b>									
At 31 December 2013/1 January 2014		12,897	51,369	31,890	2,223	119	404	-	98,902
At 31 December 2014		12,897	51,421	33,965	2,057	263	357	100	101,060

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

36

#### 4. Investment property

	Note	Group	
		2014 RM'000	2013 RM'000
At 1 January		11,500	6,470
Transfer from property, plant and equipment	3	-	20
Costs associated to conversion of land to industrial status		-	1,128
Change in fair value recognised in profit or loss		-	3,882
At 31 December		<u>11,500</u>	<u>11,500</u>
Included in the above is:			
At fair value			
Freehold land		<u>11,500</u>	<u>11,500</u>

##### 4.1 Fair value information

Fair value of investment property is categorised as follows:

	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2014</b>			
Land	-	11,500	<u>11,500</u>
<b>2013</b>			
Land	-	11,500	<u>11,500</u>

##### Level 2 fair value

Level 2 fair value of freehold land have been generally derived using the sales comparison approach. Sales price of comparable properties 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 of comparable properties.

##### Level 3 fair value

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

37

#### 4. Investment property (continued)

##### 4.1 Fair value information (continued)

###### Level 3 fair value (continued)

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

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

###### Valuation processes applied by the Group for Level 3 fair value

The fair value of investment property is determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation company provides the fair value of the Group's investment property portfolio every twelve months. Changes in Level 3 fair values are analysed by the management every twelve months after obtaining valuation report from the valuation company.

###### Highest and best use

The Group's investment property is currently a freehold industrial land. The highest and best use of the property should be an industrial land located nearby the Group's investment property.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

38

## 5. Intangible asset

	Note	Development costs RM'000
<b>Group</b>		
At 1 January 2013		-
Transfer from property, plant and equipment	3	1,062
At 31 December 2013/1 January 2014		1,062
Transfer from property, plant and equipment	3	2,001
At 31 December 2014		3,063

The carrying amount of development costs represents costs incurred to jointly conduct clinical trials with its technology partner for the purpose of commercialisation of biosimilar 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. The products have yet to be fully commercialised at year-end. The management made an assumption that the development costs will be recovered through future commercial activity when the products are fully commercialised in the future.

## 6. Investment in a subsidiary

	Company	
	2014 RM'000	2013 RM'000
Unquoted share, at cost	40,187	40,187

Details of the subsidiary are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2014 %	2013 %
Duopharma (M) Sendirian Berhad	Malaysia	Manufacturing, distributing, importing and exporting of pharmaceutical products and medicines	100	100

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

39

**7. Trade and other receivables**

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Non-current</b>					
<b>Non-trade</b>					
Amount due from a subsidiary	7.1	-	-	62,503	62,749
<b>Current</b>					
<b>Trade</b>					
Trade receivables		34,219	33,264	-	-
Amount due from related companies	7.2	2,099	425	-	-
		<u>36,318</u>	<u>33,689</u>	-	-
<b>Non-trade</b>					
Amount due from intermediate holding company	7.3	637	-	637	-
Amount due from a subsidiary		-	-	-	2,000
Other receivables, deposits and prepayments	7.4	6,952	5,289	-	-
		<u>7,589</u>	<u>5,289</u>	<u>637</u>	<u>2,000</u>
		<u>43,907</u>	<u>38,978</u>	<u>637</u>	<u>2,000</u>

- 7.1 The non-trade amount due from a subsidiary is unsecured, subject to interest at 5.6% (2013: 5.1%) per annum. The non-current amount is not repayable over the next 12 months.
- 7.2 The trade amount due from related companies is unsecured, interest free and subject to the normal trade terms.
- 7.3 The non-trade amount due from the intermediate holding company is unsecured, interest free and repayable on demand.
- 7.4 Included in other receivables, deposits and prepayments is deposits for new plant and machineries amounting to RM6,862,626 (2013 : RM3,843,232).

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

40

**8. Inventories**

	Group	
	2014 RM'000	2013 RM'000
Raw materials and consumables	15,152	13,276
Work-in-progress	3,014	2,462
Packing materials	5,603	6,731
Finished goods	20,875	13,862
	<u>44,644</u>	<u>36,331</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	90,002	90,805
Write-down to net realisable value	9,261	1,229
(Reversal)/provision for obsolete stocks	<u>(3,935)</u>	<u>3,475</u>

**9. Cash and cash equivalents**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits placed with licensed banks	7,173	6,169	-	-
Cash and bank balances	11,130	12,710	130	467
	<u>18,303</u>	<u>18,879</u>	<u>130</u>	<u>467</u>

**10. Capital and reserves**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Share capital	69,739	69,739	69,739	69,739
Non-distributable reserves				
Share premium	13,720	13,720	13,720	13,720
Treasury shares	(1,578)	(1,578)	(1,578)	(1,578)
	12,142	12,142	12,142	12,142
Retained earnings (distributable)	111,749	100,768	20,886	22,458
	<u>193,630</u>	<u>182,649</u>	<u>102,767</u>	<u>104,339</u>

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**


---

41

## 10. Capital and reserves (continued)

### 10.1 Share capital

	Number of shares 2014 '000	Group and Company		
		Amount 2014 RM'000	Number of shares 2013 '000	Amount 2013 RM'000
Authorised				
Ordinary shares of RM0.50 each	<u>200,000</u>	<u>100,000</u>	<u>200,000</u>	<u>100,000</u>
Issued and fully paid:				
Ordinary shares of RM0.50 each	<u>139,479</u>	<u>69,739</u>	<u>139,479</u>	<u>69,739</u>

#### 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. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

### 10.2 Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

### 10.3 Treasury shares

The shareholders of the Company, by a special resolution passed at the extraordinary general meeting held on 25 June 2004, approved the Company's plan to purchase its own shares and the authority was reviewed at the Fourth Annual General Meeting of the Company held on 29 June 2005. The renewal of authority for purchase of its own shares lapsed at the conclusion of the Fifth Annual General Meeting held on 18 May 2006 and no further renewal was sought.

There was no purchase of its issued share capital in the current financial year. The number of outstanding shares as at 31 December 2014 after deducting treasury shares held is 138,821,000 (2013 : 138,821,000).



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

42

## 11. Deferred tax liabilities

### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Property, plant and equipment	-	-	(7,700)	(7,261)	(7,700)	(7,261)
Provisions	76	71	-	-	76	71
Other items	2,124	2,741	-	-	2,124	2,741
Tax assets/(liabilities)	2,200	2,812	(7,700)	(7,261)	(5,500)	(4,449)
Set off of tax	(2,200)	(2,812)	2,200	2,812	-	-
Net tax liabilities	-	-	(5,500)	(4,449)	(5,500)	(4,449)

### Movement in temporary differences during the year

Group	At 1.1.2013 RM'000	Recognised in profit or loss (Note 18) RM'000	At 31.12.2013/ 1.1.2014 RM'000	Recognised in profit or loss (Note 18) RM'000	At 31.12.2014 RM'000
	Property, plant and equipment	(6,269)	(992)	(7,261)	(439)
Provisions	97	(26)	71	5	76
Other items	513	2,228	2,741	(617)	2,124
Total	(5,659)	1,210	(4,449)	(1,051)	(5,500)

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

43

**12. Trade and other payables**

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Trade</b>					
Trade payables		4,473	6,837	-	-
Amount due to related companies	12.1	3,106	31	-	-
		<u>7,579</u>	<u>6,868</u>	<u>-</u>	<u>-</u>
<b>Non-trade</b>					
Amount due to intermediate holding company	12.2	1,748	632	-	622
Amount due to related companies	12.2	753	44	-	-
Other payables		2,891	2,518	-	-
Accrued expenses		7,895	6,687	716	429
Provision		758	410	-	-
		<u>14,045</u>	<u>10,291</u>	<u>716</u>	<u>1,051</u>
		<u>21,624</u>	<u>17,159</u>	<u>716</u>	<u>1,051</u>

12.1 The trade amount due to related companies is unsecured, interest free and subject to normal trade terms.

12.2 The non-trade amounts due to intermediate holding company and related companies are unsecured, interest free and repayable on demand.

**13. Revenue**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sale of goods	176,961	162,405	-	-
Dividend income from an unquoted subsidiary in Malaysia	-	-	22,440	23,205
	<u>176,961</u>	<u>162,405</u>	<u>22,440</u>	<u>23,205</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

44

## 14. Results from operating activities

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Operating profit is arrived at after charging:</b>				
Auditors' remuneration:				
- Audit fees	78	78	20	20
- Non-audit fees	14	14	14	14
Depreciation on property, plant and equipment	8,268	7,785	-	-
Impairment loss:				
- Trade receivables	20	1,113	-	-
Inventories write-down	9,261	1,229	-	-
Loss on disposal of property, plant and equipment	-	1	-	-
Net realised foreign exchange loss	220	43	-	-
Personnel expenses (including key management personnel):				
- Contributions to state plans	2,499	2,198	-	-
- Wages, salaries and others	23,847	22,177	-	-
Rental expenses of premises	46	80	-	-
Research and development costs expensed as incurred	2,463	3,035	-	-
Provision for obsolete stocks	-	3,475	-	-
<b>and after crediting:</b>				
Dividend income from				
- A subsidiary in Malaysia (unquoted)	-	-	22,440	23,205
Gain on disposal of property, plant and equipment	7	-	-	-
Gain on revaluation of investment property	-	3,882	-	-
Net unrealised foreign exchange gain	173	224	-	-
Reversal of provision for obsolete stocks	3,935	-	-	-

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

45

### 15. Finance income

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
- recognised before impairment	<u>165</u>	<u>295</u>	<u>2,453</u>	<u>2,542</u>

### 16. Finance costs

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- other borrowings	<u>438</u>	<u>307</u>	<u>2</u>	<u>1</u>

### 17. Key management personnel compensation

The key management personnel compensation is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Directors</b>				
- Fees	408	242	408	242
<b>Other key management personnel</b>				
- Remuneration	<u>2,031</u>	<u>2,019</u>	<u>-</u>	<u>-</u>
Total short-term employee benefits	<u>2,439</u>	<u>2,261</u>	<u>408</u>	<u>242</u>

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 entity either directly or indirectly.

The Group pays management fee to the intermediate holding company in relation to services of certain key management personnel of the Group as disclosed in Note 25.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

46

**18. Tax expense**
*Recognised in profit or loss*

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Current tax expense</b>				
- current year	10,474	9,345	603	629
- over provision in prior years	(299)	(235)	(13)	-
Total current tax recognised in profit or loss	<u>10,175</u>	<u>9,110</u>	<u>590</u>	<u>629</u>
<b>Deferred tax (benefit)/expense</b>				
Origination and reversal of temporary differences	1,165	(574)	-	-
Over provision in prior year	(114)	(636)	-	-
Total deferred tax recognised in profit or loss	<u>1,051</u>	<u>(1,210)</u>	<u>-</u>	<u>-</u>
Total income tax expense	<u>11,226</u>	<u>7,900</u>	<u>590</u>	<u>629</u>
<i>Reconciliation of tax expense</i>				
Profit for the year	35,275	32,275	22,722	24,574
Total income tax expense	<u>11,226</u>	<u>7,900</u>	<u>590</u>	<u>629</u>
Profit excluding tax	<u>46,501</u>	<u>40,175</u>	<u>23,312</u>	<u>25,203</u>
Income tax calculated using Malaysian tax rate of 25% (2013:25%)	11,625	10,044	5,828	6,301
Non-deductible expenses	590	503	385	129
Tax exempt income	(41)	(91)	(5,610)	(5,801)
Tax incentives	(616)	(759)	-	-
Other items	81	(926)	-	-
Over provision in prior years	(413)	(871)	(13)	-
	<u>11,226</u>	<u>7,900</u>	<u>590</u>	<u>629</u>

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**


---

47

## 19. Earnings per ordinary share

### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2014 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

Group	2014 RM'000	2013 RM'000
Profit attributable to ordinary shareholders	<u>35,275</u>	<u>32,275</u>
	<b>Group</b>	
	2014 '000	2013 '000
Issued ordinary shares at 1 January	139,479	139,479
Effect of treasury shares held	<u>(658)</u>	<u>(658)</u>
Weighted average number of ordinary shares at 31 December	<u>138,821</u>	<u>138,821</u>
	<b>Group</b>	
	2014 Sen	2013 Sen
Basic earnings per ordinary share	<u>25.41</u>	<u>23.25</u>

### 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 2014.

## 20. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
<b>2014</b>			
Final 2013 ordinary (single-tier)	13.50	18,741	20 June 2014
Interim 2014 ordinary (single-tier)	4.00	<u>5,553</u>	7 November 2014
Total amount		<u>24,294</u>	

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**


---

48

**20. Dividends (continued)**

	Sen per share	Total amount RM'000	Date of payment
<b>2013</b>			
Final 2012 ordinary (single-tier)	10.50	14,576	12 July 2013
Interim 2013 ordinary (single-tier)	4.00	<u>5,553</u>	8 November 2013
Total amount		<u>20,129</u>	

After the end of the reporting period, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

	Sen per share	Total amount RM'000
Final 2014 ordinary (single-tier)	14.50	<u>20,225</u>

**21. Operating segments**

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units target different markets, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer ("GCEO"), who is the chief operating decision maker reviews internal management reports regularly.

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 GCEO, as all assets within the Group, other than trade receivables, are attributed to the business activities in Malaysia.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

49

## 21. Operating segments (continued)

Information about reportable segment and reconciliation of reportable segment revenue, profit or loss and other material items

	Group	
	2014 RM'000	2013 RM'000
Reportable revenue from external customers:		
Local	162,385	148,363
Export	<u>14,576</u>	<u>14,042</u>
	176,961	162,405
Operating expense:		
Depreciation of property, plant and equipment	(8,268)	(7,785)
Other operating expense	(122,060)	(118,401)
Other operating income	<u>141</u>	<u>3,968</u>
Profit from operations	46,774	40,187
Finance income	165	295
Finance cost	<u>(438)</u>	<u>(307)</u>
Profit before tax	46,501	40,175
Tax expense	<u>(11,226)</u>	<u>(7,900)</u>
Profit after tax	<u>35,275</u>	<u>32,275</u>
Reportable revenue from external trade receivables:		
Local	29,317	31,603
Export	<u>4,902</u>	<u>1,661</u>
	<u>34,219</u>	<u>33,264</u>

### *Major customers*

Revenue from two major customers amount to approximately RM96,330,000 (2013 : RM65,726,000) of the Group's total revenue.



---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**


---

50

**22. Financial instruments****22.1 Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables ("L&R"); and  
 (b) Financial liabilities measured at amortised cost ("FL").

<b>2014</b>	<b>Carrying amount</b>	<b>L&amp;R/ (FL)</b>
<b>Financial assets</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
Trade and other receivables	36,864	36,864
Cash and bank balances	18,303	18,303
	<u>55,167</u>	<u>55,167</u>
<b>Company</b>		
Trade and other receivables	63,140	63,140
Cash and bank balances	130	130
	<u>63,270</u>	<u>63,270</u>
<b>Financial liabilities</b>		
<b>Group</b>		
Trade and other payables	<u>(20,866)</u>	<u>(20,866)</u>
<b>Company</b>		
Trade and other payables	<u>(716)</u>	<u>(716)</u>
<b>2013</b>		
<b>Financial assets</b>		
<b>Group</b>		
Trade and other receivables	34,533	34,533
Cash and bank balances	18,879	18,879
	<u>53,412</u>	<u>53,412</u>
<b>Company</b>		
Trade and other receivables	64,749	64,749
Cash and bank balances	467	467
	<u>65,216</u>	<u>65,216</u>
<b>Financial liabilities</b>		
<b>Group</b>		
Trade and other payables	<u>(16,749)</u>	<u>(16,749)</u>
<b>Company</b>		
Trade and other payables	<u>(1,051)</u>	<u>(1,051)</u>

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**


---

51

**22. Financial instruments (continued)****22.2 Net gains and losses arising from financial instruments**

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net gains/(losses) on:				
Loans and receivables	165	295	2,453	2,542
Financial liabilities measured at amortised cost	(485)	(126)	(2)	(1)
	<u>(320)</u>	<u>169</u>	<u>2,451</u>	<u>2,541</u>

**22.3 Financial risk management**

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

- Credit risk
- Liquidity risk
- Market risk

**22.4 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 amount due from a subsidiary.

**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.

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**


---

52

## 21. Financial instruments (continued)

### 22.4 Credit risk (continued)

#### Receivables (continued)

##### *Exposure to credit risk, credit quality and collateral*

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

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

The Group has a lower exposure to international credit risk as most of its receivables are concentrated in Malaysia.

##### *Impairment losses*

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
<b>2014</b>				
Not past due	31,620	-	-	31,620
Past due 1 -30 days	1,529	-	-	1,529
Past due 31-120 days	900	-	-	900
Past due more than 120 days	1,367	(1,197)	-	170
	<u>35,416</u>	<u>(1,197)</u>	<u>-</u>	<u>34,219</u>
<b>2013</b>				
Not past due	31,035	-	-	31,035
Past due 1 -30 days	2,039	(223)	-	1,816
Past due 31-120 days	1,120	(707)	-	413
Past due more than 120 days	408	(123)	(285)	-
	<u>34,602</u>	<u>(1,053)</u>	<u>(285)</u>	<u>33,264</u>

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**


---

53

**22. Financial instruments (continued)****22.4 Credit risk (continued)***Impairment losses (continued)*

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	1,338	274
Impairment loss recognised	78	1,250
Impairment loss written off	(161)	(49)
Impairment loss recovered	(58)	(137)
At 31 December	<u>1,197</u>	<u>1,338</u>

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

At 31 December 2014, there is a significant individual impairment loss of RM1,004,000 (2013 : RM1,004,000) relating to a customer with dispute invoices during the previous financial year.

**Investments and other financial assets***Risk management objectives, policies and processes for managing the risk*

Investments are only allowed in placing deposits with licensed banks.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the Group has only placed deposits in Malaysia. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of that deposits are only placed with licensed banks, management does not expect the bank to fail to meet its obligation.

The deposits with licensed banks of the Group are unsecured.

*Impairment losses*

As at the end of the reporting period, there was no indication that the deposits with licensed banks were not recoverable.

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

---

54

**22. Financial instruments (continued)****22.4 Credit risk (continued)****Inter company loans and advances***Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured loans and advances to a subsidiary. The Company monitors the results of the subsidiary 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 subsidiary which is wholly owned by the Company.

*Impairment losses*

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiary are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiary.

**22.5 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.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

55

## 22. Financial instruments (continued)

### 22.5 Liquidity risk (continued)

#### *Maturity analysis*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate %	Contractual Cash flows RM'000	Under 1 Year RM'000
<b>2014</b>				
<b>Group</b>				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	<u>20,866</u>	-	<u>20,866</u>	<u>20,866</u>
<b>Company</b>				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	<u>716</u>	-	<u>716</u>	<u>716</u>
<b>2013</b>				
<b>Group</b>				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	<u>16,749</u>	-	<u>16,749</u>	<u>16,749</u>
<b>Company</b>				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	<u>1,051</u>	-	<u>1,051</u>	<u>1,051</u>

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**


---

56

**22. Financial instruments (continued)****22.6 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

**22.6.1 Currency risk**

The Group is exposed to foreign currency risk on sales, purchases and bank balance that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Euro ("EURO"), Singapore Dollar ("SGD") and Great Britain Pound ("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>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>		
Trade receivables	4,821	1,273
Trade payables	(914)	(2,867)
Bank balances	33	18
Other receivables/(payables)	214	(281)
Net exposure in the statement of financial position	<u>4,154</u>	<u>(1,857)</u>
	<i>Denominated in EURO</i>	
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables	498	474
Other receivables/(payables)	4,985	(3,170)
Net exposure in the statement of financial position	<u>5,483</u>	<u>(2,696)</u>

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

57

## 22. Financial instruments (continued)

### 22.6 Market risk (continued)

#### 22.6.1 Currency risk (continued)

*Exposure to foreign currency risk (continued)*

	<i>Denominated in SGD</i>	
	2014	2013
	RM'000	RM'000
Trade payables	(22)	(346)
Net exposure in the statement of financial position	(22)	(346)
	<i>Denominated in GBP</i>	
	2014	2013
	RM'000	RM'000
Other receivables	14	-
Net exposure in the statement of financial position	14	-

*Currency risk sensitivity analysis*

A 10% (2013: 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.

	<b>Profit or loss</b>	
	2014	2013
	RM'000	RM'000
<b>Group</b>		
USD	(312)	139
EURO	(411)	202
SGD	2	26
GBP	(1)	-

A 10% (2013: 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.



---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**


---

58

## 22. Financial instruments (continued)

### 22.6 Market risk (continued)

#### 22.6.2 Interest rate risk

The Group's investment in fixed rate deposits with licensed banks are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in 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 and the Company place cash balances with reputable banks to generate interest income for the Group and the Company. The Group and the Company manage their interest risk by placing such balances on varying maturities and interest rate terms.

#### *Exposure to interest rate risk*

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group	
	2014 RM'000	2013 RM'000
<b>Fixed rate instruments</b>		
Financial assets	7,173	6,169

#### *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 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.

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**


---

59

## 22. Financial instruments (continued)

### 22.7 Fair value information

The carrying amounts of cash and cash equivalents, 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.

The carrying amount of unsecured non-revolving loan reasonably approximate their fair values as they are subject to variable interest rates which in turn approximates the current market interest rates for similar facilities at the end of the reporting period.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices in an active market and the fair value cannot be reliably measured.

The fair value of other financial assets, together with the carrying amount shown in the statement of financial position, is as follows:

	Carrying amount 2014 RM'000	Fair value 2014 RM'000	Carrying amount 2013 RM'000	Fair value 2013 RM'000
<b>Company</b>				
Amount due from a subsidiary	<u>62,503</u>	<u>62,503</u>	<u>62,749</u>	<u>62,749</u>

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

#### *Interest rate used to determine fair value*

The interest rate used to discount estimated cash flows is 5.6% (2013: 5.1%).

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**


---

60

## 22. Financial instruments (continued)

### 22.7.1 Fair value hierarchy

Fair value hierarchy has not been presented as there are no financial instruments carried at fair value as at the end of the reporting period.

## 23. 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 Group's strategy for capital management is to avoid unnecessary debts obligation and funding cost.

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The Group is also required to maintain a maximum debt-to-equity ratio of nil (2013: nil), total liabilities-to-net worth of 1.75 and minimum debt service cover ratio of 2.0 to comply with a debt covenant, failing which, the bank may call an event of default. The Group has complied with the covenants.

## 24. Capital and other commitments

	Group	
	2014	2013
	RM'000	RM'000
<b>Capital expenditure commitments</b>		
<b>Plant and equipment</b>		
Authorised but not provided for	<u>10,014</u>	<u>22,199</u>
Contracted but not provided for	<u>14,934</u>	<u>6,526</u>

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**


---

61

## 25. Related parties

### 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 or common significant influence. 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 intermediate holding company, 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 17. The balances related to the below transactions are shown in Note 7 and 12.

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>A. Intermediate holding company</b>				
Management fees paid	<u>(6,545)</u>	<u>(6,089)</u>	<u>-</u>	<u>-</u>
<b>B. Immediate holding company</b>				
Dividends paid	<u>(17,908)</u>	<u>(14,768)</u>	<u>(17,908)</u>	<u>(14,768)</u>
<b>C. Related companies</b>				
Sale of goods	16,454	13,962	-	-
Purchases of goods	(19,210)	(19,331)	-	-
Research and development costs paid to related company	(2,463)	(3,035)	-	-
Dividend income received from a subsidiary	-	-	22,440	23,205
Interest income received from a subsidiary	-	-	<u>2,453</u>	<u>2,542</u>

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**


---

62

**25. Related parties (continued)**

There is no impairment loss recognised in respect of these outstanding balances at year end.

All the outstanding balances are unsecured and expected to be settled with cash.

Included in the management fees paid to the intermediate holding company is payment for services of a director and certain key management personnel of the Group amounting to RM754,000 (2013 : RM1,322,000).

**26. Subsequent event**

Subsequent to the financial year end, the Company re-issued its entire 658,000 treasury shares by resale in the open market for a total consideration of approximately RM2,172,000. The average resale price of treasury shares was RM3.30 per share. The proceeds from the resale will be utilised as working capital of the Company.

Details of the resale of treasury shares were as follows:

	<b>Average selling price</b>	<b>Highest selling price</b>	<b>Lowest selling price</b>	<b>Number of treasury shares resold</b>	<b>Total consideration received</b>
<b>2015</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>		<b>RM</b>
February	3.30	3.37	3.09	658,000	2,172,000

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

63

**27. Supplementary financial information on the breakdown of realised and unrealised profits or losses**

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained earnings of the Company and its subsidiary				
- realised	145,336	129,073	20,886	22,458
- unrealised	1,137	6,418	-	-
	<u>146,473</u>	<u>135,491</u>	<u>20,886</u>	<u>22,458</u>
Less: Consolidation adjustments	<u>(34,724)</u>	<u>(34,723)</u>	<u>-</u>	<u>-</u>
Total retained earnings	<u>111,749</u>	<u>100,768</u>	<u>20,886</u>	<u>22,458</u>

The determination of realised and unrealised profits is based on the Guidance of 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 on 20 December 2010.

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31  
DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**


---

64

**CCM Duopharma Biotech Berhad**

(Company No. 524271-W)

(Incorporated in Malaysia)

**and its subsidiary**
**Statement by Directors pursuant to Section 169(15)  
of the Companies Act, 1965**

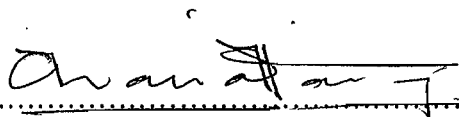
In the opinion of the Directors, the financial statements set out on pages 6 to 62 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 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 27 on page 63 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: 9 March 2015

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

65

**CCM Duopharma Biotech Berhad**

(Company No. 524271-W)

(Incorporated in Malaysia)

**and its subsidiary**

**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 6 to 63 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 9 March 2015.



.....  
**Chek Wu Kong**

Before me:

.....  
Commission for Oaths  
Kuala Lumpur



Lot 1.08, Tingkat 1,  
Bangunan KWSP, Jln Raja Laut,  
50350 Kuala Lumpur.  
Tel: 019-6680745



---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**


---



**KPMG (Firm No. AF 0758)**  
 Chartered Accountants  
 Level 10, KPMG Tower  
 8, First Avenue, Bandar Utama  
 47800 Petaling Jaya  
 Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388  
 Fax +60 (3) 7721 3399  
 Internet www.kpmg.com.my

66

## **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 2014 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 6 to 62.

#### *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 judgement, 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.

KPMG, a partnership established under Malaysian law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

67

*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 2014 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.

**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 subsidiary have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the accounts of the subsidiary 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.
- c) The audit report on the accounts of the subsidiary 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 27 on page 63 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.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**



68

**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.

A handwritten signature in black ink, appearing to read 'KPMG'.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'H. Yusoff'.

**Hasman Yusri Yusoff**  
Approval Number: 2583/08/16(J)  
Chartered Accountant

Petaling Jaya,

Date: 9 March 2015

## UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE FPE 31 MARCH 2015

**CCM DUOPHARMA BIOTECH BERHAD (524271-W)**

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2015

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/03/2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2014 RM'000	CURRENT YEAR TO DATE 31/03/2015 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2014 RM'000
Revenue	45,599	40,495	45,599	40,495
Cost of Sales	(22,050)	(20,748)	(22,050)	(20,748)
<b>Gross Profit</b>	<b>23,549</b>	<b>19,747</b>	<b>23,549</b>	<b>19,747</b>
Other operating income	-	34	-	34
Distribution costs	(4,333)	(4,805)	(4,333)	(4,805)
Administration expenses	(3,915)	(3,712)	(3,915)	(3,712)
Other operating expenses	(3,141)	(92)	(3,141)	(92)
<b>Profit from operations</b>	<b>12,160</b>	<b>11,172</b>	<b>12,160</b>	<b>11,172</b>
Finance income	79	74	79	74
Finance costs	(41)	(71)	(41)	(71)
<b>Profit before taxation</b>	<b>12,198</b>	<b>11,175</b>	<b>12,198</b>	<b>11,175</b>
Taxation	(3,229)	(2,810)	(3,229)	(2,810)
<b>Profit after tax for the period</b>	<b>8,969</b>	<b>8,365</b>	<b>8,969</b>	<b>8,365</b>
Other comprehensive income	-	-	-	-
<b>Total other comprehensive income for the period</b>	<b>8,969</b>	<b>8,365</b>	<b>8,969</b>	<b>8,365</b>
<b>Profit attributable to:</b>				
Shareholders of the Company	8,969	8,365	8,969	8,365
Minority interest	-	-	-	-
	<b>8,969</b>	<b>8,365</b>	<b>8,969</b>	<b>8,365</b>
<b>Total other comprehensive income attributable to:</b>				
Shareholders of the Company	8,969	8,365	8,969	8,365
Minority interest	-	-	-	-
	<b>8,969</b>	<b>8,365</b>	<b>8,969</b>	<b>8,365</b>
Earnings per share (sen)				
Basic (based on weighted average)	6.43	6.03	6.43	6.03
Diluted (based on weighted average)	6.43	6.03	6.43	6.03

- The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

## UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE FPE 31 MARCH 2015 (Cont'd)



**CCM DUOPHARMA BIOTECH BERHAD (524271-W)**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2015**

	AS AT 31/3/2015 RM'000	AS AT 31/12/2014 RM'000
<b>ASSETS</b>		
Property, Plant and Equipment	104,600	101,060
Investment properties	11,500	11,500
Intangible assets	3,586	3,063
<b>Total non-current assets</b>	<u>119,686</u>	<u>115,623</u>
Inventories	45,736	44,644
Trade & Other Receivables	40,254	41,171
Amount Due From Related Company	3,022	2,736
Cash & Cash Equivalents	30,485	18,303
<b>Total current assets</b>	<u>119,497</u>	<u>106,854</u>
<b>Total Assets</b>	<u><u>239,183</u></u>	<u><u>222,477</u></u>
<b>EQUITY</b>		
Share Capital	69,739	69,739
Reserves	14,306	13,720
Retained earnings	120,718	111,749
Treasury Shares	-	(1,578)
<b>Total Equity</b>	<u>204,763</u>	<u>193,630</u>
<b>LIABILITIES</b>		
Deferred Tax Liability	5,499	5,500
Borrowings		
<b>Total non-current liabilities</b>	<u>5,499</u>	<u>5,500</u>
Trade & Other Payables	21,215	15,259
Amount due to related company	4,315	5,607
Provision	674	758
Taxation	2,717	1,723
<b>Total current liabilities</b>	<u>28,921</u>	<u>23,347</u>
<b>Total Liabilities</b>	<u><u>34,420</u></u>	<u><u>28,847</u></u>
<b>Total Equity &amp; Liabilities</b>	<u><u>239,183</u></u>	<u><u>222,477</u></u>
<b>Net assets per share (RM)</b>	<b>1.47</b>	<b>1.39</b>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the Interim financial statements.)

## UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE FPE 31 MARCH 2015 (Cont'd)


**CCM DUOPHARMA BIOTECH BERHAD (524271-W)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2015**

Group	Share Capital RM '000	Treasury Shares RM '000	Share Premium RM '000	Reserves		Retained Profit RM '000	Total RM '000
				Non-distributable	Distributable		
At 1 January 2015	69,739	(1,578)	13,720	-	-	111,749	193,630
Total comprehensive income for the period	-	-	-	-	-	8,969	8,969
Total comprehensive income for the period	69,739	(1,578)	13,720	-	-	120,718	202,599
Re-issuance of all treasury shares in open market	-	1,578	586	-	-	-	2,164
At 31 March 2015	69,739	0	14,306	0	0	120,718	204,763

## UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE FPE 31 MARCH 2015 (Cont'd)



## CCM DUOPHARMA BIOTECH BERHAD (524271-W)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2015

Group	Share Capital RM '000	Treasury Shares RM '000	Share Premium RM '000	Reserves		Retained Profit RM '000	Total RM '000
				Non-distributable	Distributable		
At 1 January 2014	69,739	(1,578)	13,720	-	-	100,768	182,649
Total comprehensive income for the period	-	-	-	-	-	35,275	35,275
Total comprehensive income for the period	-	-	-	-	-	35,275	35,275
2013 final dividend (13.5 sen per share tax exempt under single tier system)	-	-	-	-	-	(18,741)	(18,741)
2014 interim dividend (4 sen per share tax exempt under single tier system)	-	-	-	-	-	(5,553)	(5,553)
At 31 December 2014	69,739	(1,578)	13,720	-	-	111,749	193,630

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.)

## UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE FPE 31 MARCH 2015 (Cont'd)



**CCM DUOPHARMA BIOTECH BERHAD (524271-W)**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
FOR THE PERIOD ENDED 31 MARCH 2015

	31 March 2015	31 March 2014
	RM '000	RM '000
<b>Cash flows from operating activities</b>		
Profit before taxation	12,198	11,175
Adjustments for:		
Depreciation of property, plant and equipment	2,139	2,069
Interest income	(79)	(23)
Finance costs	41	71
<i>Operating profit before changes in working capital</i>	<u>14,299</u>	<u>13,292</u>
Change in inventories	(1,092)	(16,630)
Change in receivables, deposits and prepayments	401	(941)
Change in payables and accruals	4,801	9,986
<i>Cash generated from operations</i>	<u>18,409</u>	<u>5,707</u>
Finance costs paid	(41)	(71)
Interest income	79	23
Income tax paid	(2,234)	(2,170)
<b>Net cash generated from operating activities</b>	<u>16,213</u>	<u>3,489</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(6,203)	(4,340)
Cost associated to conversion of land to industrial status		
Proceed from disposal of property, plant and equipment		
Proceed from issuance of shares	2,172	
<b>Net cash used in investing activities</b>	<u>(4,031)</u>	<u>(4,340)</u>
<b>Cash flows from financing activities</b>		
<b>Net cash used in financing activities</b>	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	12,182	(851)
Cash and cash equivalents at 1 January	18,303	18,879
<b>Cash and cash equivalents as at 31 March</b>	<u>30,485</u>	<u>18,028</u>

(i) Cash and cash equivalents comprise:

	RM '000	RM '000
Cash and bank balances	23,310	5,258
Deposits placed with licensed financial institutions	7,175	12,770
	<u>30,485</u>	<u>18,028</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.)



## UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE FPE 31 MARCH 2015 (Cont'd)

**CCM DUOPHARMA BIOTECH BERHAD (524271-W)**

(Incorporated in Malaysia)

Quarterly Report On Results For The Period Ended 31 March 2015

## NOTES TO INTERIM FINANCIAL REPORT

**A1 Accounting Policies and Method of Computation**

The interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, Interim Financial Reporting in Malaysia and with IAS 34, Interim Financial Reporting.

The interim financial report has been prepared in accordance with the same accounting policies in the consolidated financial statement as at and for the year ended 31 December 2014.

The following MFRs and Amendments to MFRs applicable to the Group have been adopted with effect from 1 January 2015 :

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014**

- Amendments to MFRS 1, First-time Adoption of Malaysia Financial Reporting Standards ( Annual Improvements 2011-2013 Cycle)
- Amendments to MFRS 3, Business Combination (Annual Improvement 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 8, Operating Segments (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 13, Fair Value Measurement ( Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 119, Employee Benefits - Defined Benefit Plans : Employee Contributions
- Amendments to MFRS 124, Related Party Disclosures ( Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 138, Intangible Asset (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 140, Investment Property (Annual Improvements 2011-2013 Cycle)

The following revised MFRSs and Amendments to MFRSs applicable to the Group have been issued by the MASB and are not yet effective for adoption by the Group.

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016**

- Amendments to MFRS 7, Financial Instruments : Disclosure (Annual Improvements to MFRs 2012-2014 Cycle)
- Amendments to MFRS 10 and MFRS 128, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 10, MFRS 12, MFRS 128, Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 11, Accounting for Acquisition of Interests In Joint Operations
- MFRS 14, Regulatory Deferral Accounts
- Amendments to MFRS 101, Disclosure Initiative
- Amendments to MFRS 116 and MFRS 138, Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 119, Defined Benefits Plans : Employee Contributions (Annual Improvements to MFRs 2012-2014 Cycle)
- Amendments to MFRS 127, Equity Method In Seperate Financial Statements
- Amendments to MFRS 134, Interim Financial Reporting (Annual Improvements to MFRs 2012-2014 Cycle)

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017**

MFRS 15, Revenue from Contracts with Customers

**MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018**

MFRS 9, Financial Instruments (IFRS 9 issued by IASB in July 2014)

The adoption of the above standards and amendments are not expected to have any material financial impact to the Group upon their first adoption.

**A2 Audit Report**

The audited report of the Company's preceding annual financial statements was not qualified.

**A3 Seasonal or Cyclical Factors**

The business operations of the Group during financial quarter under review were not materially affected by any seasonal or cyclical factors.

**UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE FPE 31 MARCH 2015 (Cont'd)****A4 Exceptional/Extraordinary Items**

There were no exceptional/extraordinary items for the financial period under review.

**A5 Changes in Estimates**

There was no material change in estimates of amounts reported in the prior quarters of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

**A6 Debts and Equity Securities**

During the financial quarter, the Company re-issued its entire 658,000 treasury shares by resale in the open market for a total consideration of approximately RM2,172,000. The average resale price of treasury shares was RM3.30 per share. The proceeds from the resale will be utilised as working capital of the Company.

Details of the resale of treasury shares were as follows:

	Average selling price RM	Highest selling price RM	Lowest selling price RM	Number of treasury shares resold	Total consideration received RM
2015					
February	3.30	3.37	3.09	658,000	2172,000

**A7 Dividend Paid**

No dividend was paid during the current quarter. (2015:nil)

**A8 Segment Information**

	Quarter Ended		Year To Date	
	31/03/2015		31/03/2015	
	RM ' 000		RM ' 000	
Sales by operating sector :-	Sales	Gross Profit	Sales	Gross Profit
Local	44,065	23,309	44,065	23,309
Export	1,534	240	1,534	240
	45,599	23,549	45,599	23,549

**A9 Post Balance Sheet Events**

There are no material events after the period end up to 11 May 2015 (latest practicable date which is not earlier than 7 days from the date of issuance of this quarterly report) that have not been reflected in the financial statements for the financial period ended 31 March 2015.

**A10 Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current quarter.

**A11 Related Parties Transactions**

Significant related parties transactions of the Group for the year ended 31 March 2015 are as follows:-

	RM ' 000
a) With CCM Pharmaceuticals (S) Pte Ltd, a wholly owned subsidiary of CCM International Sdn Bhd which in turn is a wholly-owned subsidiary of CCM Marketing Sdn Bhd.	
-Sales of goods	333
b) With CCM Pharmaceuticals Sdn Bhd, a company in which Chemical Company of Malaysia Berhad has a direct interest of 100.0%	
-Purchase of goods	-
-Sales of goods	4,114
c) With UPHA Pharmaceuticals Sdn Bhd, a company in which Chemical Company of Malaysia Berhad has a direct interest of 100.0%	
-Purchase of goods	2,003
-Sales of goods	22

## UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE FPE 31 MARCH 2015 (Cont'd)

### ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

#### B1 Review of Performance

	Year To Date (31/3/15) RM'000	Year To Date (31/3/14) RM'000	Variance	
			RM'000	%
Revenue	45,599	40,495	5,104	12.60
Profit before tax (PBT)	12,198	11,175	1,023	9.15
Profit after tax (PAT)	8,969	8,365	604	7.22

The Group recorded a revenue and PBT of RM45.60 million and RM12.20 million respectively for current period ended 31 March 2015 as compared to RM40.50 million and RM11.18 million for the corresponding period last year. The Group's revenue and PBT thereof have improved as compared to last year corresponding period mainly due to increase demand from Government Hospitals via tender business and also private sector.

#### B2 Comparison with the Preceding Quarter's Results

	Qtr 1 2015 (31/3/15) RM'000	Qtr 4 2014 (31/12/14) RM'000	Variance	
			RM'000	%
Revenue	45,599	51,024	(5,425)	(10.63)
Profit before tax (PBT)	12,198	13,921	(1,723)	(12.38)
Profit after tax (PAT)	8,969	11,119	(2,150)	(19.34)

The Group recorded a revenue and PBT of RM45.60 million and RM12.20 million respectively for current quarter ended 31 Mar 2015 as compared to RM51.02 million and RM13.92 million for the preceding financial quarter. The decrease in revenue and PBT mainly due to lower sales from both export and government sector.

#### B3 Prospects for the Remainder of Current Financial Year

Demand in the pharmaceutical industry is expected to remain stable albeit uncertainty in global economy. The defensive nature of the industry augurs well for the Group although demand may fluctuate especially for supply to government hospitals via tender business.

Barring any unforeseen circumstances, the Group is expected to remain profitable.

#### B4 Profit Forecast

No commentary is made on any variance between actual profit from forecast profit as it does not apply to the Group.

#### B5 Taxation

Details of taxation are as follows :-

	Current Year Quarter 31/3/15 RM'000	Current Year To Date 31/3/15 RM'000
Based on results for the quarter/year	(3,932)	(3,932)
Transfer to deferred tax	703	703
	<u>(3,229)</u>	<u>(3,229)</u>

The Group's effective tax rate is higher than the statutory tax rate mainly due to certain expenses were disallowed for tax purpose during the current period ended 31 March 2015

#### B6 Unquoted Investments and Properties

There is no disposal of unquoted investment and/or properties during the current financial quarter.

#### B7 Status of corporate proposals.

The Company through its adviser, RHB Investment Bank Berhad had announced that the Company is proposing to undertake the following :-

- (i) CCM Duopharma had on 27 November 2014 entered into the following agreements:
  - (a) A conditional share sale agreement for the proposed acquisition of the entire equity interest in CCM Pharmaceuticals Sdn Bhd ("CCM Pharmaceuticals") and Innovax Sdn Bhd ("Innovax") from Chemical Company of Malaysia Berhad ("CCMB") for an aggregate purchase consideration of RM17,600,000 together with the settlement of advances due from Innovax, and CCM Pharmaceuticals and its subsidiaries to CCMB and its subsidiaries ("CCMB Group") amounting to RM10,655,000 based on 30 September 2014 to be settled via cash ("CCMD SSA");
  - (b) A conditional share sale agreement for the proposed acquisition of the entire equity interest in CCM International (Philippines), Inc ("CCM Philippines") from CCM Investments Ltd, a wholly-owned subsidiary of CCMB ("CCM Investments") for a purchase consideration of RM1,000 to be settled via cash ("Philippines Company SSA"); and
  - (c) A conditional share sale agreement for the proposed acquisition of the entire equity interest in CCM Pharmaceuticals (S) Pte Ltd ("CCM Singapore") from CCM International Sdn Bhd, a wholly-owned subsidiary of CCMB ("CCM International") for a purchase consideration of RM2,417,000 together with the settlement of advances due from CCM Singapore to the CCMB Group amounting to RM27,000 based on 30 September 2014 to be settled via cash ("Singapore Company SSA"); and
- (ii) Duopharma (M) Sdn Bhd ("DMSB"), a wholly-owned subsidiary of CCM Duopharma had on 27 November 2014 entered into a conditional share sale agreement for the proposed acquisition of the entire equity interest in CCM Pharma Sdn Bhd ("CCM Pharma") and Upha Pharmaceutical Manufacturing (M) Sdn Bhd ("Upha Pharmaceutical") from CCMB for an aggregate purchase consideration of RM113,307,000 together with the settlement of advances due from CCM Pharma and Upha Pharmaceutical to the CCMB Group amounting to RM101,116,000 based on 30 September 2014 to be settled via cash ("DMSB SSA"),

**UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE FPE 31 MARCH 2015 (Cont'd)**

(hereinafter the CCMD SSA, the Philippines Company SSA, the Singapore Company SSA and the DMSB SSA are collectively referred to as the "SSAs", the shares that are the subject matter of the SSAs are collectively referred to as the "Sale Shares"; and the aforesaid proposed acquisition of CCM Pharmaceuticals, Innovax, CCM Philippines, CCM Singapore, CCM Pharma and Upha Pharmaceutical are collectively referred to as the "Proposed Acquisition").

The total purchase consideration of the Sale Shares would amount to RM133,325,000 ("Purchase Consideration") and the aforesaid settlement of advances would amount to RM111,798,000;

- (iii) CCM Duopharma proposes to undertake a renounceable rights issue of up to 139,479,500 new ordinary shares of RM0.50 each in CCM Duopharma ("Rights Share(s)") on the basis of one (1) Rights Share for every one (1) existing ordinary share of RM0.50 each held in CCM Duopharma ("CCMDuopharma Share(s)" or "Share(s)") on an entitlement date to be determined and announced later ("Entitlement Date") ("Proposed Rights Issue"); and
- (iv) CCM Duopharma proposes to increase the authorised share capital of the Company from RM100,000,000 comprising 200,000,000 CCM Duopharma Shares to RM250,000,000 comprising 500,000,000 CCM Duopharma Shares and to amend the Memorandum of Association of the Company to accommodate the increase in the authorised share capital ("Proposed Increase in Authorised Share Capital").

(The Proposed Acquisition, Proposed Rights Issue and Proposed Increase in Authorised Share Capital are hereinafter collectively referred to as the "Proposals").

During the current financial quarter up to the date of this announcement, RHB Investment Bank Berhad had also announced the following:

- (i) Bursa Securities had, vide its letter dated 30 January 2015, approved the listing and quotation of up to 139,479,500 Rights Shares to be issued pursuant to the Proposed Rights Issue subject to conditions imposed by Bursa Securities.
- (ii) the Purchasers and the Vendors have mutually agreed to extend the date by which the conditions precedent must be fulfilled to 27 June 2015.

The shareholders of CCM Duopharma had at the Extraordinary General Meeting held on 11 March 2015 approved the Proposals.

CCM Duopharma is currently in the midst of implementing the Proposals.'

---

**UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE FPE 31 MARCH 2015 (Cont'd)**


---

**B8 Borrowings and Debt Securities**

Details of Group's borrowings are as follows :-

	As at 31 March 2015 RM'000	As at 31 March 2014 RM'000
Current - unsecured	-	-
Non-current - unsecured	-	-
<b>Total</b>	<u>-</u>	<u>-</u>

**B9 Material litigation**

There was no material litigation up to 18 May 2015.

**B10 Dividend**

The Directors do not recommend any interim dividend for the current quarter ended 31 March 2015. (2014: Nil)

**B11 Earnings per Share**

	Current year quarter 31/3/15	Current year to date 31/3/15
<b>a) Basic EPS</b>		
Net profit (RM'000)	<u>8,969</u>	<u>8,969</u>
Weighted average number of ordinary shares in issue ('000)		
- Balance b/f	138,822	138,822
-Weighted average number of shares arising from options exercised during the period	657	657
	<u>139,479</u>	<u>139,479</u>
Basic EPS (sen)	<u>6.43</u>	<u>6.43</u>
<b>b) Dilutive EPS</b>		
Adjusted weighted average number of ordinary shares in issue ('000)		
-In issue during the period	139,479	139,479
-Dilutive Impact of unexercised share options	-	-
	<u>139,479</u>	<u>139,479</u>
Dilutive EPS (sen)	<u>6.43</u>	<u>6.43</u>

## UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE FPE 31 MARCH 2015 (Cont'd)

## B12 Disclosure of Realised and Unrealised

	Current year to date 31-Mar-15 RM '000	Preceding year corresponding period 31-Mar-14 RM '000
Total retained profits:		
- Realised	154,685	140,932
- Unrealised	757	2,925
	<b>155,442</b>	<b>143,857</b>
Less: Consolidation adjustments	(34,724)	(34,724)
Total retained profit	<b>120,718</b>	<b>109,133</b>

## B13 Profit Before Tax

	Current year quarter 31/3/15 RM '000	Current year to date 31/3/15 RM '000
<b>Operating profit is arrived at after charging / (crediting):</b>		
Depreciation of property, plant and equipment	2,139	2,139
Interest expense	41	41
stock write off and/or Impairment of inventories	(5)	(5)
Net foreign exchange loss	223	223

Other than the above, there were no impairment of assets and gain or loss on derivatives for the current quarter and current period ended 31 Mac 2015

## B14 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 May 2015

By Order of the Board

Noor Azwah binti Samsudin  
Secretary  
Kuala Lumpur  
18 May 2015