Dear Shareholders,

CCM Duopharma Biotech Berhad ("CCMD") is on track to become the leading pharmaceutical company in the region. The past achievements, current performance and future prospects of the Company are best seen in the context of the present and future landscape of the pharmaceutical industry.

The IMS Institute for Healthcare Informatics predicts that the annual global spending on medicines will reach nearly US$1.2 trillion by 2016, as the pharmerging markets, biologics and generics contribute more to spending. Pharmerging markets will reach 30.0 per cent of global spending by 2016 as the population and economic growth contribute to dramatically higher use of medicines in the market.

In Malaysia, the recent budget announcement saw zero-rated goods and services tax ("GST") expanded and proposed to cover 8,630 brands of medicines and medical equipment for 30 illnesses, including cancer, diabetes, hypertension and heart diseases. The government has also allocated, among others, RM4.6 billion to supply medicines, consumables, vaccines and reagents to all government hospitals and clinics in 2016.

For the year 2015, CCMD remained profitable with a commendable growth of 52.5 per cent in its revenue driven primarily by the acquisition of the six pharmaceutical units from our parent company, Chemical Company of Malaysia Berhad ("CCM") and the consolidation of these companies under one umbrella. The acquisition is in line with the strategic direction of CCMD to increase its manufacturing capacity to cater for the increasing demand for our products. The acquisition enables the Company to expand its facilities to cater for the increasing demand from customers and at the same time allows the Company to have an immediate boost in manufacturing capabilities as opposed to constructing green field facilities which would take time to construct, commission and validate.

We are hopeful that the acquisition will enable us to increase our product offering and scale of operations, better strategise and coordinate our promotional and marketing activities and realise synergies from improved economies of scale. We will also be able to increase our exports, widen our route-to-market and enhance product offerings. To date, we are already seeing the result of the benefits of the acquisition through more co-ordinated marketing efforts, increased efficiency and wider reach.

Besides this, we also intensified our focus on niche therapeutic areas including oncology, diabetes as well as biosimilars. We are targeting for it to contribute towards 30.0 per cent of CCMD's revenue base by 2020. The small molecule generics market will see intensified competition from both domestic and regional players in the years to come and it is important that CCMD anticipates and proactively respond to these challenges early.

The selection of the therapeutic areas to focus on and also the entry into biosimilars was made after careful analysis of disease prevalence not only in Malaysia but regionally and it is hoped that the focus on these areas will create a platform for higher exports in the years to come.

With this, I present you the Annual Report and Financial Statements of the Company for the financial year ended 31 December 2015.

FINANCIAL PERFORMANCE

CCM Duopharma Biotech Berhad registered 52.5 per cent growth in revenue to RM269.79 million from RM176.96 million for the financial year ended 31 December 2015. The financial result is inclusive of the consolidated acquired companies' results from 1 June 2015. Increased demand from Government Hospitals via tender business also contributed to the encouraging boost in revenue for the Group.

The Company also registered a 2.9 per cent increase in profit before tax while our profit after tax chalked up a 3.2 per cent gain. Profit before tax would have been higher if not for the impact from corporate exercise costs of RM3.49 million, bridging loan and term loan interest of RM2.92 million as well as costs associated from signing a Collective Agreement with unionised staff amounting to RM1.49 million. The expenses incurred for the corporate exercise and Collective Agreement were necessary for the future growth of the Company. Despite this, the Group's profit before tax increased from RM46.51 million to RM47.83 million.

DIVIDEND PAYOUT

The Board of Directors is recommending a final dividend of 5.5 sen per ordinary share, tax exempt dividend for the financial year ended 31 December 2015.

BUSINESS OUTLOOKS AND PROSPECTS.

According to IMS Healthcare research, by 2016, net spending on medicine, after invoice discounts and rebates, will surpass US$1 trillion globally. Annual global spending growth will increase from US$30 billion in 2012 to US$70 billion in 2016, driven by volume growth in pharmerging markets and higher spending by developed nations. Rising income, combined with continued low costs for medicine, will drive significant increases in the affordability of basic medicines. At the same time, government-supported or funded programmes will continue to increase access to medicines, limit patients' exposure to costs and encourage greater use of medicines.

Patents of many drugs made by the United States of America 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 US$100 billion worth of branded drugs of the major pharmaceutical companies. This will then create market opportunities for generics worldwide, which are expected to grow at an average annual rate of 10.0 per cent. Besides this, the expected increase in the Government purchase of generic drugs as a measure to contain healthcare costs, will provide vast opportunities for the production of patent expired generic drugs, both in the local and export market.

In Malaysia, the introduction of zero-rated GST on selected medicines as well as greater demand for wellness products will certainly provide the Company with an array of opportunities for expansion in the coming years. As the pharmaceutical front in Malaysia continues to grow, we look forward to being at the forefront of this growth and significantly contribute towards the development of our industry and the country as a whole.

In addition, we are mindful of the impact of the Trans-Pacific Partnership Agreement ("TPPA"), signed by Malaysia in February 2016 which could alter the Malaysian pharmaceutical sector's long-term prospects. Malaysia's stance during the negotiations was that the TPPA should not hinder public access to affordable medicines and healthcare while ensuring the right incentives for pharmaceutical innovators to produce new drugs. CCMD has also expressed concerns that drug producers may be able to extend the initial patent terms beyond 20 years. This will add to the costs borne by patients over the long run. It is heartening to note that these concerns were addressed by the Government during the TPPA negotiations.

In the area of biologics and biotherapies, the coming years will see the Company striving towards establishing a strong biotherapy pipeline and exploring new niche therapeutic areas to meet the growing needs of the healthcare sector. Although largely dominated by global players, the segment is expected to expand at a compounded average growth rate of 12.0 per cent in Asia and to an estimated RM8 billion in the Southeast Asia region by 2020.

We will continue to focus on the Halal segment, building on the growing awareness of the community to consume Halal products. As a testament to our commitment in Halal, we were awarded with the Global Islamic Economy Award at the Global Islamic Economy Summit in Dubai, United Arab Emirates last year. The Company was also recently awarded the Best Brand in Malaysia at the International Congress of the Economic Relations Development in the Health Field with Focus on Islamic Countries held in Iran. We are confident to continue our foray in the Halal market and work towards providing the best for all our consumers.

On the corporate governance and compliance front, we are proud to share that your Company on 10 December 2015, was accorded as one of the recipients for the *Merit Award Minority Shareholders Watchdog Group ("MSWG") for Top Corporate Governance & Performance (Market Capitalisation RM300 million to RM1 billion).* The Merit Award by MSWG was to recognise mid and small capital public listed companies ("PLCs") on their good corporate governance practices based on the ASEAN Corporate Governance Scorecard in terms of quality disclosures and good