CCM DUOPHARMA
BIOTECH BERHAD
(524271-W)

FORGING AHEAD
FOR A SUSTAINABLE FUTURE

ANNUAL REPORT 2017

FORGING AHEAD FOR A SUSTAINABLE FUTURE

CCM Duopharma Biotech Berhad is a leading pharmaceutical company in Malaysia. Our Mission is to be a leading pharmaceutical company in ASEAN by providing quality, innovative and affordable healthcare products. We have committed to an expansion of our manufacturing facilities with state of the art technology to enhance our compliance standards and capacity to support our growth plans. We constantly innovate for the health and wellness of society, delivering solutions by processes that are efficient and affordable. Firmly focused on the future, we live our Vision of Enhancing Quality of Life to create opportunities for high performance and sustainable growth for all our stakeholders.

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OUR VISION

Enhancing Quality of Life

OUR MISSION

To be a leading pharmaceutical company in ASEAN by providing quality, innovative and affordable healthcare products.

ENVISIONING A SUSTAINABLE FUTURE

Our foundational stability and strength provide us with the resilience to be successful and competitive whilst staying focused on evolution and innovation that addresses growing and sustainable market needs.

CORE VALUES

Excellence
We consistently deliver outstanding performance through innovative solutions

Passion
We inspire and energise everyone to be the best

Integrity
We conduct ourselves with pride in being honest and ethical

Teamwork
We succeed together because we work as one

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

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

CCM DUOPHARMA

FINANCIAL CALENDAR

Financial Year End	31 December 2017
Annual General Meeting	31 May 2018

DIVIDEND

(i) Interim Dividend	
Entitlement Date	20 October 2017
Payment Date	10 November 2017

ANNOUNCEMENT OF 2017 QUARTERLY RESULTS

1st Quarter	22 May 2017
2nd Quarter	25 August 2017
3rd Quarter	17 November 2017
4th Quarter	27 February 2018

FINANCIAL HIGHLIGHTS

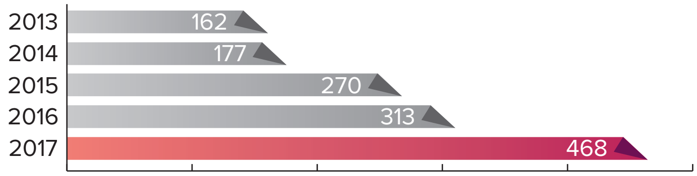
CONSOLIDATED BALANCE SHEET

(RM'000)	2017	2016
Non-current assets	348,621	295,281
Current assets	356,619	366,182
Total assets	705,240	661,463
Current liabilities	121,659	103,791
Financed by:		
Share capital	333,684	139,479
Non-distributable reserves	585	193,772
Retained profits	145,596	121,265
Shareholders' funds	479,865	454,516
Deferred tax liabilities	12,568	11,993
Loan and borrowing	91,148	91,798

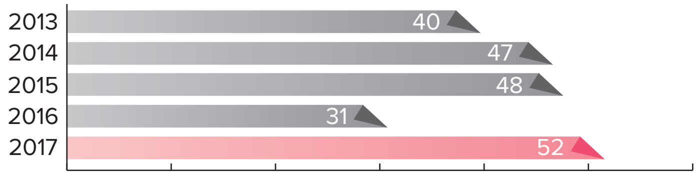
CONSOLIDATED INCOME STATEMENT

(RM'000)	2017	2016
Turnover	467,987	312,940
Profit before taxation	51,772	31,479
Taxation	(9,309)	(4,653)
Profit after taxation	42,463	26,826
Profit attributable to shareholders	42,463	26,826
Dividends	(18,132)	(22,317)
Transfer to retained profits	24,331	4,509

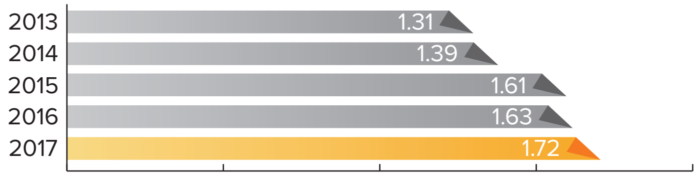
TURNOVER *(RM' mil)*



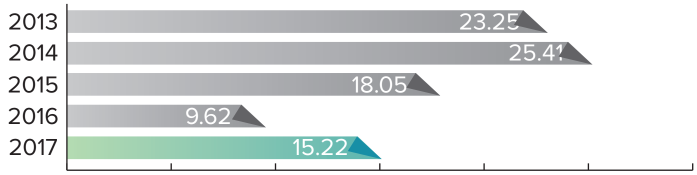
PROFIT BEFORE TAX *(RM' mil)*



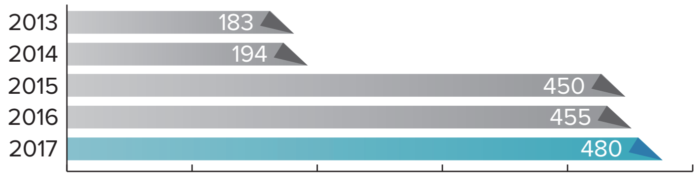
NET ASSETS PER SHARE *(RM)*



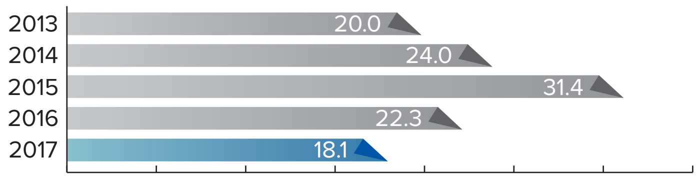
EARNINGS PER SHARE *(Sen)*



SHAREHOLDERS' FUND *(RM' mil)*



DIVIDEND PAID *(RM' mil)*



CHAIRMAN'S STATEMENT

Dear Shareholders,

I am delighted to address you as your new Chairman and to present the Annual Report of CCM Duopharma Biotech Berhad ("CCM Duopharma") for the financial year ended 31 December 2017. CCM Duopharma experienced a remarkable year in 2017 whilst several key developments came into play to strengthen our foundations and shape our future.

TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SH BAKIR
Chairman

CCM Duopharma is now a subsidiary company of the PNB Group

NEW BEGINNINGS

Foremost among these was our demerger from Chemical Company of Malaysia Berhad ("CCMB") which had been our parent company for a good number of years. On 2 August 2017, CCMB announced that it had proposed various corporate exercises including the distribution of its entire shareholding in CCM Duopharma to the shareholders of CCMB. Following the completion of the distribution exercise on 28 December 2017, CCM Duopharma ceased to be a subsidiary of CCMB. Post demerger, CCM Duopharma is today a public listed company under direct ownership of Permodalan Nasional Berhad ("PNB"), as its largest shareholder. CCM Duopharma is now a subsidiary company of the PNB Group. We view the demerger as a positive development as it now allows us to focus on and be fully in control of our own destiny, business and growth without having to rely on our former immediate holding company for direction.

COMMENDABLE PERFORMANCE

The year in review saw us turning in a stellar financial performance as the strategies that we had put into place began to bear fruit. Our strategy of leveraging on niche therapeutic areas led to us registering a healthy 49.5% increase in revenue to RM 467.99 million in FY 2017 from RM312.94 million in the previous year. Top line growth was generated by increased demand from the public sector via tenders and the supply of traded specialty products. Meanwhile, our profit before tax increased by 64.5% and we registered a 58.3% gain on profit after tax. The finer details of our performance are spelt out in the Group Managing Director's Management Discussion and Analysis ("GMD's MD&A").

KEY DEVELOPMENTS

As part of our expansion and modernisation plan, we embarked on a Manufacturing Optimisation Strategy, which involves, amongst other things, investing in an Oncology facility in Glenmarie, constructing a new state-of-the-art plant and warehouse in Klang, also enhancing our warehousing capability and successfully carving out a niche product portfolio via our newly-built Effervescent plant in Bangi, the first in Malaysia. This strategy entails capital expenditure of approximately RM306 million which will be financed by two facilities with Ambank Islamic Berhad, namely a Murabahah Tawarruq Term Financing-i Facility of RM250 million and Islamic Multi-Trade Facilities of RM30 million.

SHAREHOLDER VALUE CREATION

While CCM Duopharma does not currently have a specific dividend policy of its own, your Board of Directors is pleased to recommend a final single tier dividend of 6 sen per share for the financial year ended 31 December 2017 (FY 2016: 4 sen per share). The total dividend for the current financial year amounts to 8.5 sen per share inclusive of an interim tax-exempt dividend of 2.5 sen paid on 10 November 2017. The total dividend for FY 2017 thus amounts to RM23.7 million which is equivalent to 52.5% of Duopharma's profit after tax.

We also continued to create shareholder value through the many awards and accolades that we garnered on several fronts. These include the prestgious "Halal Pharmaceutical Company of the Year - Prescription Pharmaceuticals" by Frost & Sullivan; attaining the World's First Halal Certification for Prescriptive Medicine based on the MS2424:2012 standard from Jabatan Kemajuan Islam Malaysia ("JAKIM"); and receiving an award of achievement from PNB for being the first company globally to obtain Halal certification for prescription medicines.

RESPONSIBLE CORPORATE PRACTICES

Your Board remains committed to upholding and implementing the highest standards of corporate governance, as well as robust risk management and internal control measures throughout our organisation. These integral components of our business ensure the sustainable, long-term growth of our businesses, strengthening investor confidence, safeguarding our corporate reputation, and continued shareholder value creation.

In continuously seeking to uphold the highest corporate governance standards, CCM Duopharma subscribes to the principles, guidelines and recommendations set out in the Malaysian Code of Corporate Governance ("MCCG") 2017 issued by the Securities Commission Malaysia and the Third Edition of the Corporate Governance Guide issued by Bursa Malaysia Berhad. The finer details of our initiatives in these areas, particularly following the demerger exercise, can be found in the relevant governance sections of this Annual Report. As testament to our commitment to receiving strong corporate governance measures, the year saw us receiving the excellence award for overall corporate governance & performance at the MWSG - ASEAN Corporate Governance Recognition 2017 event.

In an effort to enhance governance, the Board has decided to split the Audit & Risk Management Committee into two separate committees, namely the Audit & Integrity Committee and the Risk Management Committee.

As a conscientious corporate citizen, the CCM Duopharma is genuinely committed to balancing our ambitions with responsible environmental and social considerations. The finer details of our sustainability performance can be found in our standalone Sustainability Report on the CCM Duopharma website.

MOVING FORWARD

As we venture into FY 2018, CCM Duopharma will continue to hold on to its mission of becoming a leading pharmaceutical company in ASEAN. Currently, we are the No. 1 generic pharmaceutical company in Malaysia and will continue to put in place the building blocks that will propel us closer towards our regional ambition. The details of our strategy going forward are spelt out in the GMD's MD&A. The many positive developments that have taken place this last one year have certainly strengthened our foundations and geared us up for sustainable growth. Your Board is confident that we will maintain our good performance for FY 2018. Also, in 2018 we will continue to focus on Halal and strategies to make Malaysia a Halal hub for the pharmaceutical industry.

ACKNOWLEDGEMENTS

Our success in FY 2017 is owing to the support of many parties. On behalf of the Board of CCM Duopharma, my heartfelt appreciation goes to our valued customers, government departments and agencies, regulators, business partners and suppliers for your support, steadfast trust and confidence in us. My deep gratitude also goes to our staff and employees for their hard work, loyalty and commitment to excellence. To my colleagues on the Board, my sincere thanks for your wise counsel which continues to steer us forward amidst a highly regulated and challenging industry.

Following our demerger from CCMB, there have been several changes on the Board. Firstly, I wish to take this opportunity to express our utmost gratitude to our outgoing Chairman,

Our Profit Before Tax has increased by 64.5%"

YB Dato' Hajah Normala binti Abdul Samad, who has done a remarkable job navigating CCM Duopharma through challenging times since May 2016.

Also my heartfelt thanks to fellow director, YBhg Dato' Azmi bin Mohd Ali, who has served CCM Duopharma since April 2016. His immense knowledge and experience as a member on the Board has contributed significantly to the success of CCM Duopharma.

We thank both YB Dato' Hajah Normala and YBhg Dato' Azmi for their contributions to CCM Duopharma and wish them well in their new endeavours.

Please join me in welcoming onboard YBhg Datuk Nik Moustpha Hj Nik Hassan who joins us as a Independent Non-Executive Director, YBhg Datuk Mohd Radzif bin Mohd Yunus who joins us as a Non-Independent Non-Executive Director and Leonard Ariff bin Abdul Shatar, our former CEO, who has been appointed the Group Managing Director. En Leonard has been with CCM Duopharma since 2008, and we believe he is the best person to lead CCM Duopharma to the next level. His vast knowledge and experience in the pharmaceutical industry coupled with his ability to deliver results will be beneficial to CCM Duopharma and its shareholders.

The demerger has also led to the following changes within our Management Team. Noor Azwah Samsudin has resigned as Duopharma's Company Secretary and we thank her for her contributions to CCM Duopharma during her time with us. Meanwhile, Ibrahim Hussin Salleh has been appointed the Chief Legal Officer and Group Company Secretary, while Rama Sockalingam Nagappan takes up the position of Head, Group Internal Audit and Integrity, and Anita Esa, the position of Head, Group Risk Management. Together with the many new staff who have transferred over from CCMB as well as the existing knowledgeable and reliable senior management team and staff, I am confident that the new CCM Duopharma team will work well together as we focus on realising our regional aspirations and delivering good stakeholder value. I call upon all stakeholders to lend us their unwavering support as we work together to take CCM Duopharma to new heights of success. Thank you.

Yours sincerely

Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir
Chairman

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

I am honoured to be appointed as the Group Managing Director of CCM Duopharma Biotech Berhad ("CCM Duopharma") effective 27 December 2017. With this appointment I have relinquished my role as Group Managing Director of Chemical Company of Malaysia Berhad ("CCMB"). I thank the Board of CCM Duopharma in having the trust and confidence in me. With this appointment, I can now focus on steering CCM Duopharma into the future. I am excited with this appointment and the journey ahead of us.

LEONARD ARIFF BIN ABDUL SHATAR
Group Managing Director

GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

Jakim awarded CCM Duopharma with the world's first halal certification for prescriptive medicine

I am pleased to report that CCM Duopharma turned in an exceptional performance for the financial year ended 31 December 2017 ("FY 2017"). As a result of our various business initiatives, we grew our revenue by 49.5% and our profit before tax by 64.5%. Our strategy of focusing on Biotherapies, niche therapeutic areas coupled with improved operational efficiencies, continued to hold us in good stead.

Several developments took place over the course of FY 2017 which propelled us closer towards achieving our mission of becoming a leading pharmaceutical company in ASEAN. The notable key development was the demerger of CCM Duopharma Brotech Berhad from the Chemical Company of Malaysia Berhad ("CCMB") which has today positioned CCM Duopharma in the market as a more nimble and agile industry player. Permodalan Nasional Berhad ("PNB"), now has direct investment in CCM Duopharma and regards CCM Duopharma as a strategic company for the PNB Group. Our new position allows us to fully focus on our various growth initiatives which includes the Manufacturing Optimisation Strategy which commenced in 2016.

The year 2017 saw CCM Duopharma operating amidst mixed market conditions. On the upside, the global pharmaceutical industry continued to register steady growth, achieving USD1.2 trillion in sales in 2017 (QuintilesIMS). Global pharmaceutical sales are expected to increase some USD300 billion over the next four years to touch USD1.5 trillion in 2021. Biotech products also continued to make good progress in 2017, slowly taking market share away from conventional drugs. The global biotech sector was estimated to be around USD310 billion in 2016, with seven of the top 10 drugs being biotech products. (Deloitte – Global Lifesciences Outlook 2017). Closer to home, the Malaysian pharmaceutical market grew by 7.2% to RM7 billion (QuintilesIMS). A larger portion of this market is supplied by Innovator companies, which presents opportunities for generic companies such as CCM Duopharma to seize market share when patents expire.

Against this backdrop, CCM Duopharma leveraged on rising collaboration in trade as well as technology transfers between pharmaceutical and biotech companies globally to make strong strides forward. The year saw us entering into a strategic partnership with India's Natco Pharma Limited to offer affordable cancer products in Malaysia. We also continued our ongoing collaboration and strategic partnerships with key biotech and pharmaceutical players such as PanGen Biotech Inc. of Korea, Biocon Ltd and Dr. Reddy's Laboratories of India, as well as Mylan and Becton Dickinson of the USA.

On the downside, we had to contend with the weakening Ringgit which affected our production and operational costs for a good part of the year. Persistent foreign exchange volatility and uncertainties in the economy also put pressure on our profit margins. To mitigate these effects, we continued to focus on cost containment measures to ensure that our margins were maintained at reasonable levels. Thankfully, the Ringgit strengthened in the final quarter of 2017 and we expect the Ringgit to maintain its positive trend moving forward.

OUR BUSINESS

CCM Duopharma is today the No. 1 pharmaceutical company in Malaysia in terms of volume and we have now moved up the ranks from 5th to take 3rd position in terms of value (QuintilesIMS Report 2017). We retain our position as the No. 1 local generic pharmaceutical company in Malaysia.

Our manufacturing operations are based in Bangi, Klang and Glenmarie while we have regional sales operations in the Philippines and Singapore as well as a representative office in Indonesia. While we export to over 20 countries outside Malaysia, approximately 92% of our revenue comes from the domestic market.

CCM Duopharma's businesses are structured as follows:

- Over-the-Counter ("OTC") Business;
- Ethical Classic Business;
- Ethical Specialty Business; and
- International Business.

We offer trusted and award-winning Over-the-Counter ("OTC") brands to consumers. Brands such as *Flavettes, Champs, Uphamol, Proviton and Eye Glo* are well established brands available in most pharmacies and health retail outlets. Our Halal products, which are certified by the Department of Islamic Development Malaysia ("JAKIM") are manufactured in Halal compliant facilities. CCM Duopharma is the world's first company to comply with the Halal standards MS2424:2012.

The year in review saw us investing in an Effervescent manufacturing plant, the first of its kind in Malaysia. With this facility, we recently launched a range of effervescent products under the *Flavettes* brand with more effervescent products to come over the next few years. This new capability fits in neatly with our strategy of expanding outside Malaysia by offering innovative and differentiating products to the international markets.

CCM Duopharma also offers a wide range of ethical prescription drugs across various therapeutic areas. The product formats range from tablets, capsules, soft gels, creams, liquids as well as sterile injectable products. In February 2017, JAKIM awarded CCM Duopharma the world's first halal certification for prescriptive medicine, thereby reinforcing our strength in the Halal sector. Our products are available at most general practitioners ("GPs"), pharmacies, private and government hospitals throughout Malaysia.

Recently, we shifted our focus towards biosimilars and specialty ethical products in the Diabetes, Oncology, Renal and Cardiovascular areas. Our intention is to strengthen our capability in these selected therapeutic areas as a means to expand into ASEAN and the global markets.

OUR PERFORMANCE

CCM Duopharma delivered a stellar financial performance on the back of the effective strategies that we had put into place since 2012. By leveraging on niche therapeutic areas, we grew our revenue to RM467.99 million in FY 2017 from RM312.94 million previously. This robust 49.5% growth in revenue came on the back of healthier demand from both the Ethical and OTC sectors. Our successful execution of the maiden year of a three-year Human Insulin supply contract to all government hospitals and clinics, our venture into the Oncology sector as well as strong off-take from the public sector drove revenue growth to exceptional levels.

Meanwhile, our profit before tax increased by 64.5% to RM51.8 million due to increase in sales, buoyed by lower production costs and other operational costs.

The OTC Business registered a 21.4% increase in its revenue, a tremendous achievement considering the Malaysian OTC market only grew by 3.5% (Euromonitor Consumer Healthcare report). This strong growth was attributable to effective planning and execution of marketing campaigns in all channels.

The year saw *Champs* Vitamins attaining the No.1 Brand position in the children's vitamin C segment as reported by Nielsen Retail Audit. In January 2018, *Sin Chew Jit Poh* at its Health & Wellness Brand Awards, lauded the efforts of the Children Vit C *Champs* CSR programme, a joint effort between CCM Duopharma and the National Autism Society of Malaysia ("NASOM"). The *Flavettes* Effervescent launch in October 2017 created much excitement among the trade as it was the first ever Vitamin C effervescent brand manufactured in Malaysia. *Flavettes* Glow gained popularity among consumers due to its innovative combination of Vitamin C, Gluthathione and Vitamin E. Our *Eye Glo* brand also retained its position as the No. 1 eye drop brand in Malaysia.

CCM Duopharma's Ethical Classic Business continued its upward trajectory in FY 2017, growing by 26.1% against the year before. Private sector sales continued to be the business' mainstay, growing by 22% in comparison to FY 2016. This growth was attributable to continuous efforts to rationalise and subsequently focus on several therapeutic categories and products which contributed about 44% of the total Ethical Classic sector's sales in FY 2017. CCM Duopharma brands such as *Zynomax, Simtec, Sobenz, Zolterol and Neo-Deca* continued to grow, improving their positions in the Malaysian market.

Meanwhile, sales to the public sector grew by 31% from FY 2016, with improvements experienced across the majority of the channels in this sector inclusive of the the Approved Pharmaceutical

By leveraging on niche therapeutic areas, we grew our revenue to RM 467.99 million in FY 2017

Product List ("APPL") business, local hospital purchase orders and institutional sales. Ministry of Health procurement activities were stable throughout the year, which was an improvement over FY 2016. The sales to the public sector for ethical classic products contributed about 30% of the total revenue for CCM Duopharma.

The Ethical Specialty Business performed well in FY 2017, contributing about RM90 million in sales or some 19% of CCM Duopharma's total revenue. This was a commendable performance, being the inaugural year for this business. A substantial contribution for this business came from the three-year Human Insulin contract which was successfully implemented in FY 2017. The launch of two Oncology products in late FY 2016, namely *Kytron* and *Letronat,* also contributed to the growth of the Ethical Specialty Business.

The International Business registered marginal growth of 2% in FY 2017. CCM International (Philippines), Inc. turned around its performance after a poor FY 2016. However, the depreciation of the Peso against the Ringgit did affect its potential contribution. CCM Pharmaceuticals (S) Pte. Ltd. continued to perform well and contributed towards the improved profitability of CCM Duopharma.

As a leading pharmaceutical company, we are highly reliant on a rich pipeline of new products to sustain our growth. In this regard, Innovax Sdn. Bhd., a wholly-owned subsidiary of CCM Duopharma continues to play a pivotal role through its focus on Research and Development activities, particularly in the areas of product innovation as well as the introduction of new generics and OTC products. The company employs scientists, formulators, chemists, pharmacists and other highly skilled technical staff to deliver a pipeline of products annually to be launched into the market.

In FY 2017, we continued to strengthen our capabilities on the Halal front. We launched several programmes including the CCM Halal Pharmapreneurs ("CCMHP") initiative with the support of the Malaysian Productivity Centre ("MPC") and CEDAR SME Bank. The CCMHP serves to help develop community pharmacists into knowledgeable pharmapreneurs promoting Halal pharmaceutical products. Internally, we continued to implement the quarterly rollout of the Celik Halal Train-the-Trainers programme to create awareness of our Halal pharmaceutical initiatives.

CCM Duopharma remains committed to strengthening the nation's and our own Bumiputera agenda through a two-pronged focus on Human Capital Development ("HCD") and Entrepreneurship. In FY 2017, under the HCD component, we took onboard 28 graduates under our graduate development programme and developed 17 internal candidates under our MyCAP (my Career Acceleration Programme) initiative while another 16 participants joined us as JATI (Jalinan Antara Universiti dan Industri) trainees.

In the way of entrepreneurship development, we successfully identified and facilitated 10 Bumiputera Vendor Development Programme participants. We also increased our procurement spend from Bumiputera vendors by 47.7% in FY2017.

In 2016, we rolled out our Manufacturing Optimisation Strategy which involves the upgrading and expansion of our manufacturing assets in Bangi, Klang and Glenmarie into state-of-the-art facilities in stages between 2017 and 2020. I am happy to inform you that we managed to commission our new Warehouse in Bangi equipped with a warehouse management system which will enable us to manage our warehouse operations more efficiently. We also commissioned our new Haemodialysis facility in Klang, which will support the start-up of our Renal business. Work is still progressing with our new Biologics Pre-filled syringe plant and Warehouse in Klang, which should be commissioned in 2018. In Glenmarie, our new High Active Potency Ingredient ("HAPI") plant to manufacture oncology drugs is in good progress and should be ready in 2019.

I am also pleased to inform you that we successfully concluded the Collective Agreements with the National Union of Petrochemical Industry Workers for both our Klang and Bangi sites on 14 December 2017. This was the first union negotiation done involving both our sites which enabled us to harmonise the terms of the agreement.

MOVING INTO FY 2018 AND BEYOND

As CCM Duopharma steps forward into a new financial year, we do so with reasonable confidence. The Malaysian economy is expected to remain resilient in 2018, with real GDP forecast to expand between 5.5% and 5.8%, led by domestic demand (MIER). The domestic economy is expected to experience broad-based growth across a range of diversified sectors. Domestic demand is expected to remain the primary anchor of growth, underpinned by robust growth in private sector expenditure. Given this growth, we foresee that the demand for CCM Duopharma products will also increase accordingly. The Malaysian Government's allocation of RM4.1 billion for the supply of drugs and consumables to all Government hospitals and facilities bodes well for the domestic pharmaceutical industry in 2018 and CCM Duopharma too is expected to benefit from this.

The OTC market is expected to maintain its low single digit growth rate as consumers are expected to focus on essential items rather than health supplements. However, with consistent and sustainable advertising and promotion activities as well as new, innovative product launches, we are confident that our OTC business will again be able to deliver good growth in FY 2018.

As for our Ethical Classic business, our success in securing about RM170 million worth of Government tenders in December 2017, under the Ministry of Health Malaysia ("MOH") APPL contract, bodes well for us. This contract is expected to run for two years and contribute to our 2018 and 2019 earnings. CCM Duopharma's Management is also optimistic about the prospects with several new product launches that have been planned for FY 2018 that will complement and enhance our therapeutic categories. The business ICT support backbone has also been planned for improvement in FY 2018 to further enhance the efficiency of our sales team.

For our Ethical Specialty business, the 3 year Tri-party agreement between CCM Duopharma, Biocon and MOH, for the supply of Human Insulin to Government hospitals, worth RM300 million, will move to its second year of supply in FY 2018. Also in FY 2018, plans are in place to launch several exciting products to further enhance CCM Duopharma's position in the Oncology sector. We also plan to establish the Renal Care business and launch various renal products.

Expansion of our International business is a key focus for CCM Duopharma not only in FY 2018 but for years to come. As we have already secured 6% market share of the total Malaysian pharmaceutical market and about 18% of the generics market, and positioned as the No. 1 pharmaceutical company in Malaysia, it is time for CCM Duopharma to now aggressively expand into the ASEAN market. We already have a reasonable foot hold in most key markets in ASEAN and will focus on introducing specialty and differentiated products into these markets.

In addition we will look at potential and synergistic assets to invest in key markets in ASEAN, when the opportunity arises.

OUR RECOGNITION

As a testament to our pursuit for excellence, CCM Duopharma received several awards in FY 2017. We were recognised by PNB Group for receiving the World's first Halal certification for prescription medicines based on MS2424:2012 from Jakim. On the Halal front, we also received an award for the Halal Pharmaceutical Company of the Year from Frost & Sullivan. We are proud of both these awards as it underscores the commitment of CCM Duopharma towards providing choices to consumers and patients for Halal medicines and supplements.

We are also proud of the MSWG ASEAN Corporate Governance recognition awarded by the Minority Shareholder Watchdog Group. This augers well for the level of governance we uphold in CCM Duopharma.

CCM Duopharma was also recognised by HR Asia as one of the Best Companies to Work For in Asia. Our efforts in human capital development and talent management has been rewarded with this prestigious award.

Most of all we are proud of the awards bestowed on CCM Duopharma by its customers. We received awards from Watsons Malaysia for the most wanted Chewable Vitamin C for our *Flavettes* brand and the most wanted Garlic Supplement under our *Naturalle* brand. We were also recognised by Guardian Pharmacy for our *Champs* 100mg Vitamin C as an Outstanding Brand under the kid's supplements category.

IN APPRECIATION

Firstly I would like to express my deep gratitude to our Board of Directors for their wise counsel and astute insights which helped guide us throughout the year. I especially want to thank our outgoing Chairman, YB Dato' Hajah Normala binti Abdul Samad, and fellow Director, YBhg Dato' Azmi bin Mohd Ali, for their notable contributions to CCM Duopharma during their time with us. They have certainly contributed towards the success of CCM Duopharma in FY 2017.

On the same token, I would like to congratulate our new Chairman, YBhg Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir on her new appointment, and I look forward to working closely with her. Also I would like to extend a warm welcome to our new members of the Board, YBhg Datuk Nik Moustpha Hj Nik Hassan and Datuk Mohd Radzif bin Mohd Yunus.

CCM Duopharma's good performance in FY 2017 would not have been possible without the support of our valued shareholders, customers, the Ministry of Health as well as other Government departments and agencies, regulators, business partners and suppliers. My heartfelt appreciation to each and every party for their staunch support and cooperation.

I am truly grateful to the CCM Duopharma Family for their hard work, unswerving loyalty and dedication to excellence. Without their total dedication and engagement with the company, we would not have achieved the FY 2017 results. As we take up our new position of independence, tremendous opportunities and challenges await us. I for one certainly look forward to continue working with all of you to tackle these challenges head on to achieve our Mission of being one of the leading pharmaceutical companies in ASEAN.

The demerger has also led to several key Management transfers from CCMB. I welcome Ibrahim Hussin Salleh, who has been appointed the Chief Legal Officer and Group Company Secretary, Rama Sockalingam Nagappan, who takes up the position of Head, Group Internal Audit and Integrity, and Anita Esa, who has been appointed Head Group Risk Management. I certainly look forward to working with them, the rest of our Management team and all loyal staff of CCM Duopharma.

Thank you.

LEONARD ARIFF BIN ABDUL SHATAR
Group Managing Director

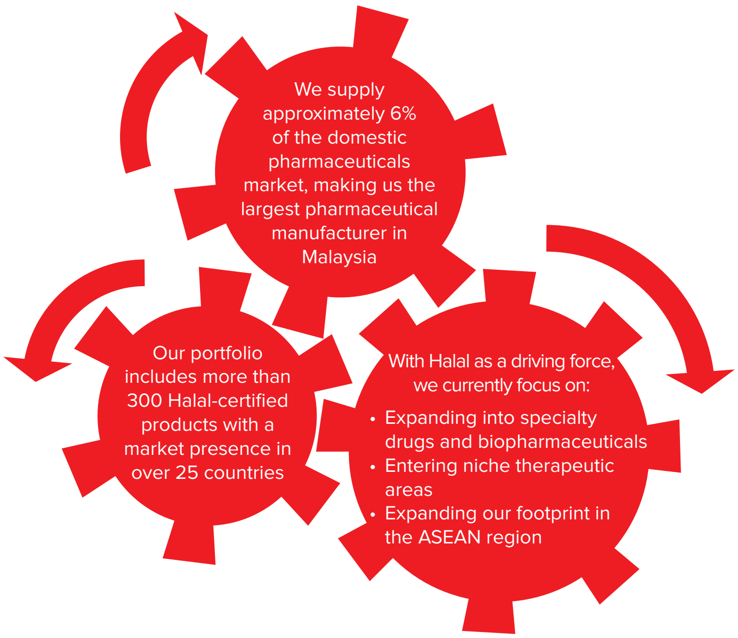
SUSTAINABILITY & CORPORATE RESPONSIBILITY

SUSTAINABILITY AT CCM DUOPHARMA

Following CCM Duopharma's demerger from the Chemical Company of Malaysia Berhad ("CCMB") in late 2017, we are today a public listed company under the umbrella of Permodalan Nasional Berhad ("PNB"). Our recent reorganisation has primed us for new challenges and vast opportunities and today we remain a bold, global pharmaceutical company focusing on sustainable solutions based on innovative sciences. This focus is being driven by our deep engagement with healthcare providers and customers to fully understand the innovation they need for their patients. In operating our businesses, we are guided by our Vision of "Enhancing Quality of Life" and our Mission" to be a leading pharmaceutical company in ASEAN by providing quality, innovative and affordable healthcare products".

As we set our sights on sustainable long-term growth, we remain deeply committed to implementing responsible management and sustainable development practices that balance out our economic ambitions with good environmental and societal considerations. In 2017, CCM Duopharma once again made solid progress in our pursuit of responsible business and sustainable growth by delivering credible performances on the Economic, Environmental and Social or EES fronts.

COMMITTED TO IMPACTFUL ECONOMIC PRACTICES



Our Contribution to Economic Growth

With our offering of almost 300 generic drugs that follow good manufacturing practices, CCM Duopharma is currently the largest manufacturer of generic pharmaceuticals in Malaysia. Our operations are doing much to strengthen the growing pharmaceutical sector which in itself is a highly transformative sector that is helping to boost the domestic economy by way of income generation, job creation and export earnings. While creating jobs, our operations also contribute to the overall well-being of communities, individual self-esteem and quality of life to achieve inclusive and sustainable development.

Our Contribution to the Halal Sector

Championing Halal initiatives for more than a decade, CCM Duopharma has emerged as a leading Halal pharmaceutical player in the region. We played an active role in developing the MS2424: 2012 Halal Pharmaceuticals Standards which was the first of its kind Halal standard worldwide for pharmaceuticals and were the first pharmaceutical company to receive Halal Pharmaceuticals Certification. We remain committed to providing Halal certified products in both the over-the-counter and prescription medicines ranges to a discerning consumer base. We also continue to be active in developing collaborations with various stakeholders in the entire Halal pharmaceutical value chain. This is our commitment to ensuring that we produce products that are safe, high quality, efficacious and hygienic for our consumers.

In 2017, CCM Duopharma became the first pharmaceutical company to receive the new Halal certification for controlled or prescriptive medicines or ethical products, launched by the Department of Islamic Development Malaysia or Jabatan Kemajuan Islam Malaysia ("JAKIM"). The year in review also saw us receiving

Lean Six Sigma – In 2017, our lean six sigma initiatives such as improvement in cold chain distribution managed to create savings of 7.9 million compared to target savings of 6 million

the "Halal Pharmaceutical Company of The Year – Prescription Pharmaceuticals" award from Frost & Sullivan.

Bumiputera Vendor Development Programme ("BVDP")

CCM Duopharma, has been directly involved in supporting the Government's efforts to help develop successful Bumiputera entrepreneurs and businesses that supply products and services to us under the BVDP programme. We believe that this initiative will positively impact the growth of local and Bumiputera enterprises that will ultimately contribute to the economic growth of the communities in which we operate. To date, we have appointed 10 Bumiputera vendors under the BVDP.

In 2017, CCM Duopharma participated in the GLC ExplorAce event which offered exhibitors promotional booths. We invited three of our vendors under the BVDP, namely Nashmir Capsule Sdn Bhd, Utama Multimodal Logistics Sdn Bhd and Fairview Industries Sdn Bhd, to showcase their products alongside us.

UPHOLDING GOOD ENVIRONMENTAL PERFORMANCE

Safe and Sustainable Operations

As part of our commitment to upholding good environmental performance, we have established Safety, Health & Environment ("SHE") Policies in our operations to ensure that we operate in a safe and sustainable manner while complying with internal and external regulations. The Environmental Performance Monitoring Committees convene regularly to review the environmental performance of each aspect such as effluents, emissions and scheduled waste. The composition of these committees and their activities adhere to the Malaysian Government guidelines on 'Guided Self-Regulation'.

CCM Duopharma utilises a majority of its energy in the form of purchased electricity and water which are necessary for its manufacturing processes. We are always mindful of the impact of our operations on the environment and make every effort to minimise our consumption of these natural resources through the application of our Operational Excellence initiatives in our operations.

Waste Disposal

We manage our solid waste responsibly and perform 3R ("Reuse, Reduce and Recycle") initiatives throughout the Company. Recyclable materials are segregated and sent to a recycler or returned to the suppliers. All scheduled waste and wastewater generated from our facilities are managed and handled appropriately in accordance with regulatory standards imposed by the Department of Environment.

Preserving our environment, in 2017 CCM Duopharma reduced its total scheduled waste produced by 29%, this was achieved by improving productivity via various efficiency improvement programs

DEDICATED TO ENRICHING SOCIETY

CHAMPS and NASOM collaborate to boost awareness on Autism

CCM Duopharma is deeply committed to enhancing the quality of life of all Malaysians and the people in the regions where we operate by leveraging on strategic collaborations and innovation at the intersection of healthcare and science. In 2017, the Company launched the 'Every Child is a Champion' brand campaign for CHAMPS Vitamin C in collaboration with the National Autism Society of Malaysia ("NASOM") to address misconceptions and raise public awareness on autism in children. Our pledge to contribute 50 sen to the cause for every bottle of CHAMPS Vitamin C sold during the campaign period yielded RM50,000.00 which was presented to NASOM.

Self-Help Medical Assistance for Pilgrims

Health plays a major role in fulfilling the physically and mentally demanding requirements of the Haj. With approximately 3.7 million pilgrims attending this mass gathering, the risk of contracting an infectious disease is high. As the pioneer in the production of Halal certified pharmaceuticals, CCM Duopharma is well positioned to aid the wellness of pilgrims with its wide range of quality products.

In 2017, CCM Duopharma contributed 28,000 sets of personal health kits worth RM821,000 to Malaysian pilgrims preparing for the Haj through the Sahabat Korporat Tabung Haji programme. This year's contribution marks the 14th year of CCM Duopharma's involvement in the programme. To date, 482,000 health kits containing Halal-certified products worth more than RM10 million have been donated to pilgrims.

PINTAR Programme

To further its objective of improving socioeconomic standards through education, the PINTAR Foundation has adopted 15 rural primary schools since 2007. By providing funding for teaching and learning aids at adopted PINTAR schools, CCM Duopharma is helping strengthen English language proficiency among students.

Commitment to Halal certified products in both the OTC and prescription medicines - We were the first pharmaceutical company to receive the Halal Pharmaceuticals Certification based on the world's first Halal Pharmaceuticals Standard: MS2424:2012, Halal Pharmaceuticals
- General Guidelines

Jalinan Antara Universiti Dan Industri ("JATI")

CCM Duopharma continues to lend support to the CCMB JATI Programme, a collaboration between the CCMB Group and public universities, to train and groom pharmacy undergraduates on entrepreneurship in community retail pharmacies. This three-year capacity building programme accords participants from five local universities, namely Universiti Sains Malaysia, Universiti Teknologi Mara, Universiti Malaysia Sabah, International Islamic University Malaysia and Universiti Kebangsaan Malaysia, with marketing, business management and hands-on retailing skills. Each year, 50 pharmacy undergraduates are selected to enrol under this programme. Since its inception, more than 200 students have successfully undergone the programme. We hope to develop 500 successful and competitive entrepreneurs in community pharmaceutical retail by 2020.

CCMB-USM Millennial Pharmapreneur Coaching Programme ("MPC")

The MPC programme promotes community pharmacies in rural areas, with the intention of increasing the numbers of Bumiputera entrepreneurs. We support the Government's efforts to address the uneven distribution of pharmacists in the country and encourage more Bumiputera youths to join this profession.

Ethical Business Promotion

In collaboration with the Malaysian Medical Association and the Malaysian Pharmaceuticals Society, the year in review saw us organising numerous continuing education activities including continuing medical education or CME roadshows across the country on a variety of topics. These activities, which covered Respiratory and Infectious Diseases, Diabetes Mellitus, Cardiovascular and Gastrointestinal Disease, among other things, all received overwhelming participation from healthcare professionals.

CEO@Faculty ("CFP") Programme

The CFP is an initiative implemented by the Ministry of Higher Education in line with the Malaysia Education Blueprint 2015-2025 (Higher Education). The main objective of this programme is to intensify industrial sector participation in the system of higher education by sharing the experiences and expertise of industry leaders.

Following the launch of CFP 2.0 in 2017, Dr See Hong Heng of Universiti Teknologi Malaysia ("UTM"), was placed under the mentorship of Leonard Ariff Abdul Shatar and Dr Leong Chuei Wuei from September 2017 to February 2018. He was able to extract the maximum benefit of the CFP programme through personal coaching as well as through learning about negotiation, networking and leadership skills.

For demonstrating outstanding achievement and superior performance in areas such as leadership, technological innovation, customer service, and strategic product development, CCM Duopharma was awarded the Frost & Sullivan Malaysia Excellence Award in the 'Halal Pharmaceutical Company of the Year – Prescription Pharmaceuticals' category

STRENGTHENING OUR WORKFORCE

Employee Engagement

CCM Duopharma's employees are our most important asset. We strive to provide the best working conditions for all employees regardless of their nationality, race, or gender. Our labour practices focus on leadership quality, employee engagement, knowledge accessibility and learning capacity to enhance our employees' competencies and help drive the organisation towards achieving its corporate vision and objectives.

Following the rollout of more effective employee engagement activities, employee sentiment has improved considerably as seen in the results of the latest bi-annual Employee Engagement Survey conducted in 2017. This survey reflected an 11% increase in positive employee sentiment to 89% as compared to just 78% in 2016. This improvement is crucial as it indicates the growing level of connectedness and motivation of our employees as well as their commitment towards realising the Company's vision and mission. In recognition of our employee engagement efforts, CCM Duopharma was awarded HR Asia's "Best Companies to Work for in Asia" for 2017.

Skim Latihan 1Malaysia ("SL1M") Programme

CCM Duopharma has been supporting the nation's human capital development efforts through our major shareholders PNB, under the SL1M programme by arranging on-the job training for unemployed graduates to enhance their employability. In 2017, CCM Duopharma provided on-job-training placements for 28 trainees with four of them being absorbed into the CCM Duopharma workforce.

my Millennial Apprentice Programme ("myMAP")

CCM Duopharma's myMAP initiative is a fast-track development programme for young graduates to transform the Company into a talent-powered organisation. The myMAP programme strengthens employee competencies and personal development while preparing them for career paths in line with CCM Duopharma's strategic direction. In 2017, there were six participants in CCM Duopharma's myMAP. Since 2015, we have absorbed 12 myMAP participants into our workforce.

Training and Development

To ensure that our employees are highly-skilled and competent, we encourage continuous learning among them by providing various training and certification programmes both internally and externally. To ensure that the Company has the appropriate bench strength to support its growth in the future, the Company has in place the myCareer Acceleration Programme ("myCAP") and a Talent Management Programme to develop capable employees as successors in the Company.

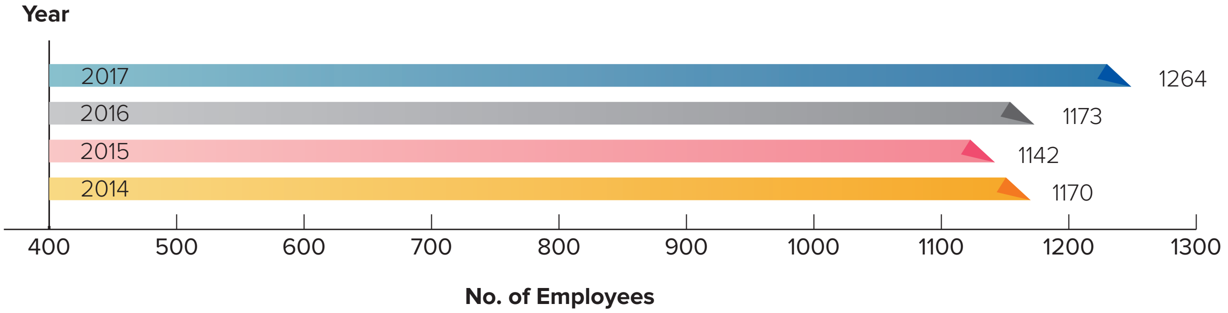
CCM Duopharma also places great emphasis on workplace diversity. Our Core Values help guide our team of dedicated and committed employees to carry out their tasks professionally, ethically and with integrity. Meanwhile, programmes like Lean Six Sigma, Operational Excellence and Innovation & Quality Convention have translated into cost savings and greater efficiency, paving the way for innovative solutions to ensure the sustainable growth of the business.

SUSTAINABILITY & CORPORATE RESPONSIBILITY (cont'd)

CCM Duopharma's Workforce

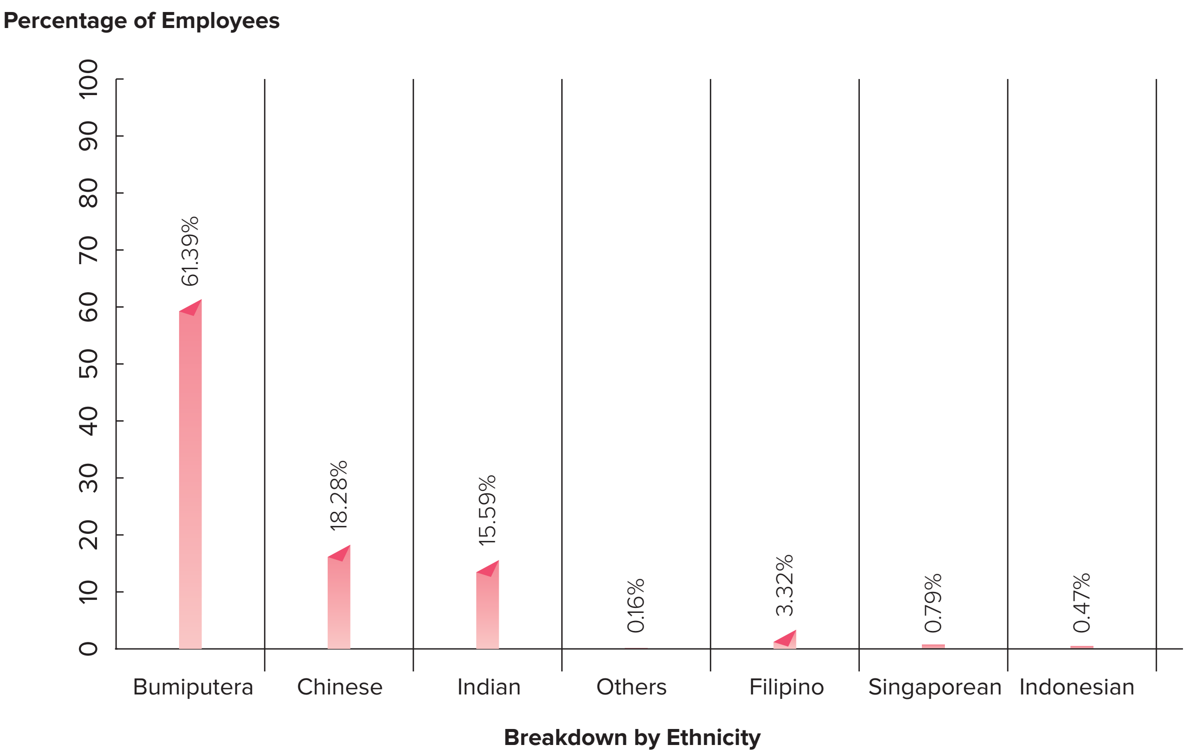
Total no. of employees at CCM Duopharma

Year	2014	2015	2016	2017
Total	1170	1142	1173	1264



Ethnicity at CCM Duopharma

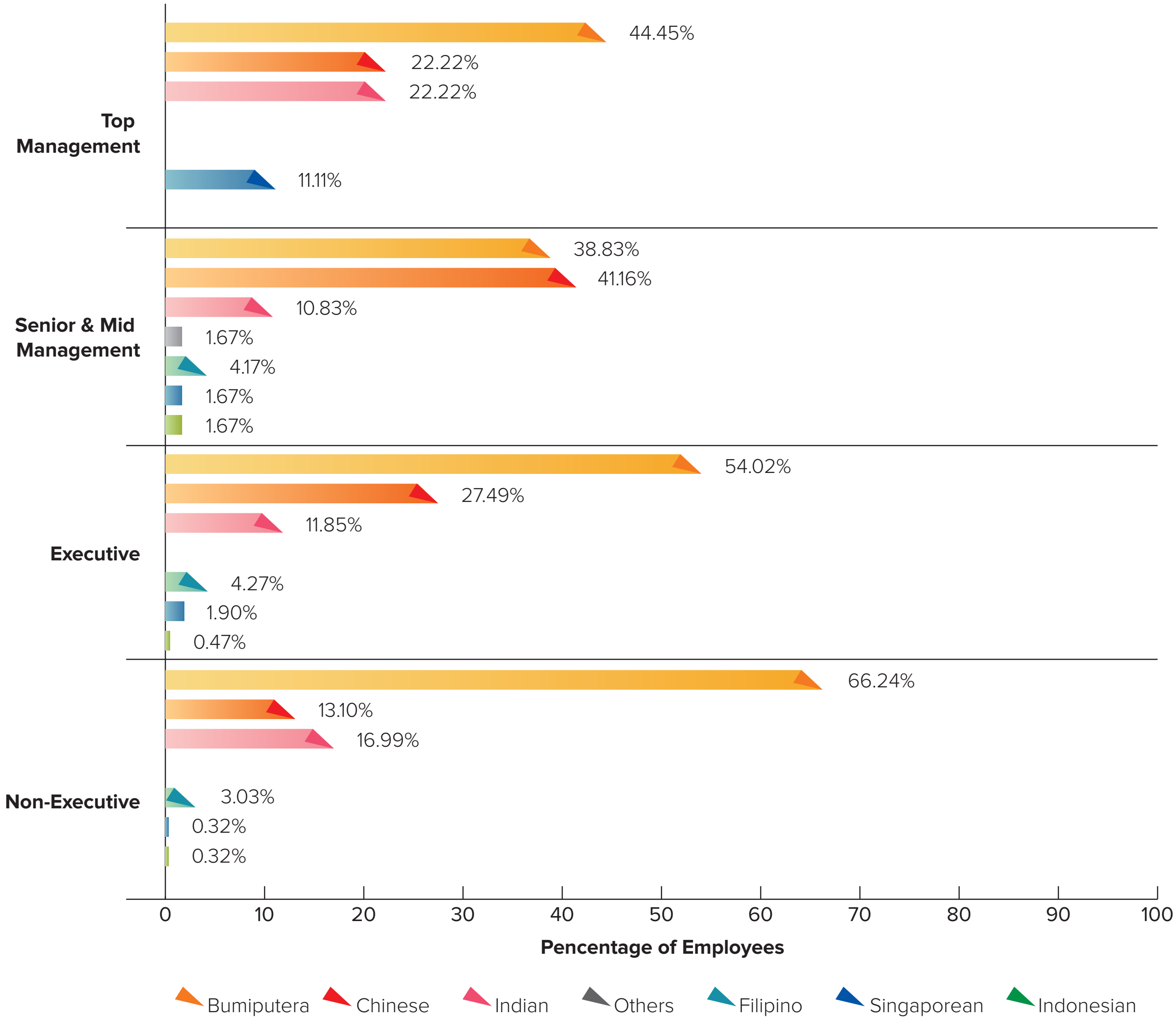
Ethnicity	Bumiputera	Chinese	Indian	Others	Filipino	Singaporean	Indonesian	Total
Percentage of Employees	61.39%	18.28%	15.59%	0.16%	3.32%	0.79%	0.47%	**100%**



Breakdown of Working Levels by Ethnicity

Ethnicity	Top Management	Senior & Middle Management	Executive	Non-Executive
Bumiputera	44.45%	38.83%	54.02%	66.24%
Chinese	22.22%	41.16%	27.49%	13.10%
Indian	22.22%	10.83%	11.85%	16.99%
Others	0.00%	1.67%	0.00%	0.00%
Filipino	11.11%	4.17%	4.27%	3.03%
Singaporean	0.00%	1.67%	1.90%	0.32%
Indonesian	0.00%	1.67%	0.47%	0.32%
Total	100.00%	100.00%	100.00%	100.00%

Breakdown by Ethnicity



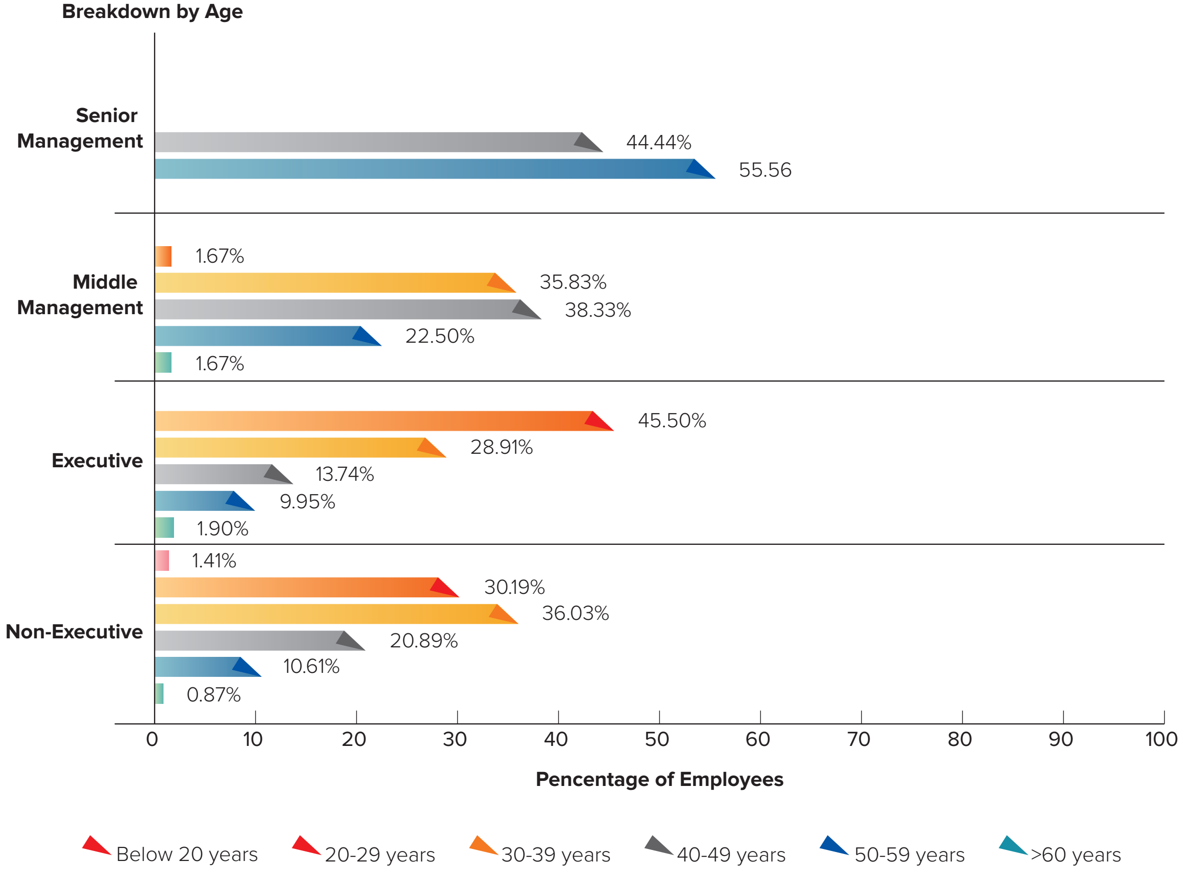
SUSTAINABILITY & CORPORATE RESPONSIBILITY (cont'd)

Breakdown by Gender

Gender	Top Management	Senior & Middle Management	Executive	Non-Executive
Male	88.89%	45.83%	38.39%	51.08%
Female	11.11%	54.17%	61.61%	48.92%
Total	100%	100%	100%	100%

Breakdown by Age Group

Age Group	Top Management	Senior & Middle Management	Executive	Non-Executive
Below 20 years	0.00%	0.00%	0.00%	1.41%
20-29 years	0.00%	1.67%	45.50%	30.19%
30-39 years	0.00%	35.83%	28.91%	36.03%
40-49 years	44.44%	38.33%	13.74%	20.89%
50-59 years	55.56%	22.50%	9.95%	10.61%
> 60 years	0.00%	1.67%	1.90%	0.87%
Total	100.00%	100.00%	100.00%	100.00%



Keeping People Safe and Healthy

As CCM Duopharma ventures forth, we are mindful of our impact on the world around us and remain deeply committed to the health, safety and well-being of the people who put their trust in our products and the global communities in which we operate. We also continue to work to ensure that our scientific contributions reflect our commitment to safe and healthy workplaces, strong communities as well as responsible and ethical business practices – all the way from our research and development efforts to our manufacturing and distribution activities. All our products incorporate environmental, health and safety design considerations.

All in all, 2017 saw CCM Duopharma making good strides forward on the EES fronts. Further details of our sustainability initiatives can be found in our standalone CCM Duopharma Sustainability Report 2017 which is available on the Company's website at www.ccmduopharma.com

CALENDAR OF MAJOR EVENTS

2 FEBRUARY 2017
World's First Halal Certification For Prescriptive Medicine issued by Jakim to CCM Duopharma based on MS24242012 Standards

17 MARCH 2017
MyCAP Graduation Ceremony

3 APRIL 2017
CCM Duopharma partnered Natco and Biocon

13 APRIL 2017
Halal Pharmaceutical Company of the Year – Prescription Pharmaceuticals by Frost & Sullivan

13 APRIL 2017
CHAMPS partnered NASOM to boost Autism awareness

19 - 21 MAY 2017
8th MEMS Annual Congress 2017

22 MAY 2017
CCM Duopharma Biotech Berhad 16th Annual General Meeting

11 JULY 2017
Launch of CHAMPS - Watsons MY CHAMPION Mobile App

17 JULY 2017
Sahabat Korporat Tabung Haji

27 SEPTEMBER 2017
Plant visit to CCMP Bangi led by NPRA for delegates from various Regulatory Agencies

13 OCTOBER 2017
Best Companies To Work For In Asia 2017 Award to CCM Duopharma Biotech Berhad by HR Asia

25 - 26 NOVEMBER 2017
Shariah Investment Fair held at KL Convention Centre

6 DECEMBER 2017
MSWG ASEAN Corporate Governance Recognition 2017 by Minority Shareholder Watchdog Group

15 DECEMBER 2017
Millennial Pharmapreneur Coaching (MPC) programme for USM pharmacy undergraduates

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Datin Paduka Siti Sa'diah bt Sh Bakir
Non-Independent Non-Executive Chairman

Dato' Mohamad Kamarudin bin Hassan
Senior Independent Non-Executive Director

Leonard Ariff Abdul Shatar
Group Managing Director

Razalee bin Amin
Independent Non-Executive Director

Puan Sri Datuk Seri Rohani Parkash binti Abdullah
Independent Non-Executive Director

Zaiton bt Jamaluddin
Independent Non-Executive Director

Dato' Eisah bt A.Rahman
Independent Non-Executive Director

Datuk Nik Moustpha bin Hj Nik Hassan
Independent Non-Executive Director

Datuk Mohd Radzif bin Mohd Yunus
Non-Independent Non-Executive Director

COMPANY SECRETARY

Ibrahim Hussin Salleh
(LS0009121)

REGISTERED OFFICE

13th Floor, Menara PNB
201-A, Jalan Tun Razak
50400 Kuala Lumpur
Tel No.: 03-2612 3888
Fax No.: 03-2166 5103

BUSINESS ADDRESS

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

AUDITORS

Messrs. KPMG PLT
Chartered Accountants
Level 10, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

PRINCIPAL BANKERS

AmBank (M) Berhad
No.1, Ground Floor, Lorong Sanggul 1F, Bandar Puteri
41000 Klang
Selangor Darul Ehsan

OCBC Bank (Malaysia) Berhad
No.19, Jalan Stesen
41000 Klang
Selangor Darul Ehsan

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

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

Hong Leong Bank
68, Lorong Batu Nilam 3A
Bandar Bukit Tinggi
41200 Klang
Selangor Darul Ehsan

SHARE REGISTRAR

Tricor Investor, & Issuing House Service Sdn Bhd
Unit 32-01, Level 32,
Tower A,
Vertical Business Suite,
Avenue 3,
Bangsar South,
No.8, Jalan Kerinchi,
59200 Kuala Lumpur.

Tel No. : 03-2783 9299
Fax No. : 03-2783 9222

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

BOARD STRUCTURE

BOARD OF DIRECTORS

BOARD COMMITTEES

- Audit and Integrity Committee
- Nomination and Remuneration Committee
- Risk Management Committee

CORPORATE STRUCTURE

CCM DUOPHARMA BIOTECH BERHAD (524271-W)

- **100%** CCM Pharmaceuticals Sdn. Bhd. (27754-W)
  - **100%** Sentosa Pharmacy Sdn. Bhd. (69958-V)
  - **100%** Unique Pharmacy (Penang) Sdn. Bhd. (287046-P)
  - **100%** CCM Biopharma Sdn. Bhd. (88895-U)
  - **100%** Negeri Pharmacy Sdn. Bhd. (79732-D)
  - **100%** Unique Pharmacy (Ipoh) Sdn. Bhd. (145705-T)
- **100%** Innovax Sdn. Bhd. (564984-V)
- **100%** Duopharma (M) Sendirian Berhad (42491-M)
  - **100%** Upha Pharmaceutical Manufacturing (M) Sdn. Bhd. (53667-M)
  - **100%** CCM Pharma Sdn. Bhd. (4672-U)
- **100%** CCM Pharmaceuticals (S) Pte. Ltd.
- **100%** CCM International (Philippines), Inc.

ENGAGING TEAM COLLABORATION

Our collaborative culture permeates throughout the entire organisation with an engaged team that's eager to take on new projects and embrace change as a challenge to take them to the next level in enhancing productivity and profitability.

BOARD OF DIRECTORS

Datuk Mohd Radzif bin Mohd Yunus

Dato' Eisah binti A.Rahman

Razalee bin Amin

Leonard Ariff bin Abdul Shatar

Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir

Dato' Mohamad Kamarudin bin Hassan

Puan Sri Datuk Seri Rohani Parkash binti Abdullah

Zaiton binti Jamaluddin

Datuk Nik Moustpha bin Hj Nik Hassan

TAN SRI DATIN PADUKA SITI SA'DIAH BINTI SH BAKIR

Age
65 years

Gender
Female

Nationality
Malaysian

POSITION ON THE BOARD
Non-Independent
Non-Executive Chairman

DATE OF APPOINTMENT TO THE BOARD
5 April 2016

MEMBERSHIP OF BOARD COMMITTEES

- Member, Nomination and Remuneration Committee

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS

- KPJ Healthcare Berhad
- Nationwide Express Holdings Berhad
- OSK Holdings Berhad
- Awqaf Holdings Berhad

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES

None as at 28 March 2018

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

None

CONFLICT OF INTEREST WITH THE COMPANY

None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR

None

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

Six (6) out of seven (7) meetings (since date of appointment)

QUALIFICATIONS

- Master of Business Administration, Henley Business School, University of Reading, United Kingdom
- Bachelor in Economics, University of Malaya

WORKING EXPERIENCE AND OCCUPATION

Tan Sri Datin Paduka Siti Sa'diah Sh Bakir was redesignated as the Non-Independent Non-Executive Chairman of CCM Duopharma Biotech Berhad's Board on 28 December 2017. Consequently, she relinquished her position as the Senior Independent Director on 28 December 2017.

Tan Sri served as an Independent Non-Executive Director of Chemical Company of Malaysia Berhad from 19 December 2014 until 28 December 2017.

She is an Independent Non-Executive Director of KPJ, redesignated on 1 May 2015 from Non-Independent, Non-Executive Director. Tan Sri served as the Managing Director of KPJ from 1 March 1993 until her retirement on 31 December 2012.

From 1 January 2013 until 31 December 2014, she served as KPJ's Corporate Advisor. She was the Chairman and Pro-Chancellor of KPJ Healthcare University College ("KPJUC") between 1 August 2011 to 31 December 2016.

Her career with Johor Corporation ("JCorp") commenced in 1974 and she has been directly involved in JCorp's Healthcare Division since 1978. She was appointed as the Chief Executive of Kumpulan Perubatan (Johor) Sdn. Bhd. ("KPJSB"), from 1989 until the listing of KPJ in November 1994.

Committed to promoting excellence in healthcare, Tan Sri is the President of Malaysian Society for Quality in Health ("MSQH"), the national accreditation body for healthcare services, elected since its inception in 1997 to date. She sits on many other councils and committees at the national level, including as a member of the Leadership Development Committee of the Razak School of Government ("RSOG") since 25 November 2013.

In June 2016, she was appointed as the Chairman of Universiti Utara Malaysia, an eminent management university in Malaysia.

She was also the Pro-Chancellor of University Teknologi Malaysia appointed since 1st November 2016.

In 2010, Tan Sri was named the 'CEO of The Year 2009' by the New Straits Times Press and the American Express. She has also received many more awards and accolades from 2011 to 2015, due to her contributions to the healthcare industry in Malaysia. She launched her biography entitled "Siti Sa'diah: Driven by Vision, Mission and Passion", penned by Professor Rokiah Talib, Penerbitan Universiti Kebangsaan Malaysia in 2013.

LEONARD ARIFF BIN ABDUL SHATAR

Age
53 years

Gender
Male

Nationality
Malaysian

POSITION ON THE BOARD
Group Managing Director

DATE OF APPOINTMENT TO THE BOARD
28 December 2017

MEMBERSHIP OF BOARD COMMITTEES
- None

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS
- PanGen Biotech Inc. (Korea)

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES
None as at 28 March 2018

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER
None

CONFLICT OF INTEREST WITH THE COMPANY
None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR
None

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
None

QUALIFICATIONS
- LLB, Monash University, Melbourne, Australia
- Bachelor of Economics, Monash University, Melbourne, Australia

WORKING EXPERIENCE AND OCCUPATION
Leonard Ariff was appointed as the Group Managing Director of CCM Duopharma Biotech Berhad on 28 December 2017.

Prior to his appointment as the Group Managing Director, he was the Chief Executive Officer of CCM Duopharma Biotech Berhad from 1 January 2008 until 28 December 2017. On 9 January 2015, he was also appointed as the Group Managing Director of Chemical Company of Malaysia Berhad (“CCMB”), and served that position until 28 December 2017. Leonard Ariff started his career in 1988 in various capacities in the legal profession before joining the CCMB Group for the first time in 1990, where his main responsibilities were in business development and business management at CCM Chemicals Sdn. Bhd. In 2000, he assumed the position of Managing Director of Usaha Pharma (M) Sdn. Bhd. (formerly known as Prima Health Pharmacy (Retail) Sdn. Bhd.), CCM’s pharmaceuticals retail arm. He later joined ICI Paints Malaysia Sdn. Bhd. in 2003 as the General Manager and was subsequently appointed as Managing Director in 2005 until 2007, before re-joining the CCMB Group in 2008. He was also the Director of CCMB’s Chemicals Division from October 2014 until December 2015.

He holds a directorships on the boards of PanGen Biotech Inc. (Korea). He also acts as Chair of the School of Business Industry Advisory Board at Monash University Malaysia. He has been appointed to participate in the CEO @ Faculty program by the Malaysia Ministry of Higher Education and has been assigned to Universiti Kebangsaan Malaysia ("UKM").

He held the position as President of the Malaysian Organisation of Pharmaceutical Industries ("MOPI") from 2009 to 2014.

DATO' MOHAMAD KAMARUDIN BIN HASSAN

Age
62 years

Gender
Male

Nationality
Malaysian

POSITION ON THE BOARD
Senior Independent Non-Executive Director

DATE OF APPOINTMENT TO THE BOARD
2 January 2014

MEMBERSHIP OF BOARD COMMITTEES

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

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS

- ManagePay Systems Berhad
- Malaysian Pacific Industries Berhad
- Lion Diversified Holding Berhad
- Muhibbah Engineering Berhad

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES

None as at 28 March 2018

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

None

CONFLICT OF INTEREST WITH THE COMPANY

None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR

None

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

Seven (7) out of seven (7) meetings (since date of appointment)

QUALIFICATIONS

- Master of Business Administration (Majoring in Finance), Oklahoma City University
- Bachelor of Economics (Majoring in Business Administration), University of Malaya
- Diploma in Public Management, Institut Tadbiran Awam Malaysia ("INTAN")

WORKING EXPERIENCE AND OCCUPATION

Dato' Mohamad Kamarudin began his career with the Administrative and Diplomatic Service in 1979 with his first posting to the Macro-Economic Division of the Economic Planning Unit in the Prime Minister's Department. In 1987, he was transferred to the Ministry of International Trade and Industry ("MITI") where he had served in various divisions of the Ministry. From 1992 to 1994, he was posted to the Malaysian Embassy in Washington DC as the Economic Counsellor. From January 2006 until his retirement on 31 August 2013, he was seconded to MATRADE as the Deputy Chief Executive Officer.

Dato' Mohamad Kamarudin was appointed as the Senior Independent Director of CCM Duopharma Biotech Berhad with effect from 28 December 2017 following the redesignation of Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir as the Non-Independent Non-Executive Chairman.

RAZALEE BIN AMIN

Age
64 years

Gender
Male

Nationality
Malaysian

POSITION ON THE BOARD
Independent
Non-Executive Director

DATE OF APPOINTMENT TO THE BOARD
1 June 2016

MEMBERSHIP OF BOARD COMMITTEES
- Chairman, Audit and Integrity Committee

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS
- Bank Kerjasama Rakyat Malaysia Berhad
- UMW Oil & Gas Corporation Berhad

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES
None as at 28 March 2018

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER
None

CONFLICT OF INTEREST WITH THE COMPANY
None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR
None

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
Seven (7) out of seven (7) meetings (since date of appointment)

QUALIFICATIONS
- Chartered Accountant (Malaysia), Malaysian Institute of Accountant
- Certified Public Accountants, The Malaysian Institute of Certified Public Accountants
- Certified Financial Planner, Financial Planning Association of Malaysia
- Diploma in Accounting (Postgraduate), University of Malaya
- Bachelor of Economics (Hons) Accounting, University of Malaya

WORKING EXPERIENCE AND OCCUPATION
Razalee began his career with Messrs. Hanafiah Raslan & Mohamad, a Chartered Accountants firm upon graduation. In 1983, he joined Sateras Resources (Malaysia) Berhad as the Group Financial Controller. He then joined MBf Finance Berhad in 1987 and was appointed as the Senior Vice President of the Investment and Acquisitions Division. He left MBf Finance Berhad and subsequently joined Damansara Realty Berhad in 1994 as the Senior General Manager. In 1996, he started his own Chartered Accountants firm, Razalee & Co. where he is currently its Managing Partner.

PUAN SRI DATUK SERI ROHANI PARKASH BINTI ABDULLAH

Age
62 years

Gender
Female

Nationality
Malaysian

POSITION ON THE BOARD
Independent
Non-Executive Director

DATE OF APPOINTMENT TO THE BOARD
2 August 2016

MEMBERSHIP OF BOARD COMMITTEES
None

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS
- Nylex (Malaysia) Berhad
- 7-Eleven Malaysia Holdings Berhad
- Symphony Life Berhad

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES
None as at 28 March 2018

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER
None

CONFLICT OF INTEREST WITH THE COMPANY
None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR
None

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
Six (6) out of seven (7) meetings (since date of appointment)

QUALIFICATIONS
- Master of Business Administration, Oklahoma State University, United States of America
- Diploma in Public Administration, Institut Tadbiran Awam Malaysia ("INTAN")
- Bachelor of Arts (Hons), Universiti Kebangsaan Malaysia
- Diploma Perguruan, Universiti Kebangsaan Malaysia

WORKING EXPERIENCE AND OCCUPATION
Puan Sri was appointed to the Board of CCM Duopharma Biotech Berhad as Independent Non-Executive Director on 2 August 2016.

She obtained her Master of Business Administration from Oklahoma State University, United States of America in 1995.

Her career spanned primarily in the land and regional development and communication and multimedia, human resources and higher education sectors. She was extensively involved in international, policy and development aspects of these sectors and departments and left the government service in 2012 as the Deputy Secretary General of Ministry of Higher Education. She concluded her career in the public sector as a Senior Fellow at University Teknologi Malaysia.

Since mid-2015, Puan Sri has involved herself solely with the corporate sector and her role as the current President (since 2012) of PUSPANITA Kebangsaan (Association of Women Civil Servants and Wives of Civil Servants) which is a charity and volunteer organisation.

ZAITON BINTI JAMALUDDIN

Age
58 years

Gender
Female

Nationality
Malaysian

POSITION ON THE BOARD
Independent
Non-Executive Director

DATE OF APPOINTMENT TO THE BOARD
1 September 2016

MEMBERSHIP OF BOARD COMMITTEES
- Member, Audit and Integrity Committee
- Member, Risk Management Committee

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS
None

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES
None as at 28 March 2018

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER
None

CONFLICT OF INTEREST WITH THE COMPANY
None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR
None

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
Seven (7) out of seven (7) meetings (since date of appointment)

QUALIFICATIONS
- Bachelor of Pharmacy, Western Australia Institute of Technology
- Diploma in Management, Malaysian Institute of Management
- Master of Business Administration, Keele University, United Kingdom

WORKING EXPERIENCE AND OCCUPATION
Zaiton had accumulated over 20 years of experience in the healthcare and pharmaceutical industry. She began her illustrious career as a pupil pharmacist with the Ministry of Health in 1982. Thereafter, she joined the sales and marketing team of United Italian Trading Corporation in 1984. In 1985, she served as the Assistant Medical Information Manager for the South East Asia Regional Office of Novo Industri A/S. In 1989, when Novo Industri A/S and Nordisk Gentofte A/S merged to become Novo Nordisk A/S, the world's leading producer of insulin, she was appointed as the Business Development Manager of Malaysia, a post she held until 1993. From 1993 to 1997, she held the position of the Novo Nordisk Country Manager for Malaysia. In 1997, she became the General Manager of Novo Nordisk Pharma (M) Sdn. Bhd. until 2007.

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

An expert in her field, she was regularly invited to speak on scientific as well as motivational topics. She has served on the board of several organisations throughout her career, namely as member on the MARA Council (2000-2002) and a director on the Board of Malaysian Biotechnology Corporation Sdn. Bhd. (2006 to 2008). She was also the former President of the Pharmaceutical Association of Malaysia (2005 to 2007).

BOARD OF DIRECTORS (cont'd)

DATO' EISAH BINTI A.RAHMAN

Age
62 years

Gender
Female

Nationality
Malaysian

POSITION ON THE BOARD
Independent
Non-Executive Director

DATE OF APPOINTMENT TO THE BOARD
16 November 2016

MEMBERSHIP OF BOARD COMMITTEES
- Member, Risk Management Commitee
- Member, Nomination and Remuniration Committee

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS
None

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES
None as at 28 March 2018

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER
None

CONFLICT OF INTEREST WITH THE COMPANY
None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR
None

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
Seven (7) out of seven (7) meetings (since date of appointment)

QUALIFICATION
- Bachelor's Degree in Pharmacy, Curtin University of Technology, Western Australia
- Diploma (Postgraduate) in Medical Microbiology, Institute for Medical Research, Kuala Lumpur
- Master of Science in Pharmaceutical Analysis, University of Manchester, United Kingdom

WORKING EXPERIENCE AND OCCUPATION
Dato' Eisah served in the Malaysian Ministry of Health as a pharmacist since 1979 and held several key positions throughout her years of service. This included being the Head of Pharmaceutical Microbiology Lab, Head of GMP and Licensing Section, Deputy Director of Centre for Product Registration and eventually the Director of National Pharmaceutical Control Bureau ("NPCB"). In 2007, she was made Director of Pharmacy Enforcement and was promoted to Senior Director of Pharmaceutical Services in 2008, taking charge of the entire pharmacy programme in Malaysia. Also, since 2008, she was the Registrar of the Pharmacy Board of Malaysia.

Throughout her career, she made significant contributions to the pharmacy service and the pharmaceutical sector. She was involved in various national high level committees such as the Ministry of Health's Steering Committee for National Medicines Policy. She participated in healthcare related conferences serving as an expert on regulatory matters. She has presented major papers on regulatory control locally and internationally.

Internationally, she has held advisory roles in the area of regulations and pharmaceutical quality assurance. She was also involved in the ASEAN harmonisation initiatives for pharmaceuticals, medical devices, cosmetics, traditional medicines and health supplements. She chaired the ASEAN Consultative Committee for Standards and Quality ("ACCSQ") Pharmaceutical Product Working Group, which was instrumental to the implementation of the ASEAN Common Technical Dossier and the ASEAN Technical Guidelines. She led NPCB to being accepted as the 26th Member of the Pharmaceutical Inspection Co-operation Scheme (PIC/S) in 2002. Under her leadership, NPCB was designated a Non-OECD Member Adhering to the OECD Mutual Acceptance Data ("OECD-MAD") System. Also under her helm, the Pharmaceutical Services Division received the Global Anti-Counterfeiting Award 2013 and the Special Innovation Award 2013 for initiatives in combatting counterfeit medicines. NPCB is now known as National Pharmaceutical Regulatory Agency ("NPRA").

DATUK NIK MOUSTPHA BIN HJ NIK HASSAN

Age
64 years

Gender
Male

Nationality
Malaysian

POSITION ON THE BOARD
Independent
Non-Executive Director

DATE OF APPOINTMENT TO THE BOARD
28 December 2017

MEMBERSHIP OF BOARD COMMITTEES

- Chairman, Risk Management Committee

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS

- Takaful Ikhlas Berhad
- Member of Board of Trustee, Yayasan TRISILCO
- Member of Group Shariah Committe, MNRB Holdings Berhad

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES

None as at 28 March 2018

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER

None

CONFLICT OF INTEREST WITH THE COMPANY

None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR

None

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR

None

QUALIFICATIONS

- Master in Economics, Ohio University, Ohio, United States of America
- Degree in Business Administration, Ohio University, Ohio, United States of America

WORKING EXPERIENCE AND OCCUPATION

Datuk Nik Moustpha Bin Hj Nik Hassan was appointed to the Board of CCM Duopharma Biotech Berhad on 28 December 2017. He served as an Independent Non-Executive Director of Chemical Company of Malaysia Berhad from 9 September 2016 until 28 December 2017.

He began his career in 1979 as a Lecturer in the Faculty of Economics and Agribusiness, Agricultural University of Malaysia. In June 1983, he was seconded to the Faculty of Economics and Management of International Islamic University, Malaysia. He was the Dean of the said faculty from August 1987 to July 1989. In May 1988, he was appointed as an Associate Professor of the same faculty.

Datuk Nik Moustpha took on the position of Visiting Fellow at the Oxford Centre for Islamic Studies, University of Oxford, United Kingdom for one academic year. He was then appointed as the Dean of the Postgraduate Faculty of International Islamic University, Malaysia in August 1992. Subsequently, he joined the Institute of Islamic Understanding Malaysia ("IKIM") in 1993 and held various positions in IKIM before retiring as the Director General of IKIM in 2015.

He has authored 6 books, edited 18 books and published over 260 of his scholarly articles in various journals, books, magazines and newspapers. Amongst the books written by him include "An Islamic Paradigm in Economics: Vision and Mission", "Islamic Management for Excellence - Revitalising People for the Future", Value-based Total Performance Excellence Model and "Pandangan Alam Islam Dalam Peradaban Ekonomi dan Asas Memacu Ekonomi Ummah - Satu Pandangan". The focal point of his writings has been mainly economic thoughts, economic systems and the future of economics and management.

Datuk Nik Moustpha is currently Adjunct Professor, Faculty of Economics and Management UKM and Adviser of the Faculty of Business and Accounting, University of Malaya.

DATUK MOHD RADZIF BIN MOHD YUNUS

Age
59 years

Gender
Male

Nationality
Malaysian

POSITION ON THE BOARD
Non-Independent
Non-Executive Director

DATE OF APPOINTMENT TO THE BOARD
8 March 2018

MEMBERSHIP OF BOARD COMMITTEES
None

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS
- Bina Darulaman Berhad

SECURITIES HOLDINGS IN THE COMPANY AND ITS SUBSIDIARIES
None as at 28 March 2018

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER
None

CONFLICT OF INTEREST WITH THE COMPANY
None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR
None

NO. OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR
None

QUALIFICATIONS
- Diploma in Land Survey, Universiti Teknologi Malaysia ("UTM")
- Bachelor in Applied Science Property Resource Management (Finance), University of South Australia
- Registered Valuer and Real Estate Professional, Board of Valuers Malaysia

WORKING EXPERIENCE AND OCCUPATION
Datuk Mohd Radzif has accumulated more than 33 years of diversified experience in a variety of sectors including commercial and development banking, property development and construction, healthcare and academia, and has been involved in project finance, building refurbishment, highway concessions and construction, consultancy, healthcare and lecturing. He began his career in academia as a lecturer at Universiti Teknologi Malaysia in 1983 before taking up managerial positions in Perwira Affin Bank from 1988 until 1992. Thereafter, he was appointed as the Chief Executive Officer of a local conglomerate involved in diversified businesses. He was then called upon to take up the position of Chief Executive Officer of two pilgrimage fund related companies, as part of those companies turnaround exercise. The turnaround was achieved within 18 months of his appointment date.

Datuk Mohd Radzif was appointed as the Chief Executive Officer of Institut Jantung Negara Sdn Bhd effective in 2003. In 2006, he assumed the position as Group Managing Director of IJN Holdings Sdn Bhd. He was also subsequently additionally appointed as the Chief Executive Officer of IJN Capital Sdn Bhd and IJN College Sdn Bhd.

In July 2010, Datuk Mohd Radzif was appointed as the Managing Director of Small Medium Enterprise Development Bank Malaysia Berhad ("SME Bank") and was subsequently re-designated as its Group Managing Director in January 2014. He was awarded as the Outstanding CEO of the year in 2016 by the Association of Development Financing Institutions in Asia and Pacific ("ADFIAP").

Datuk Mohd Radzif is currently an Independent Non-Executive Director of Bina Darulaman Berhad, an investment holding company with subsidiaries involved in township development, construction, road works, quarry, golf and leisure. He is also currently a Director in Perbadanan Kampung Bharu and a Committee Member of the Intellectual Capital Development Committee in Agensi Inovasi Malaysia ("AIM"). He was recently appointed as a member of the FinTech Advisory Council in Frost & Sullivan.

ENHANCING INNOVATION POTENTIAL

Innovation is critical to the long-term success of our business and we continually leverage the skills and abilities of our people as well as explore collaborations to expand our innovation capabilities and improve our competitive advantage.

SENIOR MANAGEMENT

BILLY URUDRA

Age
57 years

Gender
Male

Nationality
Malaysian

POSITION
Chief Commercial Officer

DATE OF APPOINTMENT TO KEY SENIOR POSITION
1 January 2012

DIRECTORSHIP IN PUBLIC COMPANIES AND OTHER LISTED ISSUERS
None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER
None

CONFLICT OF INTEREST WITH THE COMPANY
None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR
None

QUALIFICATIONS
- Bachelor of Science (Hons) in Mechanical Engineering, Middlesex University, United Kingdom
- Senior Management Development Programme, Harvard Business School

WORKING EXPERIENCE AND OCCUPATION
Billy Urudra joined the ICI/Chemical Company of Malaysia ("CCMB") Bhd on 2 June 1983 as Plant Engineer for the Fertilizer Business Division. After having spent over 6 years in the engineering field, in July 1989, he was transferred to CCMB's Chemicals Division as a Product Manager.

This was the start of his commercial career. As part of CCMB's career development program, Billy was moved to the Group Human Resources Department, where in October 1990, he was appointed Human Resource Planning Manager for CCMB Group.

After having had 2 years of human resource management exposure, he was transferred back to CCMB's Chemicals Division in April 1992 and appointed Business Manager. He spent a further 11 years in the chemicals business and was subsequently appointed Director of CCMB's Chemicals Business.

On 1 February 2003, he was transferred to CCMB's Pharmaceuticals Division as Director and General Manager, Marketing. This was his start in the pharmaceuticals industry. In July 2004, he was moved to CCMB's Corporate Office to lead the Group Business Development role, and appointed as Director, Group Strategic Planning & Business Development. He also took on special corporate roles as Director, International Business Division and Director, Group Transformation Office.

On 1 January 2012, he was transferred to CCMB's Pharmaceuticals Division as Chief Commercial Officer. He currently heads all of CCM Duopharma's commercial activities, both locally and internationally. Billy is also the Vice President of the Malaysian Organization of Pharmaceutical Industries ("MOPI"). Billy Urudra has nearly 28 years of commercial experience, of which 14 years are in the pharmaceuticals industry.

CHEK WU KONG

Age
52 years

Gender
Male

Nationality
Malaysian

POSITION
Chief Financial Officer

DATE OF APPOINTMENT TO KEY SENIOR POSITION
7 August 2000

DIRECTORSHIP IN PUBLIC COMPANIES AND OTHER LISTED ISSUERS
None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER
None

CONFLICT OF INTEREST WITH THE COMPANY
None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR
None

QUALIFICATIONS
- Bachelor of Accounting (Hons), University of Malaya
- Chartered Accountant, Malaysian Institute of Accountants
- Malaysian Institute of Certified Public Accountants ("MICPA")
- Senior Management Development Programme, Harvard Business School
- ICAEW Qualified Person Responsible for Training ("QPRT")

WORKING EXPERIENCE AND OCCUPATION
Chek commenced his career in an international firm of public accountants in 1990, gaining experience in taxation, auditing and accounting. He joined Komarkcorp Berhad in 1994 as Accountant and was responsible for corporate restructuring, group accounting and finance. He was later promoted to Group Finance Manager in 1995 and thereafter to Group Financial Controller in 1996 before starting his own business in January 2000. He joined CCM Duopharma in August 2000 as Financial Controller and was promoted to his current position in 2012 and is responsible for finance, IT and human resources portfolios.

WAN AMIR-JEFFERY BIN WAN ABDUL MAJID

Age
45 years

Gender
Male

Nationality
Malaysian

POSITION
Chief Strategy Officer

DATE OF APPOINTMENT TO KEY SENIOR POSITION
5 September 2016

DIRECTORSHIP IN PUBLIC COMPANIES AND OTHER LISTED ISSUERS
None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER
None

CONFLICT OF INTEREST WITH THE COMPANY
None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR
None

QUALIFICATIONS
- Bachelor of Business Administration - International Trade, University of Central Arkansas, United States of America.
- Senior Management Development Programme, Harvard Business School

WORKING EXPERIENCE AND OCCUPATION
Wan Amir-Jeffery began his career in a marine and environmental consulting firm called Sea Resources Management ("SRM") Sdn. Bhd. in 1997. In 2007, he left SRM to join Malaysian Biotechnology Corporation ("BiotechCorp") Sdn. Bhd. as Lead Business Analyst, Biomedical Business Development and Investment ("BDI") Division. At BiotechCorp, he developed his knowledge and expertise in identifying, structuring, securing and implementing biomedical investment projects, especially in the biopharma and pharmaceutical industries. He was promoted to Vice-President within the same division in 2008.

In 2013, he assumed the dual role of Chief Executive Officer of Johor Biotechnology & Biodiversity Corporation and J-Biotech Holdings Sdn. Bhd. He was responsible for developing and implementing key bioeconomy and biotech initiatives in Johor. Wan Amir-Jeffery joined CCM Duopharma Biotech Berhad as Chief Strategy Officer on 5 September 2016, responsible for business development, Halal initiatives and government business sales of CCM Duopharma. He is also the Chief Executive Officer of Duopharma (M) Sendirian Berhad, a wholly owned subsidiary of CCM Duopharma since 5 September 2016.

NG SU YEE

Age
50 years

Gender
Female

Nationality
Malaysian

POSITION
Chief Technical Officer

DATE OF APPOINTMENT TO KEY SENIOR POSITION
1 January 2012

DIRECTORSHIP IN PUBLIC COMPANIES AND OTHER LISTED ISSUERS
None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER
None

CONFLICT OF INTEREST WITH THE COMPANY
None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR
None

QUALIFICATIONS
- Bachelor of Pharmacy (Hons), University of London, United Kingdom
- Senior Management Development Programme, Harvard Business School

WORKING EXPERIENCE AND OCCUPATION
Su Yee did her pre-registration pharmacist training in CE Harrod Chemist, an independent retail pharmacy in London from 1990 to 1991. Upon her return to Malaysia, she joined Ekim Trading, a Bumiputra tendering agent in Kuala Lumpur as a Pharmacist in 1992. She commenced her industrial career in Glaxo Malaysia (now GSK) in 1993 as Production Pharmacist and was later promoted to Section Manager overseeing pharmaceutical manufacturing. Su Yee joined the Chemical Company of Malaysia ("CCM") Group in June 1997. Over the years, she has led various disciplines of plant operations. Su Yee was appointed as the Chief Manufacturing & Technical Officer on 1 January 2012. On 1 January 2016, she was appointed as the Chief Technical Officer overseeing Regulatory Affairs, Quality Assurance, Quality Control, Technical Support, Product Improvement, Central Purchasing, Medical & Clinical Affairs, Pharmacovigilance, Research & Development, and the Group's Manufacturing Strategy.

Su Yee is a member of the Royal Pharmaceutical Society of Great Britain and the Malaysian Pharmaceutical Society. She is also a member of the Executive Council of Malaysian Organisation of Pharmaceutical Industries ("MOPI") and the International Society for Pharmaceutical Engineering ("ISPE") Malaysia Affiliate. Su Yee is also a committee member of the Pharmacy Course Advisory & Stakeholder Group of Monash University Malaysia.

SENIOR MANAGEMENT (cont'd)

KRISNAKUMARA-REDDI

Age
48 years

Gender
Male

Nationality
Malaysian

POSITION
Chief Manufacturing Officer

DATE OF APPOINTMENT TO KEY SENIOR POSITION
1 January 2016

DIRECTORSHIP IN PUBLIC COMPANIES AND OTHER LISTED ISSUERS
None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER
None

CONFLICT OF INTEREST WITH THE COMPANY
None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR
None

QUALIFICATIONS
- Bachelor of Pharmacy (Hons), University of Science Malaysia, Penang ("USM")
- Senior Management Development Programme, Harvard Business School
- Certified Lean Six Sigma - Black Belt

WORKING EXPERIENCE AND OCCUPATION
Krisna did his housemanship with the National Pharmaceutical Control Bureau (now known as National Pharmaceutical Regulatory Agency) from 1994 to 1995. Upon completion of his compulsory service, he joined Bristol Myers Squibb as Hospital Sales Representative covering private and government hospitals in the central and northern regions.

He pursued his industrial career beginning with Sterling Health Manufacturing in 1996. He joined as Production Pharmacist overseeing galenical and ophthalmic manufacturing. From here, Krisna moved on to Upha Pharmaceutical Manufacturing (M) Sdn. Bhd. and later to CCM Duopharma in 1998. Over the years, he led various disciplines of plant operations which include Production, Warehousing and Transportation, Planning, Engineering, Project Management and Quality Assurance. Krisna completed his Lean Six Sigma projects and obtained his Black Belt certification in 2016. Krisna was appointed as Chief Manufacturing Officer on 1 January 2016, overseeing Plant Manufacturing functions which includes Production, Planning, Engineering, Material Warehouse and Safety, Health and Environment.

IBRAHIM HUSSIN SALLEH

Age
50 years

Gender
Male

Nationality
Permanent Resident of Malaysia

POSITION
Chief Legal Officer

DATE OF APPOINTMENT TO KEY SENIOR POSITION
28 December 2017

DIRECTORSHIP IN PUBLIC COMPANIES AND OTHER LISTED ISSUERS
None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER
None

CONFLICT OF INTEREST WITH THE COMPANY
None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR
None

QUALIFICATIONS
- LL.B (Hons.), International Islamic University Malaysia
- LL.M, University of Malaya
- Advocate & Solicitor of the High Court of Malaya

WORKING EXPERIENCE AND OCCUPATION
Ibrahim was admitted to the Roll of Advocates and Solicitors of the High Court of Malaya in 1993 and thereafter practised as an Advocate & Solicitor, gaining experience in banking, conveyancing, corporate and litigation matters. He joined a public listed property development company in 2002 as Head of the Legal & Secretarial Department. He subsequently joined CCMB in April 2006 as Legal Manager and was appointed as the Joint Company Secretary in September 2006. He was promoted to General Manager, Legal in 2008. Following the demerger of CCM Duopharma Biotech Berhad and Chemical Company of Malaysia Berhad ("CCMB"), he was appointed as the Chief Legal Officer and as the Group Company Secretary of CCM Duopharma Biotech Berhad effective 28 December 2017.

ANITA BINTI ESA

Age
51 years

Gender
Female

Nationality
Malaysian

POSITION
Head, Group Risk Management

DATE OF APPOINTMENT TO KEY SENIOR POSITION
1 January 2017

DIRECTORSHIP IN PUBLIC COMPANIES AND OTHER LISTED ISSUERS
None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER
None

CONFLICT OF INTEREST WITH THE COMPANY
None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR
None

QUALIFICATIONS
- Master of Business Administration, MARA University of Technology
- Bachelor of Science with Honours, University of Science Malaysia
- Enterprise Risk Manager Professional Certification, Institute of Enterprise Risk Practitioners ("IERP")

WORKING EXPERIENCE AND OCCUPATION
Anita has vast experience in various fields which include sales, marketing, strategy and project management. She first launched her career back in January 1991 in Eisai Malaysia, a Tokyo-based pharmaceuticals company, as a sales representative. Following this, she joined Zeneca that same year where she continued building her career in sales and marketing for nearly a decade. Subsequent engagements included stints in Novartis, Novo Nordisk and Bayer, developed her wealth of expertise in the management of products and international business. After leaving her role as National Sales Manager at Bayer in 2006, she has assumed various positions at CCM, including Marketing Manager, Senior Business Analyst (Strategy), Senior Project Manager and Head Group Risk Management of the CCMB Group in 2017. Following the demerger of CCM Duopharma Biotech Berhad and CCMB Group, she was appointed as Head Group Risk Management of CCM Duopharma Biotech Berhad effective 28 December 2017.

RAMA SOCKALINGAM NAGAPPAN

Age
34 years

Gender
Male

Nationality
Malaysian

POSITION
Head, Group Internal Audit & Integrity

DATE OF APPOINTMENT TO KEY SENIOR POSITION
28 December 2017

DIRECTORSHIP IN PUBLIC COMPANIES AND OTHER LISTED ISSUERS
None

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND/OR MAJOR SHAREHOLDER
None

CONFLICT OF INTEREST WITH THE COMPANY
None

LIST OF CONVICTIONS FOR OFFENCES WITHIN THE PAST 5 YEARS AND PARTICULARS OF ANY PUBLIC SANCTION OR PENALTY IMPOSED BY THE RELEVANT REGULATORY BODIES DURING THE FINANCIAL YEAR
None

QUALIFICATIONS
- Certified Practising Accountant ("CPA"), Australia
- Chartered Member, Institute of Internal Auditors
- Certified Integrity Officer ("CeIO"), Malaysian Anti-Corruption Academy
- Bachelor of Business (Accounting & Management), La Trobe University, Australia

WORKING EXPERIENCE AND OCCUPATION
Rama started his career as an auditor at Crowe Horwath (Melaka), gaining exposure in auditing, risk management and consulting. Subsequently, he joined UEM Group Berhad in 2008 leading multiple audit assignments on companies of the UEM Group, in a myriad of industries.

Prior to his appointment in CCM Duopharma Biotech Berhad, Rama was Senior Manager, Integrity in Chemical Company of Malaysia Berhad ("CCMB") spearheading the development, coordination, and implementation of the CCMB Group Corporate Integrity Plan/System and was also responsible to lead investigation audits and the Fertilizers Division's audit portfolio.

Rama is also an appointed member of the Malaysian Institute of Integrity ("INTEGRITI") and a Certified ISO 37001 ("Anti-Bribery Management System"), Lead Implementer from PECB, Canada.

EXTENDING MARKET LEADERSHIP

Our Halal Pharmaceuticals initiatives made us the first pharmaceutical company to be certified by JAKIM for Halal prescriptive drugs in our pursuit of a bigger market leadership that is closely aligned with our long-term strategies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Corporate Governance Overview Statement outlines CCM Duopharma Biotech Berhad's ("CCM Duopharma") and its subsidiaries' (collectively referred to as "CCM Duopharma Group") approach towards corporate governance, its key focus areas and future priorities. CCM Duopharma recognises the importance of having balanced, meaningful and comparable corporate governance disclosures which will allow stakeholders to appreciate the direction that CCM Duopharma is heading towards and how the outcomes of good corporate governance will be delivered.

This Corporate Governance Overview Statement is augmented with a Corporate Governance Report, which provides detailed disclosures on the application of each Practice as codified in the Malaysian Code on Corporate Governance ("MCCG"). The Corporate Governance Report is available on CCM Duopharma's website as well as via the announcement made on the website of Bursa Malaysia Berhad. The Corporate Governance Overview Statement and Corporate Governance Report are made pursuant to paragraph 15.25 of the Main Market Listing Requirements by Bursa Malaysia Securities Berhad ("MMLR") and are narrated with reference to the guidance provided in Practice Note 9 of MMLR and the Corporate Governance Guide (3rd Edition) issued by Bursa Malaysia Berhad.

The Corporate Governance Overview Statement should also be read in conjunction with other statements in this Annual Report (e.g. Statement on Risk Management and Internal Controls, Reports on Board Committees and Sustainability Statement) for an instructive understanding of CCM Duopharma's corporate governance framework and practices.

Corporate governance approach

In line with the prevailing narrative of the Annual Report, it is worth noting that the year 2017 was a year of unprecedented transformational change for CCM Duopharma as well as for Chemical Company of Malaysia Berhad and its subsidiaries ("CCMB Group") as a whole. The year culminated with the conclusion of the much-anticipated demerger of CCM Duopharma from the CCMB Group and its ultimate cessation as a subsidiary of Chemical Company of Malaysia Berhad ("CCMB"). Upon the completion of the demerger at the tail end of the financial year, Leonard Ariff relinquished his position as the Group Managing Director ("GMD") of CCMB and was subsequently redeployed as GMD for CCM Duopharma. Leonard is tasked to steer CCM Duopharma based on the strategic direction of the Board and to provide visionary leadership for the Senior Management team.

As CCM Duopharma pursues its growth agenda and charts its renewed path, the Board of CCM Duopharma ("Board") has sharpened its focus and commitment to maintain a credible and dynamic governance framework that supports and drives the long-term sustainability of CCM Duopharma. The Board recognises that the architecture and implementation of the governance framework is paramount for the effective development of strategy and business plan, the monitoring CCM Duopharma's performance and the prudent management of risks. Whilst the circumstances of CCM Duopharma may evolve over time, CCM Duopharma's overarching governance approach remains firmly-rooted and is anchored on CCM Duopharma's six core values of **Passion, Excellence, Teamwork, Integrity, Responsible** and **Respect**.

CCM Duopharma's overall corporate governance approach is to:

- Create a purpose and value driven corporate governance framework by promoting individual accountability;
- Humanise governance through the mastery of intersection between rules, processes, ethics and morality; and
- Drive the application of good governance practices in tandem with the value creation process of CCM Duopharma.

Recognising that a corporate governance framework is to certain extent malleable, the Board regularly reviews CCM Duopharma's corporate governance policies and procedures to ensure they reflect the latest curation of discourse, market dynamics and best practices whilst simultaneously addressing the needs of CCM Duopharma. In performing its duties, the Board continuously encourages and promotes meaningful and thoughtful application of corporate governance practices in line with established benchmarks. This proved to be a monumental effort during the year as the domestic corporate governance ecosystem was introduced to a swathe of corporate governance reform measures, namely the coming into force of the Companies Act 2016, the release of the latest incarnation of MCCG, amendments to MMLR as well as the issuance of the 3rd edition Corporate Governance Guide by Bursa Malaysia Berhad.

Summary of corporate governance practices

In seeking to actualise its corporate governance aspirations, CCM Duopharma has benchmarked its practices against the relevant promulgations and best practices.

CCM Duopharma has consistently applied all the Practices espoused by the MCCG, save for:

- Practice 6.2 (the establishment of a dedicated remuneration committee);
- Practice 7.2 (the disclosure of Senior Management remuneration);
- Practice 11.2 (the adoption of Integrated Reporting); and
- Practice 12.3 (the use of technology to facilitate remote shareholders' participation in general meetings).

In relation to the aforementioned departed Practices, CCM Duopharma has provided forthcoming and cogent explanations for their non-application. The Board appreciates the line of sight or Intended Outcomes outlined in MCCG and has therefore put in place alternative practices, taking into account the Intended Outcomes envisioned by the said Practices of MCCG.

As CCM Duopharma scales up in size and scope by progressing along its current trajectory, the Board will consider the adoption of the departed Practices as CCM Duopharma would be better positioned to implement these Practices in substance at that juncture. Whilst CCM Duopharma does not fall within the remit of Large Companies[1] as defined by MCCG, CCM Duopharma has on its own volition disclosed measures that it has taken or intends to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices. Further details on the application of each individual Practice of MCCG are available in the Corporate Governance Report.

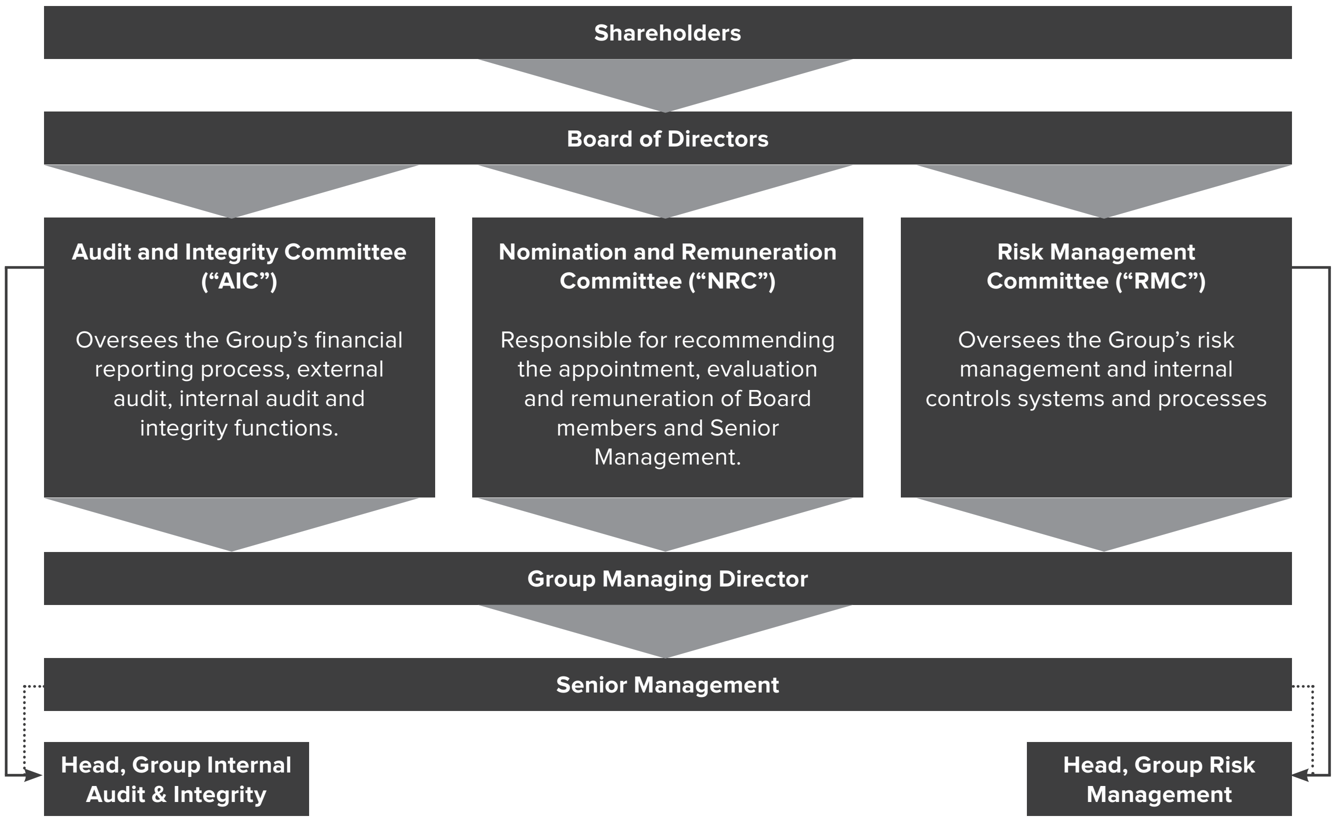
A summary of CCM Duopharma's corporate governance practices with reference to the MCCG is outlined below.

Roles and responsibilities of the Board

In an age where boards are expected to be far-sighted and more vigilant than ever, the Board assumes an active role in setting the strategic direction and providing leadership for the overall direction for CCM Duopharma. In ensuring the proper management of the affairs of CCM Duopharma, the Board is cognisant of the need for CCM Duopharma to operate within a framework of prudent and effective risk management and internal control mechanisms.

Board Committees have been established to assist the Board in its oversight function on specific matters. Whilst oversight of selected responsibility areas is delegated to the Board Committees, the Board nevertheless retains collective oversight and jurisdiction over the Board Committees. The Board Committees reports their activities and findings to the Board and are guided by their respective Terms of Reference.

[1] *Large Companies are companies on the FTSE Bursa Malaysia Top 100 Index; or companies with market capitalisation of RM2 billion and above, at the start of the companies' financial year.*



The Board has formalised a Board Charter which serves as an authoritative document that governs the conduct of the Board, Board Committees and individual Directors. The Board Charter sets out the roles, responsibilities and authority of the Board. The Board has recently undertaken a review of the Terms of Reference of Board Committees during the year to ensure that they remain contemporaneous vis-à-vis latest regulatory developments, stakeholders' expectations and corporate governance best practices.

During the year, the Board and Board Committees have met regularly to deliberate on matters under their purview. Directors have devoted sufficient time to prepare, attend and actively participate during the Board and/or Board Committees meetings. The overarching agenda for the Board during the year was overseeing and supporting Senior Management on the execution of the strategic plan and the demerger exercise. Accordingly, the Board has deliberated on pertinent issues including CCM Duopharma's annual business plan, annual budget, significant acquisitions and disposals, financial results as well as key performance indicators. Meeting attendance of individual Directors during the year is outlined below.

Director	Board	ARMC	NRC
Leonard Ariff bin Abdul Shatar*	0/0		
Non-Independent Non-Executive Director			
Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir	6/7		4/4
Datuk Mohd Radzif bin Mohd Yunus****	0/0		
YB Dato' Hajah Normala binti Abdul Samad**	6/7		
Dato' Azmi bin Mohd Ali**	7/7		4/4
Independent Non-Executive Director			
Dato' Mohamad Kamarudin bin Hassan	7/7	5/5	4/4
Puan Sri Datuk Seri Rohani Parkash binti Abdullah	6/7		

Director	Board	ARMC	NRC
Dato' Eisah binti A. Rahman	7/7		0/0
Datuk Nik Moustpha bin Hj Nik Hassan*	0/0		
Razalee bin Amin	7/7	5/5	
Zaiton binti Jamaluddin	7/7	5/5	
Dr. Byung-Geon Rhee***	1/1		

Chairman Member

1. *Following the completion of the demerger on 28 December 2017, the Audit and Risk Management Committee ("ARMC") was reconstituted to Audit and Integrity Committee ("AIC") and a Risk Management Committee ("RMC"). There was no meeting for AIC and RMC for the period from 28 December 2017 to 31 December 2017.*
2. ** Appointed w.e.f 28 December 2017 upon the conclusion of the demerger*
3. *** Resigned w.e.f 28 December 2017 upon the conclusion of the demerger*
4. **** Resigned w.e.f 25 February 2017*
5. ***** Appointed w.e.f. 8 March 2018*

There is a clear separation of roles between the Chairman of the Board and the Group Managing Director to bring about an effective check and balance mechanism. The Group Managing Director is responsible for the day-to-day business and activities of CCM Duopharma and implements the strategies, policies and decisions approved by the Board. The Board has also appointed a Senior Independent Director who chairs the NRC and serves as a sounding board to the Chairman and a conduit for other Directors when necessary.

In performing their duties, the Board is supported by a professionally qualified and competent Company Secretary. The Company Secretary acts a corporate governance advisor and provides the Board with periodic updates on the latest regulatory developments and facilitate the implementation of pertinent corporate governance enumerations. The Company Secretary assists in agenda setting and disseminates complete and accurate meeting materials to Directors in a timely manner in order to facilitate informed and rigorous Board or Board Committee discussions.

As the Board is the nucleus of good governance culture, it continuously strives to set the "tone at the top" and cascade ethical values and standards across every level of the Group. As such, the Board has adopted CCMB Group's Code of Conduct to govern employees in their day-to-day professional conduct and decision-making process. As part of a far-reaching effort to promote ethical conduct, a Whistleblowing Policy has also been put in place to allow employees and other stakeholders to raise legitimate concerns without fear of retaliatory actions.

Board composition

As CCM Duopharma embark on this new journey post-demerger, it is especially imperative for the Board to have an appropriate mix of skills, qualifications and experience that can support and strengthen CCM Duopharma's leadership in driving the long-term vision for the Group. The Board, through the NRC, periodically reviews its composition to dovetail with the strategic trajectory of CCM Duopharma. The combined skills and expertise of Directors provide a breadth and depth of diverse perspectives that can refine the decision-making of the Board in pertinent areas.

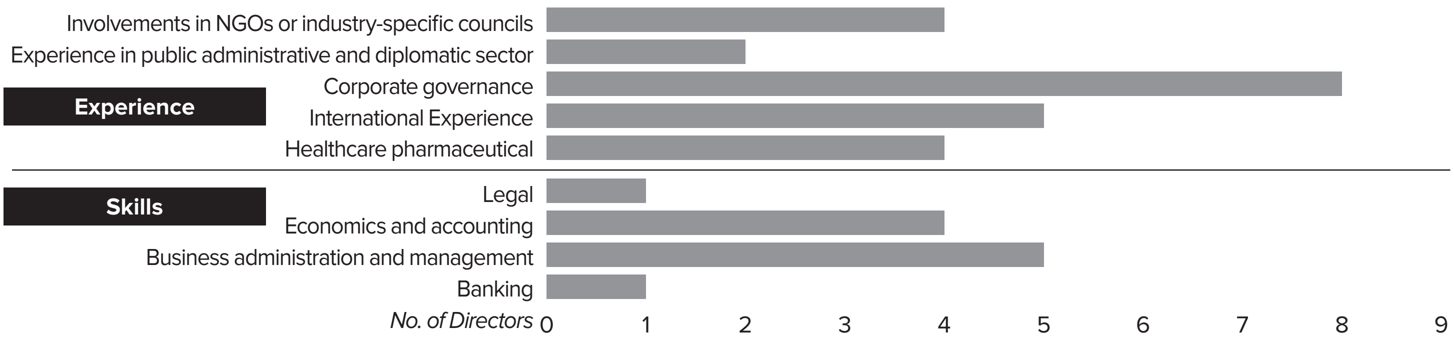
CCM Duopharma also has a long-standing history of constituting a diverse Board in the facet of gender. At present, there are four women Directors out of the nine Board members in aggregate. Taking cue from the policy pronouncement by the government, the Board has now furthered this agenda by codifying a stipulation in the Board Charter which calls for the Board to comprise at least 30% women Directors at any one time. It is also worthwhile to acknowledge that CCM Duopharma is one of the few listed issuers that have a female Non-Executive Director as the Board Chairman (i.e. only 9 out of the top 300 listed issuers by market capitalisation have female Non-Executive Chairmen)[2].

A granular dissection of the Board composition is depicted on the following page.

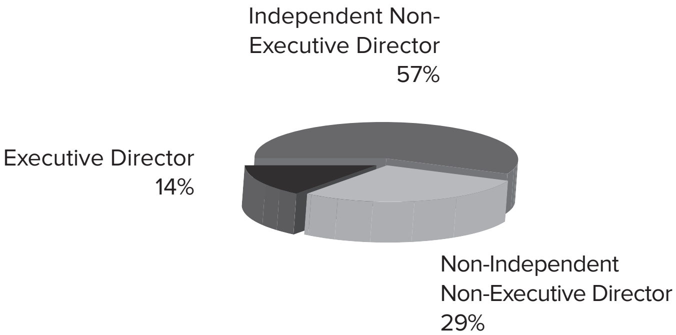
[2] *Based on latest available annual reports as at 31 July 2017*

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

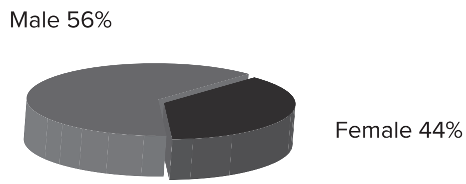
Director Skills and Experience



Board Independence



Board Diversity



Appointments to the Board are made via a formal, rigorous and transparent process. In assessing and recommending candidates for directorships, the NRC is guided by CCMB Group's Board Selection and Nomination Procedure which outlines the skills, experience and attributes required in a candidate. Sourcing of candidates are primarily based on referrals from incumbent Directors, Management and CCM Duopharma's major shareholders. To supplement this conventional method, the NRC additionally has access to independent search firms and consultants to identify a wider pool of potential candidates.

On an annual basis, the Board, Board Committees and individual Directors including Independent Directors are subjected to a rigorous evaluation process on their performance and effectiveness. The assessment is administered using instruments that deploy both qualitative and quantitative criteria, based on a self and peer rating assessment model.

In addition to the aforementioned evaluation, Independent Directors are also subjected to an annual test of independence, which is based on a set of qualitative evaluation criteria, so as to ascertain their continued objectivity and impartiality. As an additional measure to mitigate the risk of entrenchment, CCM Duopharma has codified a policy stipulation that limits the cumulative (consecutive or intermittent) tenure of Independent Directors to 9 years. The Board is of the view that such a quantitative measure would bring about the desired qualitative outcome of "independence in mind".

Remuneration

A fair remuneration package is critical to attract, retain and motivate Directors and Senior Management personnel. Towards this end, the Board has adopted Chemical Company of Malaysia ("CCMB") Group's Board Remuneration Policy to provide a formal and transparent process for setting the remuneration of Non-Executive Directors.

The Board acknowledges that remuneration is a key component in driving talented and high-calibre individuals to run the business successfully. For Non-Executive Directors, the remuneration packages are based on their position in the Board, participation in boardroom activities and specific skills or expertise that they bring to the Board. Based on the recent Report on Non-Executive Directors Remuneration 2017 released by KPMG, it was noted that CCM Duopharma is within the median range of payers in the consumer products industry.

The Board, through the NRC, aims to undertake a review on the remuneration of Directors and Senior Management once every three years.

Audit Committee

The Board has established an AIC to provide a robust and comprehensive oversight on the financial reporting, external and internal audit processes as well as integrity matters of CCM Duopharma Group. The Chairman of the AIC is distinct from the Chairman of the Board. The AIC members possess the requisite financial literacy and business knowledge that support the sound understanding of matters under their purview.

The AIC has unfettered access to both the internal and external auditors, who, in turn report directly to the AIC. The Board has established formal and transparent arrangements to maintain an appropriate professional relationship with the external auditor. This includes adopting policies and procedures to assess the suitability and independence of the external auditor on an annual basis. During the year under review, the external auditor has provided assurance that its personnel are and have been independent throughout the conduct of the audit in accordance to the terms of relevant professional and regulatory promulgations.

Risk management and internal controls

In order to address risks in a global environment that is characterised by continuous dissonance and disruption, the Board has recently instituted a stand-alone RMC at the Board level to assist in the oversight of internal and exogenous risk factors that are surrounding CCM Duopharma Group. This responsibility was previously borne by a combined Audit and Risk Management Committee which has now morphed into the dedicated AIC and RMC respectively. The metamorphosis of the combined Audit and Risk Management Committee into stand-alone Board Committees allows for more structured and focused oversight on specialised responsibility areas.

A robust risk management and internal control framework that has been established allows CCM Duopharma Group to identify, analyse, monitor and manage key business risks and is thus important in supporting the delivery of long-term value to CCM Duopharma Group's stakeholders. For the year under review, CCM Duopharma Group's risk management and internal control framework is based on CCMB Group's Risk Management and Manual Guidelines, which in turn is aligned to the globally recognised International Organisation for Standardisation Risk Management and Manual Guidelines (ISO) 31000.

During the year under review, CCM Duopharma Group's internal audit function leveraged on CCMB Group's in-house internal audit function ("Group Internal Audit") which resides within the Group Integrity and Assurance Department. The Group Internal Audit reports and make recommendations directly to the AIC (previously the Audit and Risk Management Committee). The Group Internal Audit is accorded with appropriate standing and authority to enable the discharge of its duties with independence and without undue influence. The Group Internal Audit has unrestricted access to the relevant personnel, properties and records within CCM Duopharma so as to discharge its functions in an unbridled manner.

Communication with stakeholders

As stewards of CCM Duopharma Group, the Board strives to foster a collegial and transparent relationship with the stakeholders of CCM Duopharma. Accordingly, the Board seeks to ensure that there is continuous communication and dissemination of information to stakeholders through a plethora of engagement fora including CCM Duopharma's website, announcements to Bursa Malaysia Securities Berhad as well as social media sites. CCM Duopharma's website contains recent announcements, past and current reports to shareholders, including summaries of key financial data, operational briefing presentations as well as copies of recent notices and minutes of general meetings. During the year under review, CCM Duopharma has also supplemented these activities by regularly participating in investors and analyst briefing sessions.

The Board has adopted CCMB Group's Communication Policy and Corporate Disclosure Policy that governs communication methods between CCM Duopharma and its stakeholders.

Conduct of general meeting

The Annual General Meeting ("AGM") serves as an invaluable platform for shareholders to engage the Board and Senior Management in a productive dialogue and provide constructive feedback that contributes to the overall betterment of CCM Duopharma Group. During the previous AGM, all Directors were present to provide clear and meaningful response to shareholders' questions. The External Audit Partner was also present to answer questions from shareholders relating to the external audit process and outcome.

In order to encourage shareholders' participation, the Board ensures the location of the general meetings is easy to reach and reflective of shareholders' geographical dispersion. In addition, shareholders have been provided with 28 days' notice for the upcoming AGM to accord them with adequate time to prepare and ultimately make informed decisions during the AGM. The notice for AGM outlines the resolutions to be tabled during the said meeting and is accompanied with explanatory notes and background information where applicable.

Focus areas during the year

The events which occurred during the year, namely CCMB Group's restructuring exercise which resulted in CCM Duopharma's subsequent detachment from the CCMB Group as well as local regulatory reforms in the domain of corporate governance, have necessitated the Board to be even more engaged in its value creation role. The Board played a crucial role in overseeing the demerger exercise and the resulting changes in CCM Duopharma's structure and ownership. In light of these developments, Directors were expected to devote more time and effort to gain a granular understanding of the complexities and nuances of CCM Duopharma's business in order to successfully attain the long-term vision for CCM Duopharma.

As CCM Duopharma increasingly falls under the close and direct scrutiny of institutional investors, there is no room for neglect in its corporate governance practices. During the year in review, the Board's focus on corporate governance revolved around the following areas:

Review of corporate governance policies and procedures

In light of the changes in the rich domestic corporate governance tapestry and CCM Duopharma's newfound detachment from the CCMB Group, the Board took the initiative to review and update its existing policies and procedures and formalise new ones where they do not exist. More specifically, changes were made to the Terms of Reference for the NRC and Policy on External Auditor. The Board has additionally formalised the respective Terms of References for the AIC and the RMC following the disbandment of the Audit and Risk Management Committee.

As these documents serve as guiding literature for the Board, the Board was cognizant to ensure that the changes made reflect the latest regulatory developments, expectations of stakeholders and the evolving operational and strategic circumstances of CCM Duopharma Group. The Board has also ensured that the relevant policies and procedures including the Board Charter and Board Committees' Terms of Reference are made accessible on CCM Duopharma's website.

Premised on the tenet of transparency, CCM Duopharma has on its own volition provided disclosures on the measures that CCM Duopharma has taken or intends to take to adopt the departed Practices of MCCG as well as the timeframe for adoption of the departed Practices. The Board recognises that this is a positive step which would allow CCMB to be placed alongside Large Companies based on the hallmark of transparency.

Succession planning

The succession plan put in place as part of CCMB Group's corporate restructuring exercise sought to ensure that there are no overlaps between the Board and Senior Management of CCM Duopharma and that of CCMB. This serves to ensure there is clear disentanglement in the newly-minted corporate structure.

Accordingly, Dato' Hajah Normala binti Abdul Samad stepped down as Chairman of CCM Duopharma in order to retain her seat as Chairman of CCMB. In line with the succession plan, Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir assumed the Chairmanship role of CCM Duopharma's Board. The demerger additionally saw the resignation of Dato' Azmi bin Mohd Ali, who retained his seat in CCMB. In order to fill the vacuum, the Board has appointed Datuk Nik Moustpha bin Hj Nik Hassan as an Independent Director. The tripartite combination of independence, knowledge and experience that Datuk Nik Moustpha brings to the Board will undoubtedly reinforce the element of informed oversight in deliberations and decision making of the Board.

During the year, the Board also oversaw the accession of Leonard Ariff bin Abdul Shatar as Group Managing Director from his previous designation as Chief Executive Officer. As it has always done, the Board will continue to support Leonard Ariff in his role and in his quest to spearhead CCM Duopharma to greater heights.

Director's professional development

Directors were provided with opportunities to develop and maintain their skills and knowledge throughout the year. The CCMB Group has organised in-house talks and training sessions facilitated by third party experts to keep Directors abreast on the latest market developments that may impact CCM Duopharma and the CCMB Group as a whole. Additionally, Directors have discretionally exercised their own initiative to request for external trainings, seminars or conferences that enhance their skill sets and knowledge in areas relevant to CCM Duopharma.

Visits to CCM Duopharma's operational sites were also arranged for Directors in order for them to gain first-hand views of the CCM Duopharma's operations and thus, cultivate a holistic understanding of the CCM Duopharma's business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

During the year in review, the Directors of CCM Duopharma have participated the following professional development programmes:

Director	Programme	Date
Leonard Ariff bin Abdul Shatar	"Companies Act 2016: Overview of the Changes and How They Affect You and Your Business" by Chemical Company of Malaysia Berhad	27 February 2017
	"The Outward Mindset: Leadership and Self-Betrayal" by Senthiyl SSG from the Arbinger Institute, organised by Chemical Company of Malaysia Berhad	13 July 2017
	CPhI Worldwide 2017 Frankfurt Germany	24 to 26 October 2017
Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir	OSK Group – KPMG Risk Management Training • Corporate Governance Ecosystem in Malaysia: Beyond Box-Ticking? What's New in Bursa Malaysia's Listing Requirements Amendments • Guidelines on Management of Cyber Risks Governance and Cyber Risk Measures • What's New: Malaysian Code on Corporate Governance 2016 (Draft) and Companies Act 2016 • Risk Management: What is it and How it Benefits • Enterprise Risk Management: Roles and Responsibilities • Change in Risk Landscape, Current Risk Trends and Risk Culture	21 February 2017
	"Malaysia Global Leadership; Halal Pharmaceuticals & Informed Choice" organised by Chemical Company of Malaysia Berhad	31 March 2017
	"The Evolving Rules of Social Media: How to Leverage Social Media to Grow your Company, Engage Stakeholders and Actually Make Sales" organised by Chemical Company of Malaysia Berhad	7 April 2017
	"The Outward Mindset: Leadership and Self-Betrayal" by Senthiyl SSG from the Arbinger Institute, organised by Chemical Company of Malaysia Berhad	13 July 2017
	University Leadership & Governance Conference 2017 on Redesigning Education towards Financially Sustainable Universities" by University of Malaya, MOHE and AKEPT	15 to 16 August 2017
	Bursa Malaysia Advocacy Session on Corporate Disclosure for Directors and Principal Officer of Listed Issuer by Bursa Malaysia Berhad	30 August 2017
	ISQua 34th International Conference London 2017 on "Learning at the System Level to Improve Healthcare Quality & Safety"	1 to 4 October 2017
	Bursa Malaysia Corporate Governance Breakfast Series: Integrating an Innovation Mindset with Effective Governance by Bursa Malaysia Berhad	7 November 2017
	Bursa Malaysia Case Study Workshop for Independent Directors on "Re-thinking- Independent Directors: A New Frontier" by Bursa Malaysia Berhad	9 November 2017

Director	Programme	Date
Tan Sri Datin Paduka Siti Sa'diah Binti Sh Bakir (cont'd)	KPJ Medical Workshop & Exhibition 2017 by KPJ Healthcare Berhad	11 November 2017
	Seminar Pemantapan Tadbir Urus: Lembaga Pengarah Universiti Awam Siri 1/2017 by Jabatan Pengajian Tinggi	14 November 2017
	Companies Act 2016 and Malaysian Code on Corporate Governance by OSK Holdings Berhad	23 November 2017
	Johor Corporation Directors Conference 2017 on “Managing and Leading Johor Corporation Business Continuity Mission the Roles of the Boards of Directors”	29 November 2017
Dato' Mohamad Kamarudin bin Hassan	“Companies Act 2016: Overview of the Changes and How They Affect You and Your Business” by Chemical Company of Malaysia Berhad	27 February 2017
	Lion Diversified Holding Berhad’s Training on the new Companies Act 2016 by Dato Foong Chee Meng	14 March 2017
	"4th Industrial Revolution: Impact and Opportunities for Manufacturing and Financial Services” by Partners of Bain & Company, Francesco Cigala and Francois van Raemdonck	19 May 2017
	"The Outward Mindset: Leadership & Self-Betrayal" by Arbinger Institute organised by Chemical Company of Malaysia Berhad	13 July 2017
	Driving Financial Integrity & Performance-Enhancing Financial Literacy- a program for Audit Committee by Ranjit Singh, organised by Bursa Malaysia	3 August 2017
	(1) New 2017 Malaysia Code of Corporate Governance (MCCG) and; (2) Cybersecurity in the Boardroom organised by Hong Leong	25 August 2017
	PNB Economic Forum on "The future of Globalisation & Liberalisation: Are we losing the battle?"	12 September 2017
	Bursa Risk Management Training for Directors by PWC	13 September 2017
	Director's Guide to Fraud & Corruption Risks by PWC, by Bursa Malaysia	26 September 2017
	IIA Malaysia National Conference on “Effective oversight of IS Functions - Are boards in sync with regulatory expectations?”	9 to 10 October 2017
	Case study workshop for independent directors on "Rethinking role of Independent Directors: A New Frontier" by Bursa Malaysia	9 November 2017
	Securities Commission's Conversation with Audit Committee on MFRS 9 & 15	14 November 2017

Director	Programme	Date
Zaiton binti Jamaluddin	"Companies Act 2016: Overview of the Changes and How They Affect You and Your Business" organised by Chemical Company of Malaysia Berhad	27 February 2017
	"The Evolving Rules of Social Media: How to Leverage Social Media to Grow your Company, Engage Stakeholders and Actually Make Sales" by Chemical Company of Malaysia Berhad	7 April 2017
	"The Outward Mindset: Leadership and Self Betrayal" organised by Chemical Company of Malaysia Berhad	13 July 2017
	" Cyber Security & Digital Transformation" organised by Chemical Company of Malaysia Berhad	20 September 2017
Razalee bin Amin	MPERS-Transiting from PERS to MPERS by Persatuan Firma-Firma Akauntan Bertauliah Melayu Malaysia	25 to 26 April 2017
	The Future of Fintech/Digital Disruption By PNB Investment Institute Sdn. Bhd.	24 May 2017
	Talent to Value Workshop	5 October 2017
	FIDE Core Program Module B (Bank) by The Iclif Leadership and Governance Centre	9 to 11 October 2017
	Persidangan Juruaudit Koperasi 2017 by The Institute of Cooperative & Management Auditors	21 November 2017
	Malaysian Private Entities Reporting Standards (MPERS): Recent Development and Updates by Malaysian Institute of Accountants	4 to 5 December 2017
Dato' Eisah Binti A. Rahman	"Malaysia Global Leadership; Halal Pharmaceuticals & Informed Choice" organised by Chemical Company of Malaysia Berhad	31 March 2017
	"The Outward Mindset: Leadership and Self Betrayal" organised by Chemical Company of Malaysia Berhad	13 July 2017
	"Cyber Security & Digital Transformation" organised by Chemical Company of Malaysia Berhad	20 September 2017
Puan Sri Datuk Seri Rohani Parkash binti Abdullah	Corporate Directors Advanced Programme (CDAP) "Cybersecurity Risk Management for the Boardroom and C-Suite" organised by MINDA	14 February 2017
	Mandatory Accreditation Program (MAP)	20 February 2017 30 to 31 March 2017
	Ecosystems Matter- Asia's Path to Better Home Grown Governance AGPA Report MINDA/ organised by ICLIF	7 March 2017
	Sustainability Engagement Series for Directors & CEOs by INSEAD, Bursa Malaysia	13 March 2017
	"The Evolving Rules of Social Media: How to Leverage Social Media to Grow your Company, Engage Stakeholders and Actually Make Sales." by Chemical Company of Malaysia Berhad	7 April 2017

Director	Programme	Date
Puan Sri Datuk Seri Rohani Parkash binti Abdullah (cont'd)	CKM Training Program: “Dealing in Listed Securities, Closed Period and Insider Trading” by CKM	15 May 2017
	“The Outward Mindset: Leadership and Self Betrayal” by Chemical Company of Malaysia Berhad	13 July 2017
	TPPA, Corporate Liability Law & Anti Corruption Compliance	6 September 2017
	Corporate Directors Advanced Programme (CDAP): “Mergers and Acquisitions” by MINDA	15 to 16 November 2017
	Independent Directors Programme:“The Essence of Independence” by Bursa Malaysia and ICLIF	20 November 2017
Datuk Nik Moustpha bin Hj Nik Hassan	Integrity Conference organised by Chemical Company of Malaysia Berhad	17 February 2017
	Mandatory Accreditation Programme for Directors of Public Listed Company organised by ICLIF	20 to 21 February 2017
	FIDE Module A, organised by Bank Negara	14 to 17 March 2017
	FIDE Module B, organised by Bank Negara	3 to 5 April 2017
	Takaful Ikhlas Training for its Directors on Takaful Business.	7 to 9 April 2017
	CCM Group Directors & Senior Management Training on Cyber Security & Digital Transformation organised by Chemical Company of Malaysia Berhad	20 September 2017
	PNB Training on Nomination Issues organised by PNB Institute	5 October 2017
	MNRB Director's Training on Takaful business	7 to 20 September 2017
	MNRB Shariah Advisors Training Takaful Issues	15 November 2017
Datuk Mohd Radzif bin Mohd Yunus	Bual Bicara PKS	13 January 2017
	New Innovative Tools for SME Financing	13 to 15 February 2017
	SME Bank for Indian SMEs	20 April 2017
	Sustainable Development Goal Financing: Enhancing the Role of National and Regional Development Finance Institutions	14 to 18 May 2017
	The Montreal Group Annual Meeting 2017 : The Role of SME-focused Development Banks: Now vs Future	5 to 9 June 2017
	Transformational Leadership	18 November 2017

Corporate governance priorities (2018 and beyond)

As CCM Duopharma strives forward in its post-demerger agenda, the Board will accordingly continue to implement improvement measures in the area of corporate governance. More specifically, the Board has identified the following set-pieces on its horizon to propel CCM Duopharma forward in its corporate governance objectives.

Short and medium term plan (one to three years)

Enhancing CCM Duopharma's website and visibility

CCM Duopharma's website is an essential and accessible platform for stakeholders, including shareholders and potential investors to obtain information on CCM Duopharma. It is therefore at the forefront of the Board's agenda to ensure that CCM Duopharma's website is updated with the latest developments of CCM Duopharma and users are able to easily navigate through the website.

As CCM Duopharma brings to fore its identity in the post-demerger era, it aims to ensure that its image reflects its recalibrated strategic direction and competitive market positioning. An immediate step for the Board will be to decide on CCM Duopharma's logo and other branding communiqué. This is especially paramount as CCM Duopharma aims to promote price discovery of its stock and be on the heightened radar of analysts and potential investors through participation in investor roadshows as well as the Mid and Small Cap (MidS) Research Scheme by Bursa Malaysia Berhad.

CCM Duopharma will also endeavour to harness technological advancements to improve the efficiency at which the general meetings are run and to pave the way for remote shareholders' participation.

Succession planning and Directors' training

The structure and complexities of the pharmaceutical industry demand a seamless succession plan for key talents of CCM Duopharma Group that can safeguard their businesses and retain the confidence of the stakeholders. As the development and execution of the strategy for CCM Duopharma are done with a five-year horizon in view, it is especially imperative for CCM Duopharma's succession plan to be aligned to its strategic direction. In this regard, the Board intends to identify emerging talent and potential successors, from both within and outside of CCM Duopharma, for key Senior Management positions.

The Board is also cognisant that the tenure of its current members is relatively short (i.e. the average tenure for CCM Duopharma's current Director is less than 2 years). Against this backdrop, the Board, in coordination with Management, aims to enhance Directors' knowledge and familiarity with CCM Duopharma Group's operational sites and key business assets through site visits and engagement sessions with employees of CCM Duopharma Group.

Risk management and internal controls

In order to address risks in a global environment that is characterised by continuous dissonance and disruption, the Board has recently instituted a stand-alone RMC at the Board level to assist in the oversight of internal and exogenous risk factors that are surrounding CCM Duopharma Group. This responsibility was previously borne by a combined Audit and Risk Management Committee which has now morphed into the dedicated AIC and RMC respectively. The metamorphosis of the combined Audit and Risk Management Committee into stand-alone Board Committees allows for more structured and focused oversight on specialised responsibility areas.

In the near to medium term, CCM Duopharma intends to further strengthen its risk-based internal audit approaches. The challenges and complexity of risks faced by CCM Duopharma as a pharmaceutical company as well as the evolving nature of environmental and safety regulations compel it to have a cutting-edge approach to assess if responses to risks are adequate and continue to operate effectively.

Moreover, the Board and Risk Management Committee will seek to proactively engage the Executive Risk Management Committee and the Group Risk Management Department in regular updates and discussions on risk-appetite dialogue so as to reinforce a two-dimensional risk management communication (i.e. top-down and bottom-up risk management approach).

Long-term strategy

Corporate reporting

Although CCM Duopharma is not a Large Company and therefore is not subjected to Practice 11.2 of MCCG (i.e. adopting Integrated Reporting), CCM Duopharma nevertheless wishes to benchmark itself against such best practices. In the long run, the Board intends to undertake a readiness assessment and gauge the necessary measures to transition from CCM Duopharma's prevailing corporate reporting regime into Integrated Reporting.

At present time, CCM Duopharma has successfully produced its inaugural Sustainability Report pursuant to the guidelines outlined in Practice Note 9 of MMLR as well as the Sustainability Guide and Toolkits by Bursa Malaysia Berhad. It is worth noting that CCM Duopharma has in the past, consistently incorporated a sustainability statement in its annual report. These developments signal a significant step forward and has positioned CCM Duopharma on a solid footing to adopt Integrated Reporting.

REPORT OF THE AUDIT AND INTEGRITY COMMITTEE

The Board of Directors of CCM Duopharma Biotech Berhad ("CCM Duopharma") is pleased to present the report on the Audit and Integrity Committee ("AIC" or "Committee") and its activities during the financial year ended 31 December 2017.

COMPOSITION OF AUDIT AND INTEGRITY COMMITTEE AND MEETINGS

Following to the demerger on 28 December 2017, the Audit and Risk Management Committee ("ARMC") was reconstituted to Audit and Integrity Committee ("AIC") with Razalee bin Amin, Dato' Mohamad Kamarudin bin Hassan and Zaiton binti Jamaluddin continuing to be the Committee members of AIC. As at the end of the financial year 2017, the composition of the AIC stood at three (3) members, all of whom are independent.

A total of five (5) meetings were held during the financial year. The status of directorship and attendance record of each of the members during the year are as follows:

Members of ARMC (subsequently reconstituted as AIC)	No. of Meetings Attended
Razalee bin Amin *Chairman, Independent Non-Executive Director*	5/5
Dato' Mohamad Kamarudin bin Hassan *Member, Senior Independent Non-Executive Director*[1]	5/5
Zaiton binti Jamaluddin *Member, Independent Non-Executive Director*	5/5

Note:

[1] *Dato' Mohamad Kamarudin has been appointed as the Senior Independent Non-Executive Director with effect from 28 December 2017 following the re-designation of Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir as the Non-Independent Non-Executive Chairman of CCM Duopharma Biotech Berhad.*

Details on the Terms of Reference of the Audit and Integrity Committee can be found on CCM Duopharma's website at www.ccmduopharma.com.

Summary of Work Done During the Year

Below is a listing of the work done by the ARMC (subsequently reconstituted as the AIC) up to 31 December 2017 in discharging and meeting their functions, duties and responsibilities with regards to financial reporting and internal controls:

i. Reviewed the Statement of Corporate Governance, Statement of AIC and Statement on Risk Management and Internal Control ("SORMIC") prior to approval by the Board for inclusion in the 2016 Annual Report. The SORMIC was supported by the Annual Assurance Statement on Risk Management and Internal Controls, which were signed off by the Group Managing Director and the Chief Financial Officer.

ii. Reviewed and recommended the Annual Report of CCM Duopharma prior to the submission to the Board for consideration and approval.

iii. Reviewed and approved CCM Duopharma's internal audit plan and budget for the year.

iv. Reviewed the status report of internal audit activities for the year to ensure that all the planned activities for CCM Duopharma were properly carried out.

v. Reviewed the summary of the internal audit reports prepared by Group Internal Auditor and deliberated on significant audit issues, audit recommendations, management action plans and the agreed timeline. Where necessary, provided input on improvement of processes and operations.

vi. Monitored the status of corrective actions taken by the Management to ensure all audit issues and concerns are adequately addressed within the stipulated timeline.

vii. Reviewed the internal audit report on corporate governance, work progress and Group Internal Auditor KPI Scorecard for the year.

viii. Held private meetings and discussions with the Group Internal Auditor on significant audit and internal control matters.

ix. Reviewed the external auditors' audit plan and engagement strategy for the financial year ended 31 December 2017, covering the audit focus area, which also included a review on the IT systems, audit materiality and methodology.

x. Reviewed the external auditors' report for the financial year ended 31 December 2017, including matters relating to adjustments arising from the external audit review and adequacy of disclosures, prior to making recommendation to the Board for approval. There is no significant adjustments were required to the financial statements, which is presented in a true and fair manner.

xi. Deliberated on the observations highlighted by the external auditors, and the respective management action plans and status updates.

xii. Held private meetings and discussions with the external auditors to allow for discussions on matters of concern.

xiii. Evaluated the performance and independence of the external auditors and made recommendations to the Board on their re-appointment and audit fees.

xiv. Reviewed the quarterly reports in respect of the results to ensure compliance to the Malaysian Financial Reporting Standards and regulatory requirements and recommended to the Board for subsequent release to Bursa Malaysia.

xv. Reviewed the notes to the draft announcements of the audited and unaudited financial statements to Bursa Malaysia, to ensure compliance to the regulatory requirements.

xvi. Reviewed the related party transactions entered into by CCM Duopharma and the disclosure of such transactions in the annual report and circular on recurrent related party transactions.

xvii. Reviewed and recommended to the Board dividends to be declared to the Shareholders of CCM Duopharma.

xviii. Reviewed and recommended write-off of fixed assets to the Board of Directors for consideration and approval.

xix. Monitored the progress and deliberated on the way forward of CCM Duopharma's strategic projects and material litigation cases.

STATEMENT ON INTERNAL AUDIT FUNCTION

The audits on CCM Duopharma's operations were undertaken by the internal audit function of its then holding company. The Head of the Group Internal Audit and Integrity function ("GIA") reports directly to the AIC to promote independence and to enable it to maintain objectivity in rendering unbiased judgements.

(i) Reporting Line

The internal audit function's purpose, authority and responsibilities are stated in the Internal Audit Charter, which is approved by the AIC. The internal audit function is responsible for undertaking regular and systematic risk-based assessments of the internal control of CCM Duopharma so as to provide reasonable assurance that such systems are adequate and continue to operate effectively in managing the key risks of CCM Duopharma.

(ii) Audit Planning and Work Done

The GIA formulated the Annual Internal Audit Plan based on the risk assessment of the business operations and the audit cycle, which was then approved by the AIC. GIA adopts the COSO Internal Control Framework in conducting the audit assignments, which covered 5 elements of internal controls, namely Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring.

In 2017, the GIA had issued 17 audit reports which covered operational, amongst others, Project Management, Inventory Management, Procurement, Production Engineering, Human Resource, Sales & Marketing, CCM Pharmaceuticals (S) Pte. Ltd. and Recurrent Related Party Transactions. The Internal Audit Reports, which included issues and action plans, were presented to and discussed with Management. GIA subsequently monitored the implementation of the agreed action plans to ensure full compliance. The reports together with follow-up action plans and implementation status were presented to the AIC for their deliberation and subsequent approval.

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

(iii) Internal Audit Cost

The total expenditure incurred for GIA function for the financial year, which amongst others includes departmental expenditures such as office running expenses, training expenses, travelling expenses, staff remuneration, etc. is estimated at RM338,000.00.

REPORT OF THE RISK MANAGEMENT COMMITTEE

The Board of Directors of CCM Duopharma Biotech Berhad (" CCM Duopharma") is pleased to present the report on the Risk Management Committee and its activities during the financial year ended 31 December 2017.

COMPOSITION OF RISK MANAGEMENT COMMITTEE AND MEETINGS

Following to the demerger on 28 December 2017, the Audit and Risk Management Committee ("ARMC") was reconstituted to Audit and Integrity Committee ("AIC") and a Risk Management Committee ("RMC"). The RMC was set up comprising of Datuk Nik Moustpha bin Hj Nik Hassan as Chairman, Dato' Eisah binti A. Rahman and Zaiton binti Jamaluddin as members, respectively. The Board was of view that the audit and risk were of high importance and warranted the Board to deliberate on them separately. As a result, the Audit and Risk Management Committee was split into two committees. The establishment of the Risk Management Committee focusing on enterprise risk management is important to identify principal risks and ensuring that appropriate systems to manage these risks are in place.

Under the former Audit and Risk Management Committee, the members comprised of three (3) members, all of whom are Non-Executive Directors. They were Razalee bin Amin, Dato' Mohamad Kamarudin bin Hassan and Zaiton bt Jamaluddin. Following the establishment of a separate Risk Management Committee, Datuk Nik Moustpha bin Hj Nik Hassan was appointed as Chairman of the Committee while Zaiton binti Jamaluddin and Dato' Eisah binti A.Rahman were appointed members of the Committee. The current composition of the Committee now stands at three (3) members.

Under the former Audit and Risk Management Committee, a total of five (5) meetings were held during the financial year. The status of directorship and attendance record of each of the members during the year are as follows:

Members of ARMC	No. of Meetings Attended
Razalee bin Amin *Chairman, Independent Non-Executive Director*	5/5
Dato' Mohamad Kamarudin bin Hassan *Member, Senior Independent Non-Executive Director*	5/5
Zaiton binti Jamaluddin *Member, Independent Non-Executive Director*	5/5

Note:

[1] *Dato' Mohamad Kamarudin has been appointed as the Senior Independent Non-Executive Director with effect from 28 December 2017 following the re-designation of Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir as the Non-Independent Non-Executive Chairman of CCM Duopharma Biotech Berhad.*

Following the separation of functions between the audit and risk function, and the formation of the new Risk Management Committee on 28 December 2017, there were no meetings of the Risk Management Committee held before the end of the financial year ended 31 December 2017.

Details on the Terms of Reference of the Risk Management Committee can be found on CCM Duopharma's website at www.ccmduopharma.com.

Summary of Work Done During the Year

Below is a listing of the work done by the ARMC in discharging and meeting their functions, duties and responsibilities with regards to risk management:

i. Reviewed the Statement of Corporate Governance, Statement of ARMC and Statement on Risk Management and Internal Control ("SORMIC") prior to approval by the Board for inclusion in the 2016 Annual Report. The SORMIC was supported by the Annual Assurance Statement on Risk Management and Internal Controls, which were signed off by the Group Managing Director and the Chief Financial Officer.

ii. Reviewed the status report of risk management activities for the year to ensure that all the planned activities for CCM Duopharma were properly carried out.

iii. Reviewed the summary of the risk assessment report prepared by the Group Risk Management Department.

iv. Monitored the status of corrective actions taken by the Management to ensure all risk management issues and concerns are adequately resolved on timely basis.

v. Reviewed CCM Duopharma's Risk Profile and the management process for identifying, evaluating and managing the significant risks faced by CCM Duopharma.

STATEMENT ON RISK MANAGEMENT FUNCTION

There is a dedicated in-house risk management function at the CCMB Group level which facilitates the overall risk management process within CCM Duopharma Group. Significant risks are identified, assessed, and reported to the ARMC throughout the year on quarterly basis based on the CCM Duopharma's approved risk management framework.

Risk Management Framework Review

CCM Duopharma adopts an Enterprise Risk Management ("ERM") framework which is consistent with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers, and Bursa Malaysia's Corporate Governance Guide and in line with ISO 31000, Risk Management – Principles and Guidelines (which is a standard relating to risk management codified by the International Organisation for Standardisation. ISO 31000 provides a standard on the implementation of risk management). The ERM framework defines the policy and objectives and sets the risk reporting structure. The framework structure includes risk profiling of current and historical risk information to anticipate probable future exposures. The framework ties into CCM Duopharma's governance policies and guidelines. The framework operates within the context of Strategic, Operational, Emerging and Project risks categories.

SUMMARY OF WORK DONE DURING THE YEAR

In December 2014, CCM Duopharma had carried out a review on its existing Risk Management Framework. As a result, a 3 year (2015-2017) Risk Management Plan was developed. Based on the plan, 2017 activities continue to focus on "Elevating Understanding" of risk. The following were implemented throughout 2017:

A. Elevating Understanding on Risk Management

A formalised Risk and Control Self-Assessment ("RCSA") was carried out; to develop understanding of the importance of risk management and at the same time ensuring appropriate coverage of risk identification, analysis, evaluation and treatment within CCM Duopharma.

To further enhance risk knowledge in CCM Duopharma, two (2) personnel attended an external enterprise risk management program that is well recognised internationally. They have completed the program and received certification upon passing the examination. With this, CCM Duopharma now have additional number of risk talents.

B. Risk Reporting

The quarterly risk reports highlight CCM Duopharma's Risk Profile to enable Management to focus on key risks affecting CCM Duopharma's businesses and operations and the system of internal control necessary to manage such risks. Two types of approaches, Top-Down approach and Bottom-Up approach, were applied in order to better identify, manage and report risks. The Top-Down approach identifies and mitigates potential serious risk that may affect CCM Duopharma strategically whilst the Bottom-Up approach focuses on more operational type risks.

The key risks for 2017 are in the following areas:

1. Operational Risk

   The management of the operational risk (such as those relating to health and safety, production, distribution, compliance) is closely monitored by respective Risk Owners, with risk mitigation plans proposed and implemented. Risk Owners provide quarterly status report on the mitigation implementation plans for each risks to Group Risk Management Department ("GRMD") and a summary is presented to ARMC. Furthermore, continuous RCSA activities were conducted to ensure risk principles are in key operational processes and provide reasonable assurance that all risks are identified and addressed.

2. Project Risk

   All projects that require the approval from the CCMB Group Finance and Investment Committee ("FIC"), is subjected to risk assessments, where the risk registers resulting from the assessment together with the mitigation plans are mandatorily tabled as part of the projects' proposals. Project risk updates post implementations of the projects are tracked and reported as part of the risk management reporting process.

3. Competition Risk

   CCM Duopharma continues to review current business status against its competitors and market. Strategies are developed, reviewed and updated to ensure its relevance in maintaining CCM Duopharma competitive position. These strategies are explained in the Group Managing Director's operations review.

4. Financial and Liquidity Risk

   CCM Duopharma is exposed to various financial risks relating to credit, liquidity, foreign currency, interest rates and exchange rates. CCM Duopharma risk management objectives and policies coupled with the required quantitative and qualitative disclosures relating to its financial risks are explained in the financial statements.

5. Demerger Risk

   The demerger exercise has been identified as one of the key risk. There are various elements involved in the disentanglement process of the two entities. Both long-term and short-term risks has been identified and mitigation implemented that resulted in a smooth transition into the new phase. With the demerger, starting from 2018 onwards, both CCMB and CCM Duopharma will have separate risk registers and risk management teams.

C. Culture Building

Risk management culture is continuously inculcated throughout the organisation through continuous monitoring and planned risk review sessions by the GRMD. Quarterly meetings with risk coordinators and various group discussion were held to brainstorm on existing and potential risks.

Acknowledging that top management understanding of risk is crucial in managing businesses, an external consultant on risk was appointed to provide insight into Strategic Risk where the Top-Down approach and 2 x 2 risk matrix were introduced and discussed thoroughly.

2017 risk activities closed with a one-month risk campaign. The campaign included the roll out of online posters on the fundamentals of risk. The objective was to provide basic risk information among the staff throughout the organisation in Malaysia and International branches. A survey to assess the effectiveness of this exercise was carried out and showed promising results. It was able to create interest and encouraged discussion on risks among all the staff.

As part of risk culture building, the heads of departments signed a risk assurance statement that all risks are identified, addressed and reviewed. The heads of departments provide this assurance every quarter and is presented to the ARMC.

D. Emerging Risk Monitoring

Assessment and monitoring of emerging risks was started in April 2016 as part of our commitment towards proactively strengthening controls in the changing business climate. Seventeen emerging risks were taken from Global Risk Report 2016. The report is based on the annual Global Risks Perception Survey, completed by almost 750 members of the World Economic Forum's global multistakeholder community. News and reports of the selected risks were tracked weekly and mapped against the proximity to the Organization and frequency of occurrence.

This assessment highlights the emerging risks that may have impact on CCM Duopharma businesses and operations to enable Management to proactively develop internal control necessary to manage these risks. A talk by a consultant on Emerging Risks was held for top management, as part of preparation to developing 2018 objectives. This contributed to better objective setting, risk identification and planning of mitigation strategies to increase the possibility of achieving 2018 objectives.

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors of CCM Duopharma Biotech Berhad ("CCM Duopharma") is pleased to present the report on the Nomination and Remuneration Committee ("NRC" or "Committee") and its activities during the financial year ended 31 December 2017.

COMPOSITION OF THE NOMINATION AND REMUNERATION COMMITTEE

The Committee consists of three (3) members, all of whom are Non-Executive Directors. The current composition of the Committee stands at three (3) members, with Dato' Mohamad Kamarudin bin Hassan as the Chairman and Senior Independent Director.

During the financial year ended 31 December 2017 and following the demerger of CCM Duopharma from the Chemical Company of Malaysia Berhad ("CCMB") group of companies, Dato' Azmi bin Mohd Ali resigned from the Committee with effect from 28 December 2017. He was replaced by Dato' Eisah binti A.Rahman.

A total of four (4) meetings were held during the year. The attendance record of each member during the year is as follows:

Members of NRC	No. of Meetings Attended
Dato' Mohamad Kamarudin bin Hassan *Chairman, Senior Independent Non-Executive Director*[1] (Appointed as Chairman w.e.f. 28 December 2017)	4/4
Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir *Member, Non-Independent Non-Executive Director* (Chairman until 27 December 2017 and re-designated as a member w.e.f. 28 December 2017)	4/4
Dato' Eisah binti A.Rahman *Member, Independent Non-Executive Director* (Appointed w.e.f. 28 December 2017)	0/0
Dato' Azmi bin Mohd Ali *Member, Non-Independent Non-Executive Director* (Resigned w.e.f. 28 December 2017)	4/4

Note:

1 *Dato' Mohamad Kamarudin has been appointed as the Senior Independent Non-Executive Director with effect from 28 December 2017 following the re-designation of Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir as the Non-Independent Non-Executive Chairman of CCM Duopharma Biotech Berhad.*

Summary of Work Done During the Year

During the year, the Committee:

(i) Evaluated, assessed and recommended to the Board, the appointment of Non-Executive Directors of CCM Duopharma, based on the Company's selection criteria.

(ii) Reviewed and assessed the composition of Board Committees and recommended to the Board of Directors to fill the seats thereon.

(iii) Reviewed and recommended the re-election/re-appointment of non-executive directors to the Board.

(iv) Reviewed the succession plan for the Directors of CCM Duopharma and made the necessary recommendation to the Board on the required mix and skills, knowledge, experience, expertise and diversity among the Board members.

(v) Reviewed and recommended to the Board the annual increment and bonus package for non-unionised employees of CCM Duopharma.

(vi) Evaluated and recommended candidates for key positions/ Senior Management in CCM Duopharma Group to the Board of Directors.

(vii) Ensured that all Directors received appropriate continuous training programmes in order to keep abreast with developments in related industries and changes in the relevant statutory requirements.

(viii) Looking at succession at senior management levels within CCM Duopharma and also reviewing the transfer of individuals from CCMB to the CCM Duopharma Group in light of demerger plans.

(ix) Reviewed the transfer of individuals from CCMB to the CCM Duopharma Group in light of the demerger plan.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Responsibility

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

The risk management and control processes are implemented by the Management, led during the year under review by the Chief Executive Officer and Senior Management of CCM Duopharma, who collectively are responsible for good business practices and governance. Following the demerger of CCM Duopharma from the Chemical Company of Malaysia Berhad (“CCMB”) group of companies, the position of the Chief Executive Officer was re-designated to Group Managing Director and Leonard Ariff bin Abdul Shatar was appointed as the Group Managing Director with effect from 28 December 2017.

Risk Management

The Board confirms that as an integral part of the system of internal control, there is an ongoing group-wide risk management process for identifying, evaluating and managing the significant risks faced by CCM Duopharma. Risk management is practised within CCM Duopharma on an iterative basis. All new and major investments have to observe a process approval that includes an assessment of the associated risks. During the year under review, CCM Duopharma adopted CCMB Group’s Risk Management Manual and Guidelines, which is based on ISO 31000, premised on international guidelines for managing risk to ensure that the risk management process is consistent across the CCMB Group.

Risk owners across CCM Duopharma define, highlight, report on and manage the key business and operational risks anticipated by them, and the process is subjected to regular review by the then Audit and Risk Management Committee (“ARMC”) and the Board.

CCM Duopharma had an ARMC to provide oversight and added impetus to the risk management process. Following the aforesaid demerger, the Audit and Risk Management Committee was reconstituted to become the Audit and Integrity Committee and a newly formed Risk Management Committee with effect from 28 December 2017. The newly formed Risk Management Committee takes over the oversight function of CCM Duopharma risk management.

Management from each business or operations area conduct risk assessments to identify the risks relating to their areas of supervision and control, analyse the likelihood of these risks occurring and the consequences if they do occur and evaluate the risk level by comparing against the approved risk criteria, as well as determine the actions being and/or to be taken to manage these risks to an acceptable level. The risk profiles and risk treatment measures determined from this process are documented in risk registers with each business or operations area having its respective risk register.

Prior to the completion of the aforesaid demerger, the overall process was facilitated by the CCMB Group's Risk Management Department. Post-demerger and with effect from 28 December 2017, the process will be facilitated by the CCM Duopharma Group Risk Management Department.

Prior to the demerger, Management had previously liaised and maintained regular communication and consultation with the CCMB Group Risk Management Committee which also facilitates risk analysis of strategic business objectives, operational initiatives and emerging issues in the Group.

KEY ELEMENTS OF THE GROUP’S SYSTEM OF INTERNAL CONTROLS

In 2017, the Board, through the Audit & Risk Management Committee (“ARMC”) had approved a Management Control Policy which dictates the responsibilities of the ARMC, the Management and the Internal Audit function with regards to internal controls. Following the aforesaid demerger, the ARMC has now been reconstituted as the Audit and Integrity Committee (“AIC”) with effect from 28 December 2017.

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

Management is entrusted with the responsibility of establishing an internal control framework with the objective of controlling the operations of CCM Duopharma Group in a manner which provides the Board of Directors with reasonable assurance that the control objectives will be achieved.

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

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

Board Committees

The delegation of responsibilities to the various committees of the Board of Directors is clearly defined. At present, the committees which are established are the Audit and Integrity Committee, Risk Management Committee ("RMC") and Nomination and Remuneration Committee ("NRC").

Assignment of Authority and Responsibility

Clearly defined lines of authority within CCM Duopharma Group's organisation structure have been established to facilitate the supervision and monitoring of conduct and operations of individual business units and support services departments. The Board has approved a defined and documented Limits of Authority ("LOA") which is used consistently throughout CCM Duopharma Group. The LOA specifies clear division and delegation of responsibilities from the Board to the Board Committees and to members of Management and the authorisation levels of various aspects of operations. These are regularly reviewed and updated to resolve operational effectiveness and challenges and to reflect changing risks. Additionally, at the then holding company level, the CCMB Group Management and the Finance and Investment Committee of CCMB provided added assurance to the board on the feasibility evaluation of project/investment proposals and subsequent evaluation of the progress and results of endorsed project/investment through a process of due scrutiny.

Planning, Monitoring & Reporting

CCM Duopharma Group undertakes a strategic and budgeting planning process annually, to establish plans and targets against which performance is monitored. These business plan and budgets are subjected to evaluation and assessment by CCM Duopharma Group's Senior Management Group and the AIC before it is recommended to the Board for approval. Monthly review is carried out by the Management to ensure that the businesses are operating according to the plans, as well as to monitor adherence to the internal control procedures established. Management reports are presented to the Board each quarter providing financial information including key performance and risk indicators. The information is reviewed by the AIC before it is presented to the Board for consideration and approval.

Policies & Procedures

There are policies and procedures in place to ensure compliance with controls, and relevant law and regulations. These policies and procedures are periodically reviewed and updated to reflect changes in business structure and processes. In various instances, these documents form an integral part of the Integrated Quality Management Systems ("IQMS").

CCM Duopharma Group has implemented an Enterprise Resource Planning system ("ERP") as part of CCM Duopharma Group's initiative to establish best practices across key business functions promoting greater visibility, transparency and efficiency.

Annual assurance is provided by the Group Managing Director and Chief Financial Officer of CCM Duopharma to the Board on the adequacy and effectiveness of controls in the business processes. The Senior Management Team likewise provides annual assurance to the Group Managing Director on the said matters.

Business Continuity Management ("BCM")

Business Continuity Management ("BCM") is a holistic management process that allows the CCM Duopharma Group to recover and re-establish the delivery of services or products at acceptable predefined levels following a disruptive event. BCM plays an important role to prevent operational interruption, delays in responding to customer requests and inability to process transactions in a timely manner. In today's global marketplace the definition of a disaster has significantly changed; no longer are disasters only discussed in terms of hurricanes, fires or human errors, but also our ability to remain connected with our supply chain and customers. The crucial role of BCM is to assist CCM Duopharma Group to be resilient, to recover to a state of "Business as Usual", if any of these events stated above occurs.

In the event of disruptive incidents such as large scale natural disaster, major fire, flood or social unrest, the established framework of BCM will be used to guide the CCM Duopharma Group to mitigate and respond to the incident.

The BCM team consists of representatives from Site Emergency Response Plan, Manufacturing, Technical, Supply Chain, Finance, HR and Commercial. Additional help from internal and external sources will be called in to join the team if the disruptive incident requires additional expertise.

BCM provides the CCM Duopharma Group with a firm strategy to handle any situation in any foreseeable circumstance and maintains continuity of operations and service delivery to meet the demand of the market. It also retains the confidence of the shareholders customers towards our product quality. BCM provides a competitive advantage by preventing significant harm to our corporate image, loss of customer and damage to reputation. Business continuity helps mitigate business risks and financial exposures. As a whole, we could conclude that BCM is the way to move forward as the global market changes consistently.

The framework will be reviewed regularly by the BCM Team to ensure adequacy and efficacy.

Code of Conduct

CCM Duopharma adopted the CCMB Group's Code of Conduct, which incorporates the vision, mission and core values. The Code of Conduct also embodies several of the principles contained in various policies adopted by CCMB Group; and gives guidance on the application of the core values to the CCMB Group's businesses and activities.

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

The Code of Conduct also includes the Whistle Blowing Policy, which aims to encourage the employees to feel confident in raising serious legitimate concerns and to provide a formal channel for them to raise these concerns and receive feedback on any actions taken. The Policy also provides assurance that the whistle blower will be protected from possible reprisals or victimisation if they have a reasonable belief that they have made any disclosure in good faith. A whistleblowing hotline has been established to further facilitate the employees and external parties to raise their concerns on possible misconduct or violation of rules and regulations.

Human Resource Management

Key Performance Indicators measured through the Performance Management System, are used to measure the achievement of staff in achieving it's business and operational objectives. To enhance the competencies of the CCM Duopharma Group's talent pool, staff are kept updated with required training programmes ensuring their capabilities to carry out duties and responsibilities towards achieving CCM Duopharma Group's objectives.

To ensure unsatisfactory performance and workplace conflicts are properly dealt with, CCM Duopharma Group has in place guidelines for handling misconduct and disciplinary matters which include breach of integrity and other misconduct which do not comply with the terms and conditions of service, whether expressed or implied.

Internal Audit

CCM Duopharma Group Internal Audit and Integrity ("GIA") function independently reviews the adequacy and integrity of the system of internal control in managing the key risks, and reports accordingly to the AIC on a quarterly basis. Where weaknesses have been identified as a result of the reviews, improvement measures are recommended to strengthen controls; and follow-up audits are conducted by the GIA to assess the status of implementation thereof by management. In carrying out its work, GIA focuses on areas of priority as directed and approved by the AIC.

The Board remains committed towards maintaining a sound system of internal control and believes that a balanced achievement of CCM Duopharma Group's business objectives and operational efficiency can be attained. CCM Duopharma Group continues to take measures to further strengthen the internal control environment.

BOARD'S ASSESSMENT

The Board is of the view that CCM Duopharma's overall risk management and internal control system is operating adequately and effectively, in all material aspects, and have received the same assurance from both the Group Managing Director and Chief Finance Officer of CCM Duopharma Group.

The Board confirms that the risk management process in identifying, evaluating and managing significant risks faced by CCM Duopharma has been in place throughout 2017 and is up to date at the point of approval of this statement.

For the financial year 2017, the Board is of the view that the system of internal controls was adequate and effective and, has not resulted in any material loss, contingency or uncertainty that would require disclosure in the Annual Report 2017.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3 (previously, Recommended Practice Guide ("RPG") 5 (Revised 2015)), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of CCM Duopharma Group for the year ended 31 December 2017, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of CCM Duopharma Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

(b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of CCM Duopharma Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

The statement has been approved by the Board of Directors at its meeting on 27 March 2018.

OTHER DISCLOSURES

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

The status of the utilisation of proceeds pursuant to the rights issue exercise of CCM Duopharma Biotech Berhad ("CCM Duopharma") which was completed on 22 July 2015 are as follow:

Details of Utilisation	Proceeds Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000
Repayment of bank borrowing	140,000	133,695	6,305
Expansion of factory	106,963	41,366	65,597
Estimated expenses	4,100	4,100	–
Total	251,063	179,161	71,902

2. AUDIT AND NON-AUDIT FEES FOR SERVICES RENDERED TO THE LISTED ISSUER OR ITS SUBSIDIARIES FOR THE FINANCIAL YEAR

During the year ended 31 December 2017, the following amount have been paid or are payable to the auditors for services rendered to CCM Duopharma Group:

	Audit Work (RM'000)	Non-Audit Work (RM'000)
Company level	30	12
Group level	252	57

3. MATERIAL CONTRACTS

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

(i) By way of a Share Sale Agreement dated 27 February 2018 made between CCM Pharmaceuticals Sdn. Bhd. ("CCMP") (a wholly-owned subsidiary of CCM Duopharma) of the one part and CCM Duopharma of the other part, CCMP had agreed to dispose its entire equity interest in CCM Biopharma Sdn. Bhd. (a wholly-owned subsidiary of CCMP) and Negeri Pharmacy Sdn. Bhd. (a wholly-owned subsidiary of CCMP) in favour of CCM Duopharma for a purchase consideration of RM2,500,000.00 and RM1.00 respectively and upon the terms and conditions therein contained;

(ii) By way of a Share Sale Agreement dated 27 February 2018 made between Duopharma (M) Sendirian Berhad ("DMSB") (a wholly-owned subsidiary of CCM Duopharma) of the one part and CCM Duopharma of the other part, DMSB had agreed to dispose its entire equity interest in Upha Pharmaceutical Manufacturing (M) Sdn. Bhd. ("UPHA")(a wholly-owned subsidiary of DMSB) in favour of CCM Duopharma for a purchase consideration of RM78,365,000.00 and upon the terms and conditions therein contained;

(iii) By way of a Debt Conversion Agreement dated 27 February 2018 made between CCM Duopharma of the one part and UPHA (a wholly-owned subsidiary of DMSB) of the other part, the parties had agreed to increase the paid-up share capital of UPHA by way of conversion of a portion of inter-company loan owed by UPHA to CCM Duopharma amounting to RM90,000,000.00;

(iv) Proposed bonus issue announced by CCM Duopharma on 27 February 2018 of up to 371,945,333 new ordinary shares in CCM Duopharma ("CCM Duopharma Shares") ("Bonus Shares") to be credited as fully-paid up on the basis of 4 Bonus Shares for every 3 existing CCM Duopharma Shares held by the shareholders of CCM Duopharma at an entitlement date to be determined and announced later, and proposed establishment of a dividend reinvestment plan which will provide the shareholders of CCM Duopharma with an option to elect to reinvest their cash dividend declared by CCM Duopharma which includes any interim, final, special or any other cash dividend in CCM Duopharma Shares;

(v) Acceptance by DMSB, a wholly-owned subsidiary of CCM Duopharma, of a Letter of Offer from Pharmaniaga Logistics Sdn. Bhd. to supply pharmaceutical and/or non-pharmaceutical products as listed in the Letter of Offer to hospitals, clinics and others under the Government of Malaysia from 1 December 2017 until 30 November 2019 (or at such other date as directed by the Government) for a total estimated value of approximately RM156 million;

(vi) Acceptance of a tender offer by the Government of Malaysia for Biocon Sdn. Bhd. to manufacture and supply, and for CCMP, a wholly owned subsidiary of CCM Duopharma, to deliver human insulin formulation under the Ministry of Health's Off-Take Agreement Program, for a period of three (3) years commencing on 2 December 2016 until 1 December 2019 and the Off-Take Agreement in relation thereto dated 18 August 2017 between the Government of Malaysia (represented by the Malaysian Ministry of Health), Biocon Sdn. Bhd. and CCMP for a total consideration of RM300,040,500.00;

(vii) Credit Facilities Agreement dated 6 July 2017 for an additional amount RM10.0 million entered into between DMSB (a wholly owned subsidiary of CCM Duopharma) and OCBC Bank (Malaysia) Berhad, based on terms and conditions as contained in the bank's offer letter dated 27 April 2017;

(viii) Facility Agreement for Murabahah Tawarruq Term Financing-i Facility dated 16 June 2017 of RM250.0 million and Islamic Multi-Trade Facilities dated 23 May 2017 of RM30.0 million entered into between CCM Duopharma and AmBank Islamic Berhad;

(ix) Sale and Purchase Agreement dated 30 December 2016 between Perbadanan Kemajuan Negeri Selangor (as the vendor) and CCMP (a wholly owned subsidiary of CCM Duopharma) (as the purchaser), for the acquisition of three parcels of land namely:-

(a) HSM 9629, PT 11460 Seksyen 13, Mukim Kajang, Daerah Hulu Langat, Bandar Baru Bangi, Negeri Selangor;
(b) HSM 9630, PT 11461 Seksyen 13, Mukim Kajang, Daerah Hulu Langat, Bandar Baru Bangi, Negeri Selangor; and
(c) HSM 9631, PT 11462 Seksyen 13, Mukim Kajang, Daerah Hulu Langat, Bandar Baru Bangi, Negeri Selangor, for a sale consideration of RM8,345,741.46;

(x) Committed Revolving Credit via a Facility Letter dated 18 November 2016 of USD4.0 million entered into between Sumitomo Mitsui Banking Corporation Labuan Branch and CCM Duopharma;

(xi) Trade Marks License agreement dated 11 April 2018 between Chemical Company of Malaysia Berhad ("CCMB") and CCM Duopharma in respect of the grant by CCMB licence and right for CCM Duopharma and its affiliates to use the Trade Marks associated with the "CCM Leaf Logo" and "CCM" for a consideration of RM250,000 per annum, and Sale and Purchase agreement of Trade Marks dated 11 April 2018 between CCMB and CCM Duopharma for the purchase of Trade Marks by CCM Duopharma for a total purchase consideration of RM73.00;

(xii) Information Technology ("IT") services agreement between CCMB and CCM Duopharma for IT Management Services, and Systems Application and Products ("SAP") Services;

(xiii) Conditional Share Sale Agreement dated 13 April 2018 between CCMB and CCM Duopharma for the acquisition by CCM Duopharma of 806,450 common shares in PanGen Biotech Inc. ("PanGen") representing approximately 8.39% equity interest in PanGen for a total purchase consideration of RM59.16 million (equivalent to KRW16.35 billion).

As at 31 December 2017, CCM Duopharma Group has material commitments for capital expenditure of RM20,452,000.00 (contracted but not provided for).

4. REVALUATION POLICY

CCM Duopharma adopted a policy to revalue its landed properties every five years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying amount.

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at 31 December 2017, neither CCM Duopharma nor its subsidiaries, is engaged in any material litigation, claims or arbitration, either as plaintiff or defendant or otherwise, and the Board does not have any knowledge of any proceedings, pending or threatened against CCM Duopharma and/or its subsidiary, or of any fact likely to give rise to any such proceedings, which might materially and adversely affect the financial position or business of CCM Duopharma and/or its subsidiary.

6. RECURRENT RELATED PARTY TRANSACTION OF REVENUE OR TRADING NATURE

During the Annual General Meeting held on 22 May 2017, CCM Duopharma obtained a shareholders' mandate to allow CCM Duopharma to enter into recurrent related party transactions of revenue or trading nature which are necessary for its day to day operations and are in the ordinary course of business with related parties. The said general mandate took effect from 22 May 2017 until the conclusion of the forthcoming Annual General Meeting of CCM Duopharma. The disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2017 is set out on pages 151 to 156.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

ULTIMATE HOLDING COMPANY

The Directors regard Permodalan Nasional Berhad, a company incorporated in Malaysia as the Company's ultimate holding company.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	43,481	21,440

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

i) a final ordinary dividend of 4 sen per ordinary share totalling RM11,158,000 in respect of the financial year ended 31 December 2016 on 23 June 2017; and

ii) an interim ordinary dividend of 2.5 sen per ordinary share totalling RM6,974,000 in respect of the year ended 31 December 2017 on 10 November 2017.

The final ordinary dividend recommended by the Directors in respect of the financial year ended 31 December 2017 is 6 sen per ordinary share totalling RM16,737,000.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir
Leonard Ariff bin Abdul Shatar (appointed on 28 December 2017)
Dato' Mohamad Kamarudin bin Hassan
Razalee bin Amin
Puan Sri Datuk Seri Rohani Parkash binti Abdullah
Zaiton binti Jamaluddin
Dato' Eisah binti A.Rahman
Datuk Nik Moustpha bin Hj Nik Hassan (appointed on 28 December 2017)
Datuk Mohd Radzif bin Mohd Yunus (appointed on 8 March 2018)
Dato' Azmi bin Mohd Ali (resigned on 28 December 2017)
Dato' Hajah Normala binti Abdul Samad (resigned on 28 December 2017)
Dr Byung-Geon Rhee (resigned on 25 February 2017)

DIRECTORS' INTERESTS IN SHARES

None of the Directors holding office at 31 December 2017 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

ISSUE OF SHARES

There were no changes in the issued and paid-up capital of the Company during the financial year other than as disclosed in Note 12.

OPTIONS GRANTED OVER UNISSUED SHARES

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

INDEMNITY AND INSURANCE COSTS

During the financial year, Directors and Officers of CCM Duopharma Biotech Berhad, together with its subsidiaries are covered under the Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors' and Officers' Liability Insurance effected for the Directors and Officers of the Group was RM50 million. The total amount of premium paid by Chemical Company of Malaysia Berhad for the Directors' and Officers' Liability Insurance by the Group and the Company was RM45,050.

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 2017 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.

SUBSEQUENT EVENTS

The details of such events are disclosed in Note 28 to the financial statements.

AUDITORS

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

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

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

Dato’ Mohamad Kamarudin bin Hassan
Director

Razalee bin Amin
Director

Kuala Lumpur
14 March 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		Group		Company	
	Note	2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	**321,335**	276,241	**-**	-
Investment property	4	**1,200**	-	**-**	-
Intangible assets	5	**16,235**	12,727	**-**	-
Investments in subsidiaries	6	**-**	-	**208,505**	208,505
Deferred tax assets	7	**9,851**	6,313	**-**	-
Trade and other receivables	8	**-**	-	**153,719**	130,722
Total non-current assets		**348,621**	295,281	**362,224**	339,227
Inventories	9	**136,303**	139,101	**-**	-
Current tax assets		**10,786**	10,236	**1,510**	1,283
Trade and other receivables	8	**113,509**	101,031	**57,141**	33,248
Cash and cash equivalents	10	**96,021**	114,814	**48,871**	82,130
		356,619	365,182	**107,522**	116,661
Asset classified as held for sale	11	**-**	1,000	**-**	-
Total current assets		**356,619**	366,182	**107,522**	116,661
Total assets		**705,240**	661,463	**469,746**	455,888
Equity					
Share capital	12.1	**333,684**	139,479	**333,684**	139,479
Reserves		**585**	193,772	**-**	194,205
Retained earnings		**145,596**	121,265	**16,942**	13,634
Equity attributable to owners of the Company	12	**479,865**	454,516	**350,626**	347,318
Liabilities					
Loans and borrowings	13	**91,148**	91,798	**91,148**	91,798
Deferred tax liabilities	7	**12,568**	11,993	**-**	-
Total non-current liabilities		**103,716**	103,791	**91,148**	91,798
Loans and borrowings	13	**36,291**	21,498	**26,291**	16,498
Trade and other payables	14	**84,150**	81,658	**1,681**	274
Current tax liabilities		**1,218**	-	**-**	-
Total current liabilities		**121,659**	103,156	**27,972**	16,772
Total liabilities		**225,375**	206,947	**119,120**	108,570
Total equity and liabilities		**705,240**	661,463	**469,746**	455,888

The notes on pages 90 to 140 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

		Group		Company	
	Note	2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
Revenue	15	**467,987**	312,940	**19,674**	13,093
Cost of sales		**(281,100)**	(168,808)	**-**	-
Gross profit		**186,887**	144,132	**19,674**	13,093
Other income		**500**	818	**-**	-
Distribution and marketing expenses		**(78,479)**	(64,887)	**-**	-
Administrative expenses		**(50,195)**	(44,409)	**-**	-
Other expenses		**(4,390)**	(2,859)	**(1,714)**	(1,088)
Results from operating activities	16	**54,323**	32,795	**17,960**	12,005
Finance income	17	**2,718**	4,234	**8,471**	9,629
Finance costs	18	**(5,269)**	(5,550)	**(4,458)**	(4,755)
Profit before tax		**51,772**	31,479	**21,973**	16,879
Tax expense	20	**(9,309)**	(4,653)	**(533)**	(269)
Profit for the year		**42,463**	26,826	**21,440**	16,610
Foreign currency translation differences for foreign operations		**1,018**	289	**-**	-
Total comprehensive income for the year		**43,481**	27,115	**21,440**	16,610
Basic and diluted earnings per ordinary share (sen)	21	**15.22**	9.62		

The notes on pages 90 to 140 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

		Attributable to owners of the Company				
		Non-distributable			Distributable	
	Note	Share capital	Share premium	Translation reserve	Retained earnings	Total
		RM'000	RM'000	RM'000	RM'000	RM'000
Group						
At 1 January 2016		139,479	194,205	(722)	116,756	449,718
Foreign currency translation differences for foreign operations		-	-	289	-	289
Total other comprehensive income for the year		-	-	289	-	289
Profit for the year		-	-	-	26,826	26,826
Profit and total comprehensive income for the year		-	-	289	26,826	27,115
Contributions by and distributions to owners of the Company						
- Dividends to owners of the Company	22	-	-	-	(22,317)	(22,317)
Total transactions with owners of the Company		-	-	-	(22,317)	(22,317)
At 31 December 2016/1 January 2017		139,479	194,205	(433)	121,265	454,516
Foreign currency translation differences for foreign operations		-	-	1,018	-	1,018
Total other comprehensive income for the year		-	-	1,018	-	1,018
Profit for the year		-	-	-	42,463	42,463
Profit and total comprehensive income for the year		-	-	1,018	42,463	43,481
Transfer in accordance with Section 618(2) of the Companies Act 2016		194,205	(194,205)	-	-	-
Contributions by and distributions to owners of the Company						
- Dividends to owners of the Company	22	-	-	-	(18,132)	(18,132)
Total transactions with owners of the Company		-	-	-	(18,132)	(18,132)
At 31 December 2017		333,684	-	585	145,596	479,865
		Note 12.1	Note 12.2	Note 12.3		

The notes on pages 90 to 140 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

		Attributable to owners of the Company			
		Non-distributable		*Distributable*	
	Note	**Share capital**	**Share premium**	**Retained earnings**	**Total**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Company					
At 1 January 2016		139,479	194,205	19,341	353,025
Profit for the year		-	-	16,610	16,610
Profit and total comprehensive income for the year		-	-	16,610	16,610
Contributions by and distributions to owners of the Company		-	-		
- Dividends to owners of the Company	22	-	-	(22,317)	(22,317)
Total transactions with owners of the Company		-	-	(22,317)	(22,317)
At 31 December 2016/1 January 2017		139,479	194,205	13,634	347,318
Profit for the year		-	-	21,440	21,440
Profit and total comprehensive income for the year		-	-	21,440	21,440
Transfer in accordance with Section 618(2) of the Companies Act 2016		194,205	(194,205)	-	-
Contributions by and distributions to owners of the Company					
- Dividends to owners of the Company	22	-	-	(18,132)	(18,132)
Total transactions with owners of the Company		-	-	(18,132)	(18,132)
At 31 December 2017		333,684	-	16,942	350,626
		Note 12.1	Note 12.2		

The notes on pages 90 to 140 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Group		Company	
		2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before tax		**51,772**	31,479	**21,973**	16,879
Adjustments for:					
Amortisation of intangible assets	5	**169**	-	**-**	-
Change in fair value of investment property	4	**(200)**	-	**-**	-
Depreciation of property, plant and equipment	3	**23,951**	22,500	**-**	-
Dividend income		**-**	-	**(19,674)**	(13,093)
Finance cost	18	**5,269**	5,550	**4,458**	4,755
Finance income	17	**(2,718)**	(4,234)	**(8,471)**	(9,629)
Net impairment loss on trade receivables		**1,508**	2,312	**-**	-
Net inventories written down		**3,675**	4,896	**-**	-
Net unrealised foreign exchange gain		**(438)**	(184)	**-**	-
Provision for warranty		**200**	(471)	**-**	-
Write off on intangible assets		**1,600**	-	**-**	-
Write off on property, plant and equipment		**267**	1,315	**-**	-
Operating profit/(loss) before changes in working capital		**85,055**	63,163	**(1,714)**	(1,088)
Change in inventories		**(877)**	(40,530)	**-**	-
Change in trade and other receivables		**(13,986)**	2,574	**(46,890)**	(3,443)
Change in trade and other payables		**2,730**	26,229	**1,407**	105
Cash generated from/(used in) operations		**72,922**	51,436	**(47,197)**	(4,426)
Interest paid	18	**(5,269)**	(5,550)	**(4,458)**	(1,039)
Tax paid		**(11,839)**	(12,695)	**(841)**	(4,755)
Tax refund		**235**	50	**81**	-
Net cash generated from/(used in) operating activities		**56,049**	33,241	**(52,415)**	(10,220)

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	**(69,312)**	(34,259)	**-**	-
Acquisition of intangible assets	5	**(5,277)**	(424)	**-**	-
Dividends received		**-**	-	**19,674**	13,093
Interest received	17	**2,718**	4,234	**8,471**	9,629
Net cash (used in)/generated from investing activities		**(71,871)**	(30,449)	**28,145**	22,722
Cash flows from financing activities					
Dividends paid to owners of the Company	22	**(18,132)**	(22,317)	**(18,132)**	(22,317)
Proceeds from borrowings		**29,143**	11,498	**19,143**	-
Repayment of loan and borrowings		**(15,000)**	(20,958)	**(10,000)**	(10,000)
Net cash used in financing activities		**(3,989)**	(31,777)	**(8,989)**	(32,317)
Net decrease in cash and cash equivalents		**(19,811)**	(28,985)	**(33,259)**	(19,815)
Exchange differences on translation of financial statement of foreign operations		**1,018**	289	**-**	-
Cash and cash equivalents at 1 January		**114,814**	143,510	**82,130**	101,945
Cash and cash equivalents at 31 December		**96,021**	114,814	**48,871**	82,130

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Deposits placed with licensed banks	10	**12,016**	3,069	**350**	330
Cash and bank balances	10	**47,161**	30,335	**11,677**	390
Highly liquid investment with financial institutions	10	**36,844**	81,410	**36,844**	81,410
		96,021	114,814	**48,871**	82,130

The notes on pages 90 to 140 are an integral part of these financial statements.

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
13th 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 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2017 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are disclosed in Note 6. There has been no significant change in the nature of these activities during the financial year.

During the financial year, Chemical Company of Malaysia Berhad had a restructuring exercise which resulted in a change in the group structure. Arising from this change in group structure, the relationship between the Company and CCM Marketing Sdn. Bhd. had changed from immediate holding company to related company. The relationship between the Company and Chemical Company of Malaysia Berhad had also changed from intermediate holding company to related company. The ultimate holding company during the financial year is Permodalan Nasional Berhad which is incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors on 14 March 2018.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018
- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

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

- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

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

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.*

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

- from the annual period beginning on 1 January 2018 for those accounting standards, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2018, except for MFRS 2, MFRS 4 and MFRS 128 which are not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2019 for those accounting standard, amendments and interpretation that are effective for annual periods beginning on or after 1 January 2019, except for MFRS 11 and MFRS 128 which are not applicable to the Group and the Company.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

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

(i) 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, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

Currently, the Group recognises revenue from contracts with customers on the basis of fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Upon adoption of MFRS 15, the Group will recognise the revenue from contracts with customers that requires customer related costs that have previously been treated as distribution and marketing expenses to be allocated as a deduction of revenue.

The Company has assessed that the initial application of MFRS 15 on its financial statements for the year ended 31 December 2017 will have no impact on the net profit but would affect financial statement presentation only. This would only require reclassification of affected items from distribution and marketing expenses to revenue.

(ii) MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group and the Company is currently assessing the financial impact that may arise from the adoption of MFRS 16.

(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.

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

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

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

- Note 5 – Intangible assets
- Note 6 – Investments in subsidiaries
- Note 8 – Trade and other receivables
- Note 9 – Inventories

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

(ii) Business combinations

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

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

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

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

(iii) 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.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value 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.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

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

(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.

(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(k)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Freehold land and capital work-in-progress are stated at cost. Other items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing cost.

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

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

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

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(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:

• leasehold land	48 - 96 years
• leasehold 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.

(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. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or for both, is classified as investment property and measured using fair value model.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leased assets (continued)

(ii) Operating lease (continued)

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. 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.

(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) Brand name

Brand name is stated at cost less any accumulated impairment losses. Brand name has an indefinite use life as it is maintained through continuous marketing and upgrading.

(iii) Marketing rights and other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets (continued)

(v) Amortisation

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

• marketing rights	10 years
• development cost	10 years

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

(g) Investment property

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.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Inventories

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

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

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

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

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

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

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

(j) Cash and cash equivalents

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

(k) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries) 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment (continued)

(i) Financial assets (continued)

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, deferred tax asset, investment property measured at fair value and asset held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

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

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.

(l) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Equity instruments (continued)

(ii) Ordinary shares

Ordinary shares are classified as equity.

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

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

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

(iv) Distribution of assets to owners of the Company

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

(m) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

(n) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Provisions (continued)

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.

(o) 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) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iii) Dividend income

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

(iv) Interest income

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

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(r) 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.

(s) Operating segments

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) 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.

(u) 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.

3. PROPERTY, PLANT AND EQUIPMENT

	Note	Freehold land RM'000	Leasehold land RM'000	Freehold buildings RM'000	Leasehold 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
Group											
Cost											
At 1 January 2016		69,882	8,600	57,259	50,064	149,267	6,552	874	903	8,697	352,098
Additions		-	-	99	-	12,983	384	100	58	20,635	34,259
Disposals/Write off		-	-	-	-	(6,916)	(442)	-	-	-	(7,358)
Transfer to intangible assets	5	-	-	-	-	-	-	-	-	(3,493)	(3,493)
At 31 December 2016/ 1 January 2017		69,882	8,600	57,358	50,064	155,334	6,494	974	961	25,839	375,506
Additions		-	-	373	-	14,453	1,594	778	-	52,114	69,312
Disposals/Write off		-	-	-	-	(138)	(108)	(312)	(2)	-	(560)
Reclassification		-	9,503	-	-	3,026	-	-	-	(12,529)	-
At 31 December 2017		69,882	18,103	57,731	50,064	172,675	7,980	1,440	959	65,424	444,258

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Freehold land	Leasehold land	Freehold buildings	Leasehold 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
Group											
Depreciation											
At 1 January 2016		-	102	7,198	1,227	69,821	3,506	520	434	-	82,808
Depreciation for the year		-	102	3,214	1,473	16,943	539	135	94	-	22,500
Disposals/Write off		-	-	-	-	(5,725)	(318)	-	-	-	(6,043)
At 31 December 2016/ 1 January 2017		-	204	10,412	2,700	81,039	3,727	655	528	-	99,265
Depreciation for the year	3.1	-	292	3,225	1,385	17,937	810	207	95	-	23,951
Disposals/Write off		-	-	-	-	-	-	(293)	-	-	(293)
At 31 December 2017		-	496	13,637	4,085	98,976	4,537	569	623	-	122,923
Carrying amounts											
At 1 January 2016		69,882	8,498	50,061	48,837	79,446	3,046	354	469	8,697	269,290
At 31 December 2016/ 1 January 2017		69,882	8,396	46,946	47,364	74,295	2,767	319	433	25,839	276,241
At 31 December 2017		69,882	17,607	44,094	45,979	73,699	3,443	871	336	65,424	321,335

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Change in estimate

As part of the Group's manufacturing strategy, the Group has commenced construction of a new plant to replace the aging facility. Construction of the new plant is expected to take around 3 years to complete. Certain machinery has been identified to be transferred to the new plant upon its completion with newly enhanced features. In view of the plan, the remaining unutilised machinery in the existing plant will have a finite useful life of approximately 3 years, and hence necessitates the need to accelerate depreciating current net book value with effect from 1 July 2017.

The effect of these changes on depreciation expense, recognised in cost of sales, in current and future period is as follows:

	2017 RM'000	2018 RM'000	2019 RM'000
Increase in depreciation expense	**3,192**	2,776	2,531

4. INVESTMENT PROPERTY

	Note	Group 2017 RM'000	 2016 RM'000
At 1 January		**-**	1,000
Transfer from/(to) asset classified as held for sale	11	**1,000**	(1,000)
Change in fair value recognised in profit or loss		**200**	-
At 31 December		**1,200**	-
Included in the above is:			
At fair value			
Leasehold land with unexpired lease period of more than 50 years		**1,200**	-

4. INVESTMENT PROPERTY (CONTINUED)

4.1 Fair value information

Level 3 fair value

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

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

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

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 a vacant land. The highest and best use of the property should be an industrial land and shop house located nearby the Group's investment property.

5. INTANGIBLE ASSETS

	Note	Marketing rights RM'000	Brands RM'000	Development costs RM'000	Total RM'000
Group					
Cost					
At 1 January 2016		696	1,600	6,514	8,810
Additions		-	-	424	424
Transfer from property, plant and equipment	3	-	-	3,493	3,493
At 31 December 2016/1 January 2017		696	1,600	10,431	12,727
Additions		142	-	5,135	5,277
Write off		-	(1,600)	-	(1,600)
At 31 December 2017		838	-	15,566	16,404
Amortisation					
At 1 January 2016/31 December 2016/1 January 2017		-	-	-	-
Amortisation for the year		(81)	-	(88)	(169)
At 31 December 2017		(81)	-	(88)	(169)
Carrying amount					
At 1 January 2016		696	1,600	6,514	8,810
At 31 December 2016/1 January 2017		696	1,600	10,431	12,727
At 31 December 2017		757	-	15,478	16,235

Brands

The brands represents the acquisition of the brand name of the over-the-counter products. The Group has fully written off the brands as the Group no longer sell the over-the-counter products of the brands during the year.

Marketing rights

The carrying amount of marketing rights amounting to RM757,000 (2016: RM696,000) represents the sole and exclusive right to market and sell Insulin Glargine Pen developed by Biocon SA, a company incorporated in India.

Development costs

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

6. INVESTMENTS IN SUBSIDIARIES

	Company 2017 RM'000	Company 2016 RM'000
Unquoted share, at cost	**208,505**	208,505

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business	Principal activities	Effective ownership interest and voting interest 2017 %	Effective ownership interest and voting interest 2016 %
Duopharma (M) Sdn. Bhd. and its subsidiaries	Malaysia	Manufacturing, distribution, importing and exporting of pharmaceutical products and medicines	**100**	100
Upha Pharmaceutical Manufacturing (M) Sdn. Bhd.	Malaysia	Manufacturing of pharmaceutical products and sales of medicines	**100**	100
CCM Pharma Sdn. Bhd.	Malaysia	Property management and services	**100**	100
CCM Pharmaceuticals Sdn. Bhd. and its subsidiaries	Malaysia	Marketing and sales of medicine and pharmaceutical products	**100**	100
CCM Biopharma Sdn. Bhd.	Malaysia	Dormant	**100**	100
Sentosa Pharmacy Sdn. Bhd.	Malaysia	Distributor of pharmaceutical products	**100**	100
Unique Pharmacy (Ipoh) Sdn. Bhd.	Malaysia	Dormant	**100**	100
Unique Pharmacy (Penang) Sdn. Bhd.	Malaysia	Distributor of pharmaceutical products	**100**	100
Negeri Pharmacy Sdn. Bhd.	Malaysia	Dormant	**100**	100
Innovax Sdn. Bhd.	Malaysia	Research and development pharmaceutical products	**100**	100
CCM Pharmaceuticals (S) Pte. Ltd. #	Singapore	Distribution, wholesaler of medicinal and pharmaceutical products	**100**	100
CCM International (Philippines), Inc. #	Philippines	Distribution, importing and exporting pharmaceutical and chemical products	**100**	100

Not audited by member firms of KPMG International.

7. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group						
Property, plant and equipment	**-**	27	**(19,270)**	(18,965)	**(19,270)**	(18,938)
Provisions	**5,998**	3,240	**-**	-	**5,998**	3,240
Unutilised capital allowance carry-forwards	**5,777**	5,838	**-**	-	**5,777**	5,838
Unutilised reinvestment allowance	**4,139**	4,139	**-**	-	**4,139**	4,139
Tax losses carry-forwards	**1,201**	1,001	**-**	-	**1,201**	1,001
Other items	**2,729**	2,825	**(3,291)**	(3,785)	**(562)**	(960)
Tax assets/(liabilities)	**19,844**	17,070	**(22,561)**	(22,750)	**(2,717)**	(5,680)
Set off of tax	**(9,993)**	(10,757)	**9,993**	10,757	**-**	-
Net tax liabilities	**9,851**	6,313	**(12,568)**	(11,993)	**(2,717)**	(5,680)

Movement in temporary differences during the year

	At 1.1.2016	Recognised in profit or loss (Note 20)	At 31.12.2016/ 1.1.2017	Recognised in profit or loss (Note 20)	At 31.12.2017
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group					
Property, plant and equipment	(22,992)	4,054	**(18,938)**	(332)	**(19,270)**
Provisions	1,748	1,492	**3,240**	2,758	**5,998**
Unutilised capital allowance carry-forwards	5,988	(150)	**5,838**	(61)	**5,777**
Unutilised reinvestment allowance	4,139	-	**4,139**	-	**4,139**
Tax losses carry-forwards	1,056	(55)	**1,001**	200	**1,201**
Other items	4,854	(5,814)	**(960)**	398	**(562)**
Total	(5,207)	(473)	**(5,680)**	2,963	**(2,717)**

8. TRADE AND OTHER RECEIVABLES

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Non-current					
Non-trade					
Amount due from subsidiaries	8.1	**-**	-	**153,719**	130,722
Current					
Trade					
Trade receivables		**86,527**	73,411	**-**	-
Amount due from intermediate holding company	8.2	**-**	11	**-**	-
Amount due from related companies	8.2	**5**	2,386	**-**	-
Amount due from subsidiaries	8.2	**-**	-	**19,050**	12,000
		86,532	75,808	**19,050**	12,000
Non-trade					
Amount due from related companies	8.3	**5,784**	4,256	**21,800**	14,750
Amount due from subsidiaries	8.3	**-**	-	**16,291**	6,498
Other receivables and deposits	8.4	**16,084**	11,428	**-**	-
Prepayments	8.4	**5,109**	9,539	**-**	-
		26,977	25,223	**38,091**	21,248
		113,509	101,031	**57,141**	33,248
		113,509	101,031	**210,860**	163,970

During the financial year, Chemical Company of Malaysia Berhad had a restructuring exercise which resulted in a change in the group structure. Arising from this change in group structure, the relationship between the Company and Chemical Company of Malaysia Berhad had changed from intermediate holding company to related company.

8.1 The non-trade amounts due from subsidiaries are unsecured, subject to interest at 4.5% (2016: 4.5%) per annum. The non-current amount is not repayable over the next 12 months.

8.2 The trade amounts due from the intermediate holding company, related companies and subsidiary are unsecured, interest free and subject to the normal trade terms.

8.3 The current non-trade amounts due from related companies and subsidiaries are unsecured, interest free and repayable on demand.

8.4 Included in other receivables, deposits and prepayments are deposits for new plant and machineries amounting to RM13,392,000 (2016 : RM15,094,000).

9. INVENTORIES

	Group 2017 RM'000	Group 2016 RM'000
Raw materials and consumables	**32,407**	25,955
Work-in-progress	**3,856**	3,097
Packing materials	**13,056**	12,403
Finished goods	**86,984**	97,646
	136,303	139,101
Recognised in profit or loss:		
Inventories recognised as cost of sales	**277,425**	163,912
Inventories written down	**5,924**	5,946
Reversal of inventories written down	**(2,249)**	(1,050)
	281,100	168,808

10. CASH AND CASH EQUIVALENTS

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Deposits placed with licensed banks		**12,016**	3,069	**350**	330
Cash and bank balances		**47,161**	30,335	**11,677**	390
Highly liquid investments with financial institutions	10.1	**36,844**	81,410	**36,844**	81,410
		96,021	114,814	**48,871**	82,130

10.1 Highly liquid investments with financial institutions

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

11. ASSET CLASSIFIED AS HELD FOR SALE

The asset was presented as asset classified as held for sale following the commitment of the management's prior year plan to sell the investment property. As efforts to sell the asset have not materialised, it is reclassified to investment property at 31 December 2017. The movements of asset classified as held for sale is as follows:

	Group	
	2017	**2016**
	RM'000	**RM'000**
Asset classified as held for sale		
At 1 January	**1,000**	-
Transfer (to)/from investment property	**(1,000)**	1,000
At 31 December	**-**	1,000

The carrying value of the asset in prior year is the same as its carrying value before it was being reclassified to current asset.

12. CAPITAL AND RESERVES

12.1 Share capital

	Group and Company			
	Number of shares	**Amount**	**Number of shares**	**Amount**
	2017	**2017**	**2016**	**2016**
	'000	**RM'000**	**'000**	**RM'000**
Issued and fully paid:				
Ordinary shares				
At 1 January	**278,959**	**139,479**	278,959	139,479
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016	**-**	**194,205**	-	-
At 31 December	**278,959**	**333,684**	278,959	139,479

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.

The Companies Act 2016 which came into effect on 31 January 2017 has abolished the concept of authorised share capital and par value of share capital.

12. CAPITAL AND RESERVES (CONTINUED)

12.2 Share premium

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

In accordance with Section 618 of the Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of the Companies Act 2016 on 31 January 2017 to utilise on the credit.

Included in share capital is share premium amounting to RM194,205,000 that is available to be utilised in accordance with Section 618(3) of the Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74).

12.3 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currency other than RM.

13. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's and the Company's interest-bearing loans and borrowings. For more information about the Group's and the Company's exposure to interest rate and foreign currency risk, see Note 24.

		Group		Company	
	Note	2017	2016	2017	2016
		RM'000	RM'000	RM'000	RM'000
Non-current					
Term loan – unsecured	13.1	**91,148**	91,798	**91,148**	91,798
Current					
Revolving credit – unsecured	13.2	**26,291**	11,498	**16,291**	6,498
Term loan – unsecured	13.1	**10,000**	10,000	**10,000**	10,000
		36,291	21,498	**26,291**	16,498
		127,439	113,296	**117,439**	108,296

13. LOANS AND BORROWINGS (CONTINUED)

13.1 Term loan – unsecured

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

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

i) It is a condition that Permodalan Nasional Berhad shall at all time, directly or indirectly, owns its majority shareholding in the Company's issued and paid up share capital; and
ii) Gearing ratio at the Company shall not exceed 1.5 times throughout the tenure of the facility.

b) On 16 June 2017, the Company obtained a RM250 million term loan facility, is payable over 10 years (including a grace period of 3 years) from the date of the first disbursement of the facility and is subject to interest at the rate of 4.76% per annum.

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

i) The Company shall maintain 100% shareholding interest in the subsidiaries of Duopharma (M) Sdn. Bhd., Upha Pharmaceutical Manufacturing (M) Sdn. Bhd., CCM Pharmaceuticals Sdn. Bhd. and CCM Biopharma Sdn. Bhd.;
ii) Permodalan Nasional Berhad ("PNB"), its group of companies and funds managed by PNB shall remain as ultimate holding company of the Company throughout the tenure of the facility;
iii) Financing to equity ratio on consolidated level shall not more than 1.50 times; and
iv) Financial service coverage ratio on consolidated level not less than 1.20 times.

13.2 Revolving credit – unsecured

The Group's revolving credit as at 31 December 2017 amounting to RM26,291,000 (2016: RM11,498,000) are revolving credits maturing between one to twelve months.

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

	Term loan RM'000	Revolving credits RM'000	Total RM'000
Group			
Balance at 1 January 2017	101,798	11,498	113,296
Drawdown	9,350	19,793	29,143
Repayment	(10,000)	(5,000)	(15,000)
Balances at 31 December 2017	101,148	26,291	127,439

13. LOANS AND BORROWINGS (CONTINUED)

Reconciliation of movement of liabilities to cash flows arising from financing activities (continued)

	Term loan RM'000	Revolving credits RM'000	Total RM'000
Company			
Balance at 1 January 2017	101,798	6,498	108,296
Drawdown	9,350	9,793	19,143
Repayment	(10,000)	-	(10,000)
Balances at 31 December 2017	101,148	16,291	117,439

14. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade					
Trade payables		**18,914**	26,773	**-**	-
Amount due to related companies	14.1	**141**	-	**-**	-
		19,055	26,773	**-**	-
Non-trade					
Amount due to intermediate holding company	14.2	**-**	22,763	**-**	-
Amount due to related companies	14.2	**22,899**	120	**962**	100
Other payables		**13,230**	17,456	**459**	-
Accrued expenses		**10,715**	8,098	**260**	174
Provisions		**17,558**	5,955	**-**	-
Provision for warranty		**693**	493	**-**	-
		65,095	54,885	**1,681**	274
		84,150	81,658	**1,681**	274

During the financial year, Chemical Company of Malaysia Berhad had a restructuring exercise which resulted in a change in the group structure. Arising from this change in group structure, the relationship between the Company and Chemical Company of Malaysia Berhad had changed from intermediate holding company to related company.

14. TRADE AND OTHER PAYABLES (CONTINUED)

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

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

15. REVENUE

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Sale of goods	**467,987**	312,940	**-**	-
Dividend income from unquoted subsidiary in Malaysia and Singapore	**-**	-	**19,674**	13,093
	467,987	312,940	**19,674**	13,093

16. RESULTS FROM OPERATING ACTIVITIES

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Operating profit is arrived at after charging:				
Amortisation of intangible assets	**169**	-	**-**	-
Auditors' remuneration:				
- Audit fees				
KPMG in Malaysia	**211**	197	**30**	30
Other auditors	**41**	41	**-**	-
- Non-audit fees				
KPMG in Malaysia	**57**	17	**12**	17
Depreciation on property, plant and equipment	**23,951**	22,500	**-**	-
Net impairment loss on trade receivables	**1,508**	2,312	**-**	-
Net inventories written down	**3,675**	4,896	**-**	-
Net realised foreign exchange loss	**-**	-	**161**	-

16. RESULTS FROM OPERATING ACTIVITIES (CONTINUED)

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Operating profit is arrived at after charging (continued):				
Personnel expenses (including key management personnel):				
- Contributions to state plans	**9,814**	9,038	**56**	-
- Wages, salaries and others	**72,813**	61,485	**309**	-
Provision for warranty	**200**	-	**-**	-
Rental expenses in respect of property	**1,600**	2,733	**-**	-
Research and development expense	**10,256**	9,703	**-**	-
Write off on intangible assets	**1,600**	-	**-**	-
Write off on property, plant and equipment	**267**	1,315	**-**	-
and after crediting:				
Change in fair value of investment property	**200**	-	**-**	-
Dividend income from:				
- A subsidiary in Malaysia (unquoted)	**-**	-	**19,050**	12,000
- A subsidiary in Singapore (unquoted)	**-**	-	**624**	1,093
Net realised foreign exchange gain	**157**	342	**-**	-
Net unrealised foreign exchange gain	**438**	184	**-**	-
Rental income from property	**-**	466	**-**	-
Reversal of provision for warranty	**-**	471	**-**	-

17. FINANCE INCOME

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Interest income of financial assets that are not at fair value through profit or loss	**2,718**	4,234	**8,471**	9,629

18. FINANCE COSTS

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	**4,995**	5,343	**4,457**	4,753
Other finance costs	**274**	207	**1**	2
	5,269	5,550	**4,458**	4,755

19. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Directors				
- Fees	**515**	484	**515**	484
- Other short-term employee benefits	**79**	41	**79**	41
	594	525	**594**	525
Other key management personnel				
- Remuneration	**2,163**	2,793	**2,163**	2,793
Total short-term employee benefits	**2,757**	3,318	**2,757**	3,318

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

The Group pays management fee to previous intermediate holding company in relation to services of certain key management personnel of the Group as disclosed in Note 27.

20. TAX EXPENSE

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Recognised in profit or loss				
Current tax expense				
- current year	**11,781**	5,068	**491**	252
- under/(over) provision in prior years	**491**	(888)	**42**	17
Total current tax recognised in profit or loss	**12,272**	4,180	**533**	269
Deferred tax (benefit)/expense				
Origination and reversal of temporary differences	**107**	1,819	**-**	-
Over provision in prior years	**(3,070)**	(1,346)	**-**	-
Total deferred tax recognised in profit or loss	**(2,963)**	473	**-**	-
Total income tax expense	**9,309**	4,653	**533**	269
Reconciliation of tax expense				
Profit for the year	**42,463**	26,826	**21,440**	16,610
Total income tax expense	**9,309**	4,653	**533**	269
Profit excluding tax	**51,772**	31,479	**21,973**	16,879
Income tax calculated using Malaysian tax rate of 24%	**12,425**	7,555	**5,274**	4,051
Non-deductible expenses	**1,341**	1,585	**1,425**	1,315
Tax exempt income	**(17)**	-	**(6,208)**	(5,114)
Tax incentives	**(2,201)**	(2,127)	**-**	-
(Over)/Under provision in prior years	**(2,579)**	(2,234)	**42**	17
Effect of change in tax rate	**340**	(126)	**-**	-
	9,309	4,653	**533**	269

21. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2017 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

Group	2017 RM'000	2016 RM'000
Profit attributable to ordinary shareholders	**42,463**	26,826

	Group	
	2017 '000	2016 '000
Weighted average number of ordinary shares at 31 December	**278,959**	278,959

	Group	
	2017 Sen	2016 Sen
Basic earnings per ordinary share	**15.22**	9.62

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 2017.

22. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2017			
Final 2016 ordinary	4.00	**11,158**	23 June 2017
Interim 2017 ordinary	2.50	**6,974**	10 November 2017
Total amount		**18,132**	
2016			
Final 2015 ordinary	5.50	15,343	28 June 2016
Interim 2016 ordinary	2.50	6,974	11 November 2016
Total amount		22,317	

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 2017 ordinary	6	**16,737**

23. OPERATING SEGMENTS

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

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

Geographical segments

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

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

	Group	
	2017	**2016**
	RM'000	**RM'000**
Revenue from external customers:		
Local	**420,379**	276,277
Export	**47,608**	36,663
	467,987	312,940
Trade receivables from external customers:		
Local	**83,575**	66,769
Export	**2,952**	6,642
	86,527	73,411

Major customers

Revenue from major customer with revenue equal or more than 10% of the Group's total revenue amounts to approximately RM76,985,000 (2016: RM72,282,000), generated from local segment.

24. FINANCIAL INSTRUMENTS

24.1 Categories of financial instruments

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

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss ("FVTPL"):
- Held for trading ("HFT"); and
(c) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL- HFT RM'000
Group			
2017			
Financial assets			
Trade and other receivables (excluding prepayments)	**108,400**	**108,400**	**-**
Cash and bank balances	**59,177**	**59,177**	**-**
Highly liquid investments	**36,844**	**-**	**36,844**
	204,421	**167,577**	**36,844**
Financial liabilities			
Loan and borrowings	**(127,439)**	**(127,439)**	**-**
Trade and other payables	**(84,150)**	**(84,150)**	**-**
	(211,589)	**(211,589)**	**-**
2016			
Financial assets			
Trade and other receivables (excluding prepayments)	91,492	91,492	-
Cash and bank balances	33,404	33,404	-
Highly liquid investments	81,410	-	81,410
	206,306	124,896	81,410
Financial liabilities			
Loan and borrowings	(113,296)	(113,296)	-
Trade and other payables	(81,658)	(81,658)	-
	(194,954)	(194,954)	-

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R/ (FL) RM'000	FVTPL- HFT RM'000
Company			
2017			
Financial assets			
Trade and other receivables	**210,860**	**210,860**	**-**
Cash and bank balances	**12,027**	**12,027**	**-**
Highly liquid investments	**36,844**	**-**	**36,844**
	259,731	**222,887**	**36,844**
Financial liabilities			
Loan and borrowings	**(117,439)**	**(117,439)**	**-**
Trade and other payables	**(1,681)**	**(1,681)**	**-**
	(119,120)	**(119,120)**	**-**
2016			
Financial assets			
Trade and other receivables	163,970	163,970	-
Cash and bank balances	720	720	-
Highly liquid investments	81,410	-	81,410
	246,100	164,690	81,410
Financial liabilities			
Loan and borrowings	(108,296)	(108,296)	-
Trade and other payables	(274)	(274)	-
	(108,570)	(108,570)	-

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.2 Net gains and losses arising from financial instruments

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) on:				
Loans and receivables	**2,718**	4,234	**8,471**	9,629
Financial liabilities measured at amortised cost	**(5,269)**	(5,550)	**(4,458)**	(4,755)
	(2,551)	(1,316)	**4,013**	4,874

24.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

24.4 Credit risk

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

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.

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, private sectors 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.

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Receivables (continued)

Exposure to credit risk, credit quality and collateral (continued)

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

	Group	
	2017	**2016**
	RM'000	**RM'000**
Public sector	**28,377**	19,868
Private sector	**58,155**	55,940
	86,532	75,808

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	Individual impairment	Net
	RM'000	**RM'000**	**RM'000**
2017			
Not past due	**79,815**	**-**	**79,815**
Past due 0-30 days	**6,171**	**-**	**6,171**
Past due 31-120 days	**715**	**(207)**	**508**
Past due more than 120 days	**4,526**	**(4,488)**	**38**
	91,227	**(4,695)**	**86,532**
2016			
Not past due	66,728	-	66,728
Past due 0-30 days	5,959	-	5,959
Past due 31-120 days	1,869	-	1,869
Past due more than 120 days	5,388	(4,136)	1,252
	79,944	(4,136)	75,808

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Impairment losses (continued)

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

	Group	
	2017	**2016**
	RM'000	**RM'000**
At 1 January	**4,136**	2,320
Impairment loss recognised	**1,570**	3,884
Impairment loss written off	**(949)**	(496)
Impairment loss recovered	**(62)**	(1,572)
At 31 December	**4,695**	4,136

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 trade receivables directly.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

Exposure to credit risk, credit quality and collateral

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

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. The Group does not have overdue investments that have not been impaired.

The investment and other financial assets are unsecured.

Impairment losses

As at the end of the reporting period, there was no indication that the investments were not recoverable.

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 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 subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

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

Loans and advances are only provided to subsidiaries which are wholly owned by the Company.

Impairment losses

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

24.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.5 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	Contractual interest rate	Contractual cash flows	Under 1 year	1 - 2 years	2 - 5 years	More than 5 years
	RM'000	%	RM'000	RM'000	RM'000	RM'000	RM'000
2017							
Group							
Non-derivative financial liabilities							
Trade and other payables	**84,150**	**-**	**84,150**	**84,150**	**-**	**-**	**-**
Term loan – unsecured	**101,148**	**4.50 - 4.76**	**114,356**	**14,302**	**18,746**	**81,308**	**-**
Revolving credit – unsecured	**26,291**	**2.47 - 4.22**	**26,787**	**26,787**	**-**	**-**	**-**
Company							
Non-derivative financial liabilities							
Trade and other payables	**1,681**	**-**	**1,681**	**1,681**	**-**	**-**	**-**
Term loan – unsecured	**101,148**	**4.50 - 4.76**	**114,356**	**14,302**	**18,746**	**81,308**	**-**
Revolving credit – unsecured	**16,291**	**2.47 - 2.79**	**16,718**	**16,718**	**-**	**-**	**-**
2016							
Group							
Non-derivative financial liabilities							
Trade and other payables	81,658	-	81,658	81,658	-	-	-
Term loan – unsecured	101,798	4.50	118,189	14,301	13,857	63,660	26,371
Revolving credit – unsecured	11,498	2.60 - 3.86	11,685	11,685	-	-	-
Company							
Non-derivative financial liabilities							
Trade and other payables	274	-	274	274	-	-	-
Term loan – unsecured	101,798	4.50	118,189	14,301	13,857	63,660	26,371
Revolving credit – unsecured	6,498	2.60	6,669	6,669	-	-	-

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk

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

24.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and bank balance that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Euro ("EURO"), Singapore Dollar ("SGD"), and Philippine Peso ("PESO").

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:

	***Denominated in* USD**	
	2017	**2016**
	RM'000	**RM'000**
Group		
Trade and other receivables	**2,823**	3,991
Trade payables	**(11,338)**	(8,548)
Bank balances	**446**	695
Net exposure in the statement of financial position	**(8,069)**	(3,862)

	***Denominated in* EURO**	
	2017	**2016**
	RM'000	**RM'000**
Trade and other receivables	**3,309**	4,833
Trade payables	**(136)**	(158)
Net exposure in the statement of financial position	**3,173**	4,675

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

	***Denominated in* SGD**	
	2017	**2016**
	RM'000	**RM'000**
Trade and other receivables	**1,521**	1,553
Trade payables	**(36)**	(93)
Bank balances	**3,785**	4,298
Net exposure in the statement of financial position	**5,270**	5,758

	***Denominated in* PESO**	
	2017	**2016**
	RM'000	**RM'000**
Trade receivables	**1,562**	1,540
Trade payables	**(89)**	(99)
Bank balances	**1,307**	2,372
Net exposure in the statement of financial position	**2,780**	3,813

Currency risk sensitivity analysis

A 10% (2016: 10%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2017	**2016**
	RM'000	**RM'000**
Group		
USD	**613**	293
EURO	**(241)**	(355)
SGD	**(401)**	(438)
PESO	**(211)**	(290)
	(240)	(790)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

Currency risk sensitivity analysis (continued)

A 10% (2016: 10%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

24.6.2 Interest rate risk or net asset value risk

The Group's and the Company's investments in debt securities and borrowings are exposed to a risk of change in their fair value due to changes in market rates. Investments in equity securities and short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's exposure to the risk of changes in market rates relates primarily to the highly liquid investments with floating net asset value and its floating interest rate unsecured term loans. Changes in the net asset value and interest rate may expose the Group to a risk of change in cash flows.

The excess fund placed with licensed banks and other financial institutions and corporations are for certain periods during which the interest rates are fixed. The management reviews the interest rates at regular intervals.

Exposure to interest rate risk

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

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed rate instruments				
Financial assets	**12,016**	3,069	**350**	330
Financial liabilities	**(26,291)**	(11,498)	**(16,291)**	(6,498)
	(14,275)	(8,429)	**(15,941)**	(6,168)
Floating rate instruments				
Financial assets	**36,844**	81,410	**36,844**	81,410
Financial liabilities	**(101,148)**	(101,798)	**(101,148)**	(101,798)
	(64,304)	(20,388)	**(64,304)**	(20,388)

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.2 Interest rate risk or net asset value risk (continued)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/ (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2017		**2016**	
	Profit or (loss)		**Profit or (loss)**	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
Group				
Floating rate instruments	**(489)**	**489**	(155)	155
Company				
Floating rate instruments	**(489)**	**489**	(155)	155

24.7 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.

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.7 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position, is as follows:

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair	Carrying
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	value RM'000	amount RM'000
Group										
2017										
Financial liabilities										
Term loan	**-**	**-**	**-**	**-**	**-**	**-**	**(101,148)**	**(101,148)**	**(101,148)**	**(101,148)**
2016										
Financial liabilities										
Term loan	-	-	-	-	-	-	(101,798)	(101,798)	(101,798)	(101,798)
Company										
2017										
Financial assets										
Amount due from subsidiaries	**-**	**-**	**153,719**	**153,719**	**-**	**-**	**-**	**-**	**153,719**	**153,719**
Financial liabilities										
Term loan	**-**	**-**	**-**	**-**	**-**	**-**	**(101,148)**	**(101,148)**	**(101,148)**	**(101,148)**
	-	**-**	**153,719**	**153,719**	**-**	**-**	**(101,148)**	**(101,148)**	**52,571**	**52,571**
2016										
Financial assets										
Amount due from subsidiaries	-	-	130,722	130,722	-	-	-	-	130,722	130,722
Financial liabilities										
Term loan	-	-	-	-	-	-	(101,798)	(101,798)	(101,798)	(101,798)
	-	-	130,722	130,722	-	-	(101,798)	(101,798)	28,924	28,924

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.7 Fair value information (continued)

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year. (2016: no transfer in either direction).

Level 3 fair value

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Loan to subsidiaries	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

Valuation processes applied by the Group for Level 3 fair value

The Group has an established control framework in respect to the measurement of fair values of financial instruments. This includes management that has overall responsibility for overseeing all significant fair value measurements.

Interest rate used to determine fair value

The interest rate used to discount estimated cash flows is 4.5% (2016: 4.5%).

25. CAPITAL MANAGEMENT

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to safeguard shareholders' interest within the Group and to sustain future development of the business.

The debt-to-equity ratio at 31 December 2017 and at 31 December 2016 were as follows:

		Group	
	Note	2017	2016
Total loans and borrowings	13	**127,439**	117,439
Total equity		**479,865**	454,516
Debt-to-equity ratios		**0.27:1**	0.26:1

The Group is also required to maintain a maximum debt-to-equity ratio of 1.5 and minimum debt service cover ratio of 1.2 to comply with a debt covenant, failing which, the bank may call an event of default. The Group has complied with the covenants.

26. CAPITAL AND OTHER COMMITMENTS

	Group	
	2017	**2016**
	RM'000	**RM'000**
Capital expenditure commitments		
Plant and equipment		
Contracted but not provided for	**20,452**	7,703

27. RELATED PARTY TRANSACTIONS

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the Directors of the Group, and certain members of senior management of the Group. The Group has related party relationship with its holding company, subsidiaries, related companies and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below, except for key management personnel compensation which is shown in Note 19. The balances related to the below transactions are shown in Note 8 and 14.

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Intermediate holding company				
Management fees paid	**-**	(11,687)	**-**	-
Immediate holding company				
Dividend paid	**-**	(16,373)	**-**	(16,373)
Related companies				
Management fees paid	**(8,271)**	-	**-**	-
Dividend paid	**(13,303)**	-	**(13,303)**	-
Dividend income received from a subsidiary	**-**	-	**19,674**	13,093
Interest income received from subsidiaries	**-**	-	**6,701**	5,764

27. RELATED PARTY TRANSACTIONS (CONTINUED)

Significant related party transactions (continued)

During the financial year, Chemical Company of Malaysia Berhad had a restructuring exercise which resulted in a change in the group structure. Arising from this change in group structure, the relationship between the Company and CCM Marketing Sdn. Bhd. had changed from immediate holding company to related company. The relationship between the Company and Chemical Company of Malaysia Berhad had also changed from intermediate holding company to related company.

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 and related company is payment for services of a director and certain key management personnel of the Group amounting to RM650,780 (2016 : RM373,331).

28. SUBSEQUENT EVENTS

Proposed Bonus Issue and Proposed Reinvestment Plan

On 27 February 2018, Company has proposed to undertake the following:

(i) bonus issue of up to 371,945,333 bonus shares to be credited as fully paid-up on the basis of 4 bonus shares for every 3 existing CCM Duopharma Biotech Berhad ("CCM Duopharma") shares held by the shareholders at an entitlement date to be determined and announced later; and

(ii) establish a dividend reinvestment plan which will provide the shareholders with an option to elect to reinvest their cash dividend declared by Duopharma which includes any interim, final, special or any other cash dividend in Duopharma shares.

Proposed Internal Restructuring

On 27 February 2018, Board of Directors of the Company has approved the following proposed internal restructuring exercise:

(i) the acquisition by CCM Duopharma of the entire equity interest in CCM Biopharma Sdn. Bhd. and Negeri Pharmacy Sdn. Bhd. from CCM Pharmaceuticals Sdn. Bhd.;

(ii) the acquisition by CCM Duopharma of the entire equity interest in Upha Pharmaceutical Manufacturing (M) Sdn Bhd ("UPMSB") from Duopharma (M) Sendirian Berhad; and

(iii) the increase of the paid up share capital of UPMSB by way of conversion of a portion of inter-company loan owing by UPMSB to CCM Duopharma.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 84 to 140 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

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

Dato' Mohamad Kamarudin bin Hassan
Director

Razalee bin Amin
Director

Kuala Lumpur

14 March 2018

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Chek Wu Kong**, the officer primarily responsible for the financial management of CCM Duopharma Biotech Berhad, do solemnly and sincerely declare that the financial statements set out on pages 84 to 140 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Chek Wu Kong, NRIC: 660124-08-6517, at Kuala Lumpur in the Federal Territory on 14 March 2018.

Chek Wu Kong

Before me:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CCM DUOPHARMA BIOTECH BERHAD (COMPANY NO. 524271-W) (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CCM Duopharma Biotech Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 84 to 140.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Inventory provisions
Refer to Note 2(h) - Significant accounting policy: Inventories and Note 9 – Inventories.

The key audit matter	How the matter was addressed in our audit
The Group manufactures and sells pharmaceutical products which carry shelf life, increasing the level of judgement involved in estimating inventory provisions. Judgement is required to assess the appropriate level of provisioning for short-dated pharmaceutical products. Such judgements include Directors' expectations for future sales and inventory liquidation plans.	We performed the following audit procedures, among others: • We attended stock counts to identify whether any inventory was obsolete; • We assessed the basis for the inventory provisions, the consistency of provisioning in line with policy and the rationale for the recording of specific provisions; • We tested the accuracy of the ageing of inventories based on system generated reports; and • We tested the provision calculations and determined that they appropriately took into account the ageing profile of inventories.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Director's Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditor's report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Abdullah Abu Samah
Approval Number: 2013/06/18(J)
Chartered Accountant

Petaling Jaya, Selangor

14 March 2018

ANALYSIS OF SHAREHOLDINGS
AS AT 28 MARCH 2018

Total Number of Issued Shares	:	278,959,000
Class of Shares	:	Ordinary Shares
No. of Shareholders	:	6,546
Voting Rights	:	One vote per Ordinary Share

ANALYSIS BY SIZE OF HOLDINGS
as at 28 March 2018

Size of Holdings	No. of holders	%	No. of shares	%
1 – 99	729	11.14	16,559	0.006
100 – 1,000	1,547	23.63	872,753	0.313
1,001 – 10,000	3,138	47.94	12,198,284	4.373
10,001 – 100,000	938	14.33	28,118,118	10.079
100,001 – 13,947,949(*)	193	2.95	107,008,220	38.360
13,947,950 and above (**)	1	0.01	130,745,066	46.869
TOTAL	6,546	100.00	278,959,000	100.00

* Less than 5% of issued shares
** 5% and above of issued shares

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS
as at 28 March 2018

Name	No. of Shares Held			
	Direct	* %	Indirect	%
Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir	–	–	–	–
Leonard Ariff bin Abdul Shatar	–	–	–	–
Dato' Mohamad Kamarudin bin Hassan	–	–	–	–
Razalee bin Amin	–	–	–	–
Puan Sri Datuk Seri Rohani Parkash binti Abdullah	–	–	–	–
Zaiton binti Jamaluddin	–	–	–	–
Dato' Eisah binti A.Rahman	–	–	–	–
Datuk Nik Moustpha bin Hj Nik Hassan	–	–	–	–
Datuk Mohd Radzif bin Mohd Yunus	–	–	–	–

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS
as at 28 March 2018

Name	No. of Shares Held			
	Direct	* %	Indirect	%
Permodalan Nasional Berhad	130,745,066	46.87	–	–
Yayasan Pelaburan Bumiputra	–	–	130,745,066	46.87
Employees Provident Fund Board	–	–	18,433,358	6.61

TOP 30 SHAREHOLDERS
as at 28 March 2018

No.	Name	Holdings	Percentage (%)
1.	PERMODALAN NASIONAL BERHAD	130,745,066	46.87
2.	AMANAHRAYA TRUSTEES BERHAD – Amanah Saham Bumiputera	9,500,000	3.40
3.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD – Employees Provident Fund Board	9,161,700	3.28
4.	PUBLIC NOMINEES (ASING) SDN BHD – Pledged Securities Account For Billion Victory Sdn Bhd (KLC)	7,320,000	2.62
5.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD – Employees Provident Fund Board (Am Inv)	4,765,592	1.70
6.	AMANAHRAYA TRUSTEES BERHAD – Public Islamic Treasures Growth Fund	2,990,000	1.07
7.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD – As Beneficial Owner (PF)	2,617,800	0.94
8.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD – Employees Provident Fund Board (AberIslamic)	1,939,984	0.69
9.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB Commerce Trustee Berhad – Kenanga Growth Fund	1,885,400	0.68
10.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD – Kumpulan Wang Persaraan (Diperbadankan) (Affin Hwng SM CF)	1,747,800	0.63
11.	HSBC NOMINEES (ASING) SDN BHD – Exempt an for Credit Suisse (Sg Br-Tst – Asing)	1,700,000	0.61
12.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD – Employees Provident Fund Board (Asian Islamic)	1,638,582	0.59
13.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD – Kumpulan Wang Persaraan (Diperbadankan) (Aiiman Is Eq)	1,448, 238	0.52
14.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD – Kaf Dana Adib	1,438,668	0.51
15.	AMANAHRAYA TRUSTEES BERHAD – Affin Hwang Principled Growth Fund	1,395,354	0.50

No.	Name	Holdings	Percentage (%)
16.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD – Universal Trustee (Malaysia) Berhad for CIMB Islamic Small Cap Fund	1,295,980	0.46
17.	AMANAHRAYA TRUSTEES BERHAD – As 1Malaysia	1,257,800	0.45
18.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB Commerce Trustee Berhad – Kenanga Malaysian Inc Fund	1,250,514	0.45
19.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD – Exempt AN for Affin Hwang Asset Management Berhad (TSTAC/CLNT-T)	1,182,872	0.42
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD – Pledged Securities Account for Leong Chao Seong	1,131,400	0.40
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD – National Trust Fund (IFM Kenanga)	1,063,608	0.38
22.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD – Kaf Tactical Fund	1,055,032	0.38
23.	HSBC NOMINEES (TEMPATAN) SDN BHD – HSBC (M) Trustee Bhd for Manulife Investment Progress Fund (4082)	1,027,930	0.37
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD – Etiqa Life Insurance Berhad (Dana Ekt Prima)	1,000.000	0.36
25.	AMANAHRAYA TRUSTEES BERHAD – Amtotal Return	989,486	0.35
26.	LEONG CHAO SEONG	928,350	0.33
27.	OOI KENG TAN	888,960	0.32
28.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD – Deutsche Trustees Malaysia Berhad for Affin Hwang Flexi Fund II	877,098	0.31
29.	G.T.Y. HOLDINGS SDN. BHD.	864,000	0.31
30.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD – Employees Provident Fund Board (CIMB Prin)	861,800	0.30

LIST OF PROPERTIES
AS AT 31 DECEMBER 2017

Location	Tenure	Lease Period	Area (sq-meter)	Description	Approximate Age of Building	Existing use	Net Book Value (RM million)	Date of Valuation
Duopharma (M) Sendirian Berhad Lot No. 2599, Jalan Seruling 59, Kawasan 3, Taman Klang Jaya, 41200 Klang Selangor Darul Ehsan	Freehold	–	24,261	a. Industrial land built upon with a double storey factory building, a single storey pump house cum boiler house, 73 parking sheds, a guardhouse, a refilled chamber b. Four storey factory and office building c. 2-storey warehouse building with 2 mezzanine office levels of high specifications for specific pharmaceutical use with a single storey canteen building and water tank	25 years	Factory, Warehouse and office	64.68	December 2015
UPHA Pharmaceutical Manufacturing (M) Sdn. Bhd. Lot Nos. 2 and 4, Section 13, Bangi Industrial Estate, 43650 Bandar Baru Bangi, Selangor Darul Ehsan	Leasehold	99 years (1987 - 2086)	21,359	Industrial land built upon with a 3-storey office cum factory building with lift service, a 3-storey store, canteen and laboratory building, a 2-storey warehouse block, a new 2½-storey office, factory cum warehouse building with lift services, a pump block and two guardhouse buildings	30 years	Industrial land, factory and office	54.47	November 2014
CCM Pharma Sdn. Bhd. No. 2, Jalan Saudagar U1, Seksyen U1 Hicom Glenmarie Industrial Park, Shah Alam, Selangor Darul Ehsan	Freehold	–	5,907	Industrial land, factory and offices	20 years	Factory and offices	26.00	December 2017
Duopharma (M) Sendirian Berhad Lot No. 2707, Jalan Seruling 59, Kawasan 3, Taman Klang Jaya, 41200 Klang Selangor Darul Ehsan	Freehold	–	4.38 acres	Industrial land	–	Construction-in-progress for warehouse with rooftop car park	13.4	December 2015

LIST OF PROPERTIES (cont'd)

AS AT 31 DECEMBER 2017

Location	Tenure	Lease Period	Area (sq-meter)	Description	Approximate Age of Building	Existing use	Net Book Value (RM million)	Date of Valuation
CCM Pharma Sdn. Bhd. Lot 1, Phase 1, Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur	Sub-lease of 30 years land.	–	1.85 acres	Land	20 years	Vacant	4.45	December 2017
CCM Pharmaceuticals Sdn. Bhd. No 1, Jalan 4/3, Seksyen 4, Bandar Baru Bangi, 43650 Bangi, Selangor Darul Ehsan	Leasehold	99 years (1987 – 2086)	1565	A plot of vacant residential detached building land	30 years	Vacant	1.2	January 2018
Duopharma (M) Sendirian Berhad No 51 & 53, Jalan Rebana 3, Off Jalan Seruling 59, Taman Klang Jaya, 41200 Klang Selangor	Freehold	–	835	Two units of double storey terrace light industrial building	21 years	Warehouse	0.74	December 2015
CCM Pharmaceuticals Sdn. Bhd. No 64, Jalan Pernas 9/13, Bandar Baru Pernas Jaya, Masai, 81750 Johor Bahru Johor Darul Takzim	Freehold	–	362	An intermediate 1½ storey terraced factory building	26 years	Offices	0.72	January 2018
CCM Pharmaceuticals Sdn. Bhd. No 309, 310, 411 and 412, Block 4, Jalan 1/9, Seksyen 1, Bandar Baru Bangi, 43650 Bangi, Selangor Darul Ehsan	Leasehold	99 years (1996 – 2095)	228	4 units of 2-bedroom walk-up low-cost flat unit	21 years	Hostel	0.14	November 2014

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

As at the Annual General Meeting held on 22 May 2017, CCM Duopharma had obtained the shareholders' mandate to allow CCM Duopharma to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature.

In accordance to the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, details of the Recurrent Related Party Transactions audited during the financial year ended 31 December 2017, pursuant to the shareholders mandate are as follows:-

Transactions	Vendor/ Provider	Purchaser/ Recipient	Aggregate Value (RM'000)	Related Parties
Purchase of raw material for pharmaceutical products	CCM Chemicals Sdn. Bhd. ("CCMC")	Duopharma (M) Sendirian Berhad ("DMSB")	No renewal of shareholders' mandate will be sought	***Interested Major Shareholder:*** PNB[3] CCMB[4] ***Interested Directors/Interested Persons Connected:*** CCMB[5] Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir[6] Datuk Mohd Radzif bin Mohd Yunus[7] Dato' Hajah Normala binti Abdul Samad[8] Dato' Azmi bin Mohd Ali[9] Leonard Ariff bin Abdul Shatar[10]
Sale of pharmaceutical/ health care products	DMSB	CCM Marketing Sdn. Bhd. ("CCMM")	No renewal of shareholders' mandate will be sought	***Interested Major Shareholders:*** PNB[3] CCMB[4] ***Interested Director/Interested Person Connected:*** CCMB[5] Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir[6] Datuk Mohd Radzif bin Mohd Yunus[7] Dato' Hajah Normala binti Abdul Samad[8] Dato' Azmi bin Mohd Ali[9] Leonard Ariff bin Abdul Shatar[10]
Provision of Shared Services[11]	Chemical Company of Malaysia Berhad ("CCMB")	CCM Duopharma Biotech Berhad ("CCM Duopharma")	7,000	***Interested Major Shareholders:*** PNB[3] CCMB[4] ***Interested Director/Interested Persons Connected***: CCMB[5] Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir[6] Datuk Mohd Radzif bin Mohd Yunus[7] Dato' Hajah Normala binti Abdul Samad[8] Dato' Azmi bin Mohd Ali[9] Leonard Ariff bin Abdul Shatar[10]

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (cont'd)

Transactions	Vendor/ Provider	Purchaser/ Recipient	Aggregate Value (RM'000)	Related Parties
Provision of Shared Services[11]	CCMB	DMSB	No renewal of shareholders' mandate will be sought	***Interested Major Shareholders:*** PNB[3] CCMB[4] ***Interested Director/ Interested Person Connected:*** CCMB[5] Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir[6] Datuk Mohd Radzif bin Mohd Yunus[7] Dato' Hajah Normala binti Abdul Samad[8] Dato' Azmi bin Mohd Ali[9] Leonard Ariff bin Abdul Shatar[10]
Provision of Shared Services[11]	CCMB	Upha Pharmaceutical Manufacturing (M) Sdn. Bhd. ("UPHA")	No renewal of shareholders' mandate will be sought	***Interested Major Shareholders:*** PNB[3] CCMB[4] ***Interested Director/ Interested Person Connected:*** CCMB[5] Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir[6] Datuk Mohd Radzif bin Mohd Yunus[7] Dato' Hajah Normala binti Abdul Samad[8] Dato' Azmi bin Mohd Ali[9] Leonard Ariff bin Abdul Shatar[10]
Provision of Shared Services[11]	CCMB	CCM Pharmaceuticals Sdn. Bhd. ("CCMP")	No renewal of shareholders' mandate will be sought	***Interested Major Shareholders:*** PNB[3] CCMB[4] ***Interested Director/Interested Person Connected:*** CCMB[5] Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir[6] Datuk Mohd Radzif bin Mohd Yunus[7] Dato' Hajah Normala binti Abdul Samad[8] Dato' Azmi bin Mohd Ali[9] Leonard Ariff bin Abdul Shatar[10]

Transactions	Vendor/ Provider	Purchaser/ Recipient	Aggregate Value (RM'000)	Related Parties
Provision of Shared Services[11]	CCMB	Sentosa Pharmacy Sdn. Bhd. ("Sentosa Pharmacy")	No renewal of shareholders' mandate will be sought	***Interested Major Shareholders:*** PNB[3] CCMB[4] ***Interested Director/Interested Person Connected:*** CCMB[5] Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir[6] Datuk Mohd Radzif bin Mohd Yunus[7] Dato' Hajah Normala binti Abdul Samad[8] Dato' Azmi bin Mohd Ali[9] Leonard Ariff bin Abdul Shatar[10]
Provision of Shared Services[11]	CCMB	Unique Pharmacy (Penang) Sdn. Bhd. ("Unique Pharmacy (Penang)")	No renewal of shareholders' mandate will be sought	***Interested Major Shareholders:*** PNB[3] CCMB[4] ***Interested Director/Interested Person Connected:*** CCMB[5] Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir[6] Datuk Mohd Radzif bin Mohd Yunus[7] Dato' Hajah Normala binti Abdul Samad[8] Dato' Azmi bin Mohd Ali[9] Leonard Ariff bin Abdul Shatar[10]
Provision of Shared Services[11]	CCM	CCM International (Philippines), Inc. ("CCMIP")	No renewal of shareholders' mandate will be sought	***Interested Major Shareholders:*** PNB[3] CCMB[4] ***Interested Director/Interested Person Connected:*** CCMB[5] Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir[6] Datuk Mohd Radzif bin Mohd Yunus[7] Dato' Hajah Normala binti Abdul Samad[8] Dato' Azmi bin Mohd Ali[9] Leonard Ariff bin Abdul Shatar[10]

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (cont'd)

Transactions	Vendor/ Provider	Purchaser/ Recipient	Aggregate Value (RM'000)	Related Parties
Provision of Shared Services[11]	CCMB	Innovax Sdn. Bhd. ("Innovax")	No renewal of shareholders' mandate will be sought	***Interested Major Shareholders:*** CCMB[4] ***Interested Director/Interested Person Connected:*** CCMB[5] Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir[6] Datuk Mohd Radzif bin Mohd Yunus[7] Dato' Hajah Normala binti Abdul Samad[8] Dato' Azmi bin Mohd Ali[9] Leonard Ariff bin Abdul Shatar[10]
Provision of Shared Services[11]	CCMB	CCM Pharmaceuticals (S) Pte. Ltd. ("CCMPS")	No renewal of shareholders mandate will be sought	***Interested Major Shareholders:*** PNB[3] CCMB[4] ***Interested Director/Interested Person Connected:*** CCMB[5] Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir[6] Datuk Mohd Radzif bin Mohd Yunus[7] Dato' Hajah Normala binti Abdul Samad[8] Dato' Azmi bin Mohd Ali[9] Leonard Ariff bin Abdul Shatar[10]
Provision of Shared Services[11]	CCMB	CCM Pharma Sdn. Bhd. ("CCM Pharma")	No renewal of shareholders' mandate will be sought	***Interested Major Shareholders:*** PNB[3] CCMB[4] ***Interested Director/Interested Person Connected:*** CCMB[5] Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir[6] Datuk Mohd Radzif bin Mohd Yunus[7] Dato' Hajah Normala binti Abdul Samad[8] Dato' Azmi bin Mohd Ali[9] Leonard Ariff bin Abdul Shatar[10]

- *There was no deviation from the Actual Value exceeding the Estimated Aggregate Value by 10% or more in the Existing Mandate.*

Notes:

1. The values are actual values transacted from the date of the last AGM until the last practicable date i.e. 28 March 2018. Disclosure is made in CCM Duopharma's 2017 Annual Report of the actual breakdown of the aggregate value of transactions conducted during the financial year ended 31 December 2017, as required under Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, pursuant to the Proposed Shareholders' Mandate.

2. The values are estimates based on the audited financial statements for the financial year ended 31 December 2017. Due to the nature of the transactions, the actual value of transactions may vary from the estimated value disclosed above.

3. On 28 December 2017, CCMB announced to Bursa Malaysia that the distribution of shares in CCM Duopharma owned by CCMB to the shareholders of CCMB had been completed. Following the completion of the distribution, CCM Duopharma was demerged from the CCMB Group and CCM Duopharma and its subsidiaries ceased to be subsidiaries of CCMB.

   Following the completion of the aforesaid distribution and as at the last practicable date i.e. 28 March 2018, PNB is a major shareholder of both CCMB and CCM Duopharma since PNB holds 56.23% direct interest in CCMB and 46.87% direct interest in CCM Duopharma (as at the last practicable date i.e. 28 March 2018).

4. Prior to the completion of the demerger of the CCM Duopharma Group from the CCMB Group, CCMB held 73.37% interest in CCM Duopharma. As such, CCMB is deemed a Major Shareholder of CCM Duopharma since CCMB was a major shareholder of CCM Duopharma within the preceding 6 months of the last practicable date 28 March 2018.

5. DMSB, CCMP, CCMIP, Innovax, and CCMPS are wholly-owned subsidiaries of CCM Duopharma. Sentosa Pharmacy and Unique Pharmacy (Penang) are wholly owned subsidiaries of CCMP while UPHA and CCM Pharma are wholly owned subsidiaries of DMSB. Therefore, CCM Duopharma is deemed to have a 100% equity interest in Sentosa Pharmacy, Unique Pharmacy (Penang), UPHA and CCM Pharma.

. Prior to the completion of the demerger of CCM Duopharma Group from the CCMB Group, CCMB held 73.37% interest in CCM Duopharma. Therefore, CCMB was deemed to have indirect interest of 73.37% of the issued share capital of CCM Duopharma's wholly owned subsidiaries. CCMB also has 100% direct interest in CCM UKSB which in turn holds 94.72% direct interest in CCMWS and 80% direct interest in CCMC. CCMB also holds 5.28% direct interest in CCMWS and 20% direct interest in CCMC. Therefore, CCMB is deemed to have a 100% effective interest in CCMWS and CCMC.

   Following the completion of the aforesaid distribution, CCMB is a subsidiary of PNB as PNB holds 56.32% interest in CCMB (as at the last practicable date i.e. 28 March 2018. Therefore, CCMB, being a related corporation of PNB, is deemed to be Person Connected to PNB.

6. Prior to the demerger of CCM Duopharma from the CCMB Group, Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir was the Senior Independent Non-Executive Director of CCM Duopharma and an Independent Non-Executive Director of CCMB. After the demerger, she was re-designated as the Non-Independent Non-Executive Chairman of CCM Duopharma with effect from 28 December 2017 and resigned as Director of CCMB with effect from 28 December 2017. She is the nominee of PNB on the board of CCM Duopharma with effect from 28 December 2017. Tan Sri Datin Paduka Siti Sa'diah is still deemed a Director of CCMB and has no direct interest in CCMB, CCM Duopharma or any of their subsidiary companies. She is a Director of KPJ Healthcare Berhad and has a direct shareholding interest of 0.11% in KPJ Healthcare Berhad and holds 437,992 warrants in KPJ Healthcare Berhad. She is an interested Director and an interested Person Connected and therefore, she is deemed interested in the Proposed Shareholders' Mandate.

7. Datuk Radzif bin Mohd Yunus is a nominee of PNB on the Board of CCM Duopharma. He has no direct interest in CCM Duopharma or any of their subsidiary companies. He is an interested Director and therefore deemed interested in the Proposed Shareholders' Mandate.

8. Dato' Hajah Normala binti Abdul Samad is the Non-Independent Non-Executive Chairman of CCMB and a nominee of PNB on the Board of CCMB. Prior to the demerger of CCM Duopharma from the CCMB Group, she was also the Non-Independent Non-Executive Chairman of CCM Duopharma and a nominee of CCMB on the Board of CCM Duopharma. After the demerger, she resigned as Director of CCM Duopharma with effect from 28 December 2017. Dato' Hajah Normala is still deemed a Director of CCM Duopharma and has no direct interest in CCMB, CCM Duopharma or any of their subsidiary companies. She is an interested Director and an interested Person Connected and therefore, she is deemed interested in the Proposed Shareholders' Mandate.

9. Dato' Azmi bin Mohd Ali is a Non-Independent Non-Executive Director of CCMB and a nominee of PNB on the Board of CCMB. Prior to the demerger of CCM Duopharma from the CCMB Group, he was also a Non-Independent Non-Executive Director of CCM Duopharma and a nominee of CCMB on the Board of CCM Duopharma. After the demerger, he resigned as Director of CCM Duopharma with effect from 28 December 2017. Pursuant to the definition under the Definitions Section of this Circular, he is still deemed a Director of CCM Duopharma. Dato' Azmi has no direct interest in CCMB, CCM Duopharma or any of their subsidiary companies. He is an interested Director and an interested Persons Connected and therefore, he is deemed interested in the Proposed Shareholders' Mandate.

10. Prior to the demerger of CCM Duopharma from the CCMB Group, Leonard Ariff bin Abdul Shatar was the Chief Executive Officer of CCM Duopharma and deemed a Director of the Company, as defined under the Definitions Section of this Circular. He was also the Group Managing Director of CCMB, the Chief Executive Officer of the Pharmaceuticals Business of CCMB and a Non-Executive Director on the boards of CCMM, Innovax, DMSB, UPHA, CCM Pharma, CCMC and CCM UKSB. After the demerger of CCM Duopharma from the CCMB Group, Leonard Ariff resigned as Group Managing Director of CCMB with effect from 28 December 2017 and was appointed the Group Managing Director of CCM Duopharma. Leonard Ariff is still deemed a Director of CCMB and those subsidiaries of CCMB that he was a Director prior to the aforesaid demerger. Leonard Ariff has no direct interest in CCMB, CCM Duopharma or any of their subsidiary companies. Leonard Ariff is an interested Director and an interested Persons Connected and therefore, he is deemed interested in the Proposed Shareholders' Mandate.

11. Prior to the demerger of CCM Duopharma from the CCMB Group, provision of Shared Services refers to support services covering areas of accounting, treasury, procurement, security, company secretarial, corporate affairs, legal, internal audit, human resource, information technology services etc. After the demerger, provision of Shared Services refers to support services covering the area of information technology services only.

12. Hospitals and clinics under Ramsay Sime Darby Health Care include RSD Hospital Sdn Bhd Subang Jaya Medical Centre, Ara Damansara Medical Centre and ParkCity Medical Centre.

    Sime Darby Berhad has a 50% stake in Ramsay Sime Darby Health Care, a joint venture between Sime Darby Berhad and Ramsay Health Care. As at 7 March 2018, PNB held 51.86% in Sime Darby Berhad and as at 31 January 2018, EPF held 10.81% in Sime Darby Berhad. PNB and EPF are therefore also deemed interested in Ramsay Sime Darby Health Care. PNB is therefore an Interested Major Shareholder and EPF an Interested Substantial Shareholder.

13. As at 6 March 2018, EPF held 12.73% in KPJ Healthcare Berhad. As at 7 March 2018, PNB (group) held 11.68% in KPJ Healthcare Berhad. EPF and PNB are therefore deemed interested in the hospitals and clinics under the KPJ Healthcare Berhad group of companies. EPF is therefore an Interested Substantial Shareholder and PNB an Interested Major Shareholder.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth (17th) Annual General Meeting ("AGM") of the Company will be held at **Ballroom 1 & 2, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan, Malaysia on Thursday, 31 May 2018 at 9.30 a.m.** for the following purposes:-

AGENDA

As Ordinary Business

1. To consider and adopt the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon. **Ordinary Resolution 1**

2. To approve a Final Single Tier Dividend of 6 sen per ordinary share for the financial year ended 31 December 2017. **Ordinary Resolution 2**

3. To re-elect the following Directors who retire in accordance with Article 93 of the Company's Constitution:-

   (i) Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir **Ordinary Resolution 3**
   (ii) Dato' Mohamad Kamarudin bin Hassan **Ordinary Resolution 4**

4. To re-elect the following Directors who retire in accordance with Article 99 of the Company's Constitution:-

   (i) Datuk Nik Moustpha bin Hj Nik Hassan **Ordinary Resolution 5**
   (ii) Leonard Ariff bin Abdul Shatar **Ordinary Resolution 6**
   (iii) Datuk Mohd Radzif bin Mohd Yunus **Ordinary Resolution 7**

5. To approve the increase in the Directors' Fees payable to the Directors entitled to receive the Directors' Fees with effect from 1 January 2018, in such proportions and manner as the Directors may determine as follows: **Ordinary Resolution 8**

i.	Chairman of the Board	RM100,000.00 per annum
ii.	Member of the Board (other than Foreign Director)	RM75,000.00 per annum
iii	Foreign Director of the Board	USD18,750 per annum
iv	Chairman of the Board Committees (including where Chairman is a Foreign Director)	RM10,000.00 per annum
v.	Member of the Board Committees (including where member is a Foreign Director)	RM8,000.00 per annum

AND to approve the increase in the Directors' Meeting Allowances payable to the Directors entitled to receive the Directors' Meeting Allowances with effect from 1 January 2018, in such manner as the Directors may determine:-

For Meetings of the Board of Directors:		
i.	Chairman of the Board	RM1,300 per meeting
ii.	Member of the Board (including where member is a Foreign Director)	RM1,000 per meeting
For Meetings of the Board Committees:		
i.	Chairman of the Board Committees (including where Chairman is a Foreign Director)	RM1,200 per meeting
ii.	Member of the Board Committees (including where member is a Foreign Director)	RM1,000 per meeting

AND FURTHER THAT the amount of the Directors' Fees and the Directors' Meeting Allowances which is increased as aforesaid shall respectively continue to be in force until varied by resolution passed by the shareholders in a general meeting.

6. To approve the increase of the total Directors' Fees payable that was approved by the shareholders at the AGM of the Company held on 22 May 2017 for the period commencing 1 January 2017 until the conclusion of the AGM of the Company in 2018 by an amount of RM56,000 only and thereby increasing the total Directors' Fees payable for the period commencing 1 January 2017 until the conclusion of the AGM of the Company in 2018 from RM775,000 to RM831,000, and further, to authorise the Directors to divide the remuneration among them in such proportion and manner as the Directors may determine. **Ordinary Resolution 9**

7. To approve the payment of total Directors' Fees amounting to RM825,000 for the period commencing 1 June 2018 until the conclusion of the next AGM of the Company, and further, to authorise the Directors to divide the remuneration among them in such proportions and manner as the Directors may determine. **Ordinary Resolution 10**

8. To approve the proposed payment of total Directors' Remuneration (excluding Directors' Fees) up to an amount of RM400,000 for the period from 1 June 2018 until the conclusion of the next AGM of the Company. **Ordinary Resolution 11**

9. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 12**

As Special Business

To consider and if thought fit, to pass the following Resolution:-

10. PROPOSED ADOPTION OF THE NEW CONSTITUTION OF THE COMPANY

"THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Circular to Shareholders dated 30 April 2018 accompanying the Company's Annual Report 2017 for the financial year ended 31 December 2017 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing." **Special Resolution 13**

11. To transact any other business of which due notice shall have been received.

By Order of the Board

IBRAHIM HUSSIN SALLEH (LS 0009121)
Company Secretary

Kuala Lumpur
Date: 30 April 2018

NOTES:

1. All Resolutions in the Notice of AGM are to be conducted by poll voting as per Paragraph 8.29A(1) of the Listing Requirements.

2. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him. A proxy may but need not be a member of the Company.

3. Where a member of the Company appoints two (2) proxies, the appointments shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

7. The instrument appointing a proxy must be deposited at the Company's Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than twenty-four (24) hours before the time appointed for taking of the poll as per Section 334(3) of the Companies Act, 2016.

8. Only depositors whose names appear in the Record of Depositors as at 23 May 2018 shall be regarded as members and entitled to attend and vote at the meeting.

Explanatory Notes on Ordinary Business

Ordinary Resolution 2 – Approval for a Final Single Tier Dividend of 6 sen per ordinary share for the financial year ended 31 December 2017

Pursuant to Paragraph 8.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the final single tier dividend under Ordinary Resolution 2, if approved, shall be paid not later than three (3) months from the date of the shareholders' approval. The final single tier dividend entitlement and payment date shall be determined and announced by the Board of Directors in due course, in view of the Proposed Dividend Reinvestment Plan as set out in the Circular to Shareholders dated 30 April 2018, which is dispatched together with the Company's Annual Report 2017.

Ordinary Resolution 8 – Approval for the increase in Directors' Fees and Directors' Meeting Allowances

The Company, had in 2014, sought the shareholders' approval to increase the Directors' Fees payable to the Directors entitled to receive the ordinary remuneration with effect from 1 January 2014, in the manner as determined by the Board as set out in Column II of the table below. The shareholders also resolved that the amount of Directors' Fees that was increased as aforesaid shall continue to be in force until varied by resolution passed by the shareholders in a general meeting. The Company had also in 2016 sought the shareholders' approval on the Directors' Fees payable to foreign Directors entitled to receive the ordinary remuneration with effect from 5 October 2015 in the manner as determined by the Board as set out in Column II of the table below.

The current board remuneration policy with regards to Meeting Allowances payable to the Directors is also set out in Column II of the table below.

During the time when the Company was a subsidiary of Chemical Company of Malaysia Berhad ("CCMB"), the Directors' fees and Directors' Meeting Allowances payable to non-executive members of the Board and Board Committees of the Company were lower than that payable to Directors of CCMB due to the stature of the Company being a subsidiary company of CCMB. Since CCM Duopharma was no longer a subsidiary of CCMB following the demerger of the Company from the CCMB group of companies that was completed on 28 December 2017 and having considered that the last revision to the Directors' Fees was undertaken in 2014 (with respect to Directors' Fees for non-Foreign Directors) and in 2016 (with respect to Directors' Fees for Foreign Directors), the Board is of the view that it is fair and equitable that the Directors' Fees and Directors' Meeting Allowances payable to Directors of the Company be reviewed and that the Directors' Fees and Directors' Meeting Allowances be revised to that as set out in Column III of the table below with effect from 1 January 2018.

Column I	Column II	Column III
	Directors' Fees	
	Existing	**Proposed Revision**
Chairman	RM85,000 per annum	RM100,000 per annum
Member	RM60,000 per annum	RM75,000 per annum
Foreign Director	USD15,000 per annum	*USD18,750 per annum
	Board Committee Fees	
	Existing	**Proposed Revision**
Chairman	RM7,000 per annum	RM10,000 per annum
Member (including where member is a Foreign Director)	RM5,000 per annum	RM8,000 per annum
	Directors' Meeting Allowance (for Board Meeting)	
	Existing	**Proposed Revision**
Chairman	RM700 per meeting	RM1,300 per meeting
Member (including where member is a Foreign Director)	RM500 per meeting	RM1,000 per meeting
	Directors' Meeting Allowance (for Board Committee)	
	Existing	**Proposed Revision**
Chairman	RM700 per meeting	RM1,200 per meeting
Member (including where member is a Foreign Director)	RM500 per meeting	RM1,000 per meeting

* *Based on exchange rate of approximately USD1.00 = RM4.00.*

Ordinary Resolution 9 – Approval for the proposed increase in the Total Directors' Fees payable for the period from 1 January 2017 until the forthcoming AGM of the Company on 31 May 2018

At the AGM of the Company held on 22 May 2017, the shareholders had approved the payment of total Directors' Fees amounting to RM775,000 for the period commencing 1 January 2017 until the conclusion of the next AGM of the Company in 2018 ("the said period"), and further authorised the Directors to divide the remuneration among them in such proportions and manner as the Directors may determine.

Following the increase in the Directors' Fees under Ordinary Resolution 8, if approved, and as a result of the increase in the number of non-executive Directors and the number of Board Committees during the said period, the Directors' Fees payable to the Directors in respect of the said period is expected to exceed the aforesaid amount of RM775,000 that was approved by the shareholders at the previous AGM of the Company in 2017.

The estimated total Directors' Fees payable to the Directors in respect of the said period based on the existing rates of Directors' Fees (i.e. before the revision under Ordinary Resolution 8) is approximately RM770,000. The estimated total Directors' Fees payable to the Directors in respect of the said period based on existing rates of Directors' Fees (i.e. before the revision under Ordinary Resolution 8) for the period before 1 January 2018 and revised rates of Directors' Fees (i.e. after revision under Ordinary Resolution 8, if approved) for the period commencing 1 January 2018 is approximately RM831,000.

Ordinary Resolution 10 – Approval for the proposed payment of Total Directors' Fees for the period commencing from 1 June 2018 until the conclusion of the next AGM of the Company

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors shall be approved at a general meeting. Pursuant to Paragraph 7.24 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the fees of directors shall be subject to annual shareholders approval at a general meeting.

The estimated total Directors' Fees payable to the Directors for the period commencing from 1 January 2017 until the conclusion of this AGM is as set out in the above Explanatory Notes in respect of Ordinary Resolution 9.

With respect to the proposed total Directors' Fees for the period commencing from 1 June 2018 until the conclusion of the next AGM of the Company in 2019, following the increase in the Directors' Fees under Ordinary Resolution 8, if approved, and assuming that the number of directors remains the same and that additional Board Committee(s) may be set up (in addition to the existing Board Committees) and further assuming that each Board Committee comprises of not more than three (3) members, the amount is estimated to be approximately RM825,000.00. This resolution, if passed, will facilitate the payment of directors' fees on current financial year basis.

Ordinary Resolution 11 – Approval for the proposed payment of Total Directors' Remuneration (excluding Directors' Fees) for the period commencing from 1 June 2018 until the conclusion of the next AGM of the Company

The directors' remuneration (excluding Directors' Fees) comprises other emoluments/benefits payable to the Chairman and members of the Board and Board Committees. The current board remuneration policy includes the payment of Meeting Allowances for meetings of the Board and Board Committees as well as other benefits comprising business travel and accommodation and other claimable benefits. The details on Meeting Allowances, both existing as well as the proposed revision to the Meeting Allowance rates, are set out in the above Explanatory Notes in respect of Ordinary Resolution 8.

In determining the estimated total amount of remuneration (excluding Directors' Fees) for the Directors of the Company, the Board considered various factors including the number of scheduled meetings for the Board and Board Committees, potential additional unscheduled meetings, the number of Directors involved in these meetings, the proposed increase in Directors' Fees under Ordinary Resolution 8, as well as the potential setting up of additional Board Committee(s).

With respect to the proposed Total Directors' Remuneration (excluding Directors' Fees) for the period commencing from 1 June 2018 until the conclusion of the next AGM of the Company in 2019 ("Relevant Period"), the amount is estimated to be approximately RM400,000.00. In the event that the Directors' Remuneration (excluding Directors' Fees) proposed is insufficient (e.g. due to more meetings or enlarged board size etc.), approval will be sought at the next AGM for the additional remuneration to meet the shortfall.

Ordinary Resolution 11, if passed, will be made by the Company on a monthly basis and/or as and when incurred. The Board is of the view that it is fair and equitable for the Directors to be paid the Directors' Remuneration (excluding Directors' Fees) on a monthly basis and/or as and when incurred particularly after they have discharged their responsibilities and rendered their services to the Company throughout the Relevant Period.

Explanatory Notes on Special Business

Special Resolution 13 - Proposed Adoption of the New Constitution of the Company

The proposed Resolution 13, if passed, will bring the Company's Constitution in line with the enforcement of Companies Act 2016 and will enhance administrative efficiency. The proposed new Constitution is set out in the Circular to Shareholders dated 30 April 2018 accompanying the Company's Annual Report 2017.

STATEMENT ACCOMPANYING THE NOTICE OF THE 17TH ANNUAL GENERAL MEETING OF CCM DUOPHARMA BIOTECH BERHAD

PURSUANT TO PARAGRAPH 8.27(2), APPENDIX 8A OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

The details of the five (5) Directors of the Company seeking re-election are set out in their respective profiles which appear in the Directors' Profiles on pages 32 to 40 of this Annual Report.

The details of their interest in the securities of the Company are set out in the Analysis of Shareholdings which appear on page 146 of this Annual Report.

PROXY FORM

CCM Duopharma Biotech Berhad
(Company No.: 524271-W) (Incorporated in Malaysia)

I/We ______________________________ NRIC No./Passport No./Company No. ______________

of ____

being *a shareholder/shareholders of CCM DUOPHARMA BIOTECH BERHAD ("the Company") hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
Address		No. of shares	%

*and/or

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
Address		No. of shares	%

**delete if not applicable*

Or failing him/her, the Chairman of the Meeting *my/our proxy to vote for *me/our behalf at the Seventeenth Annual General Meeting of the Company to be held at Ballroom 1 & 2, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Thursday, 31 May 2018 at 9.30 a.m. and at any adjournment thereof.

My/Our Proxy is to vote as indicated below:

No.	ORDINARY BUSINESS	RESOLUTION NO.	FOR	AGAINST
1.	To consider and adopt the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon.	Ordinary Resolution 1		
2.	To approve a Final Single Tier Dividend of 6 sen per ordinary share for the financial year ended 31 December 2017.	Ordinary Resolution 2		
	To re-elect the following Directors who retire in accordance with Article 93 of the Company's Constitution:-			
3.	i) Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir	Ordinary Resolution 3		
4.	ii) Dato' Mohamad Kamarudin bin Hassan	Ordinary Resolution 4		
	To re-elect the following Directors in accordance with the Article 99 of the Company's Constitution:-			
5.	i) Datuk Nik Moustpha bin Hj Nik Hassan	Ordinary Resolution 5		
6.	ii) Leonard Ariff bin Abdul Shatar	Ordinary Resolution 6		
7.	iii) Datuk Mohd Radzif bin Mohd Yunus	Ordinary Resolution 7		
8.	To approve the increase in the Directors' Fees payable to the Directors entitled to receive the Directors' Fees with effect from 1 January 2018, in such proportions and manner as the Directors may determine as follows:	Ordinary Resolution 8		

i.	Chairman of the Board	RM100,000.00 per annum
ii.	Member of the Board (other than Foreign Director)	RM75,000.00 per annum
iii.	Foreign Director of the Board	USD18,750 per annum
iv.	Chairman of the Board Committees (including where Chairman is a Foreign Director)	RM10,000.00 per annum
v.	Member of the Board Committees (including where member is a Foreign Director)	RM8,000.00 per annum

<table>
<tr><th>No.</th><th>ORDINARY BUSINESS</th><th>RESOLUTION NO.</th><th>FOR</th><th>AGAINST</th></tr>
<tr><td></td><td>AND to approve the increase in the Directors' Meeting Allowances payable to the Directors entitled to receive the Directors' Meeting Allowances with effect from 1 January 2018, in such manner as the Directors may determine:-

<table>
<tr><td colspan="3">For Meetings of the Board of Directors:</td></tr>
<tr><td>i.</td><td>Chairman of the Board</td><td>RM1,300 per meeting</td></tr>
<tr><td>ii.</td><td>Member of the Board (including where member is a Foreign Director)</td><td>RM1,000 per meeting</td></tr>
<tr><td colspan="3">For Meetings of the Board Committees:</td></tr>
<tr><td>i.</td><td>Chairman of the Board Committees (including where Chairman is a Foreign Director)</td><td>RM1,200 per meeting</td></tr>
<tr><td>ii.</td><td>Member of the Board Committees (including where member is a Foreign Director)</td><td>RM1,000 per meeting</td></tr>
</table>

AND FURTHER THAT the amount of the Directors' Fees and the Directors' Meeting Allowances which is increased as aforesaid shall respectively continue to be in force until varied by resolution passed by the shareholders in a general meeting.</td><td></td><td></td><td></td></tr>
<tr><td>9.</td><td>To approve the increase of the total Directors' Fees payable that was approved by the shareholders at the AGM of the Company held on 22 May 2017 for the period commencing 1 January 2017 until the conclusion of the AGM of the Company in 2018 by an amount of RM56,000 only and thereby increasing the total Directors' Fees payable for the period commencing 1 January 2017 until the conclusion of the AGM of the Company in 2018 from RM775,000 to RM831,000, and further, to authorise the Directors to divide the remuneration among them in such proportion and manner as the Directors may determine.</td><td>Ordinary Resolution 9</td><td></td><td></td></tr>
<tr><td>10.</td><td>To approve the payment of total Directors' Fees amounting to RM825,000 for the period commencing 1 June 2018 until the conclusion of the next AGM of the Company, and further, to authorise the Directors to divide the remuneration among them in such proportions and manner as the Directors may determine.</td><td>Ordinary Resolution 10</td><td></td><td></td></tr>
<tr><td>11.</td><td>To approve the proposed payment of total Directors' Remuneration (excluding Directors' Fees) up to an amount of RM400,000 for the period from 1 June 2018 until the conclusion of the next AGM of the Company.</td><td>Ordinary Resolution 11</td><td></td><td></td></tr>
<tr><td>12.</td><td>To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.</td><td>Ordinary Resolution 12</td><td></td><td></td></tr>
<tr><td colspan="5">SPECIAL BUSINESS</td></tr>
<tr><td>13.</td><td>To approve the Proposed Adoption of the New Constitution of the Company.</td><td>Special Resolution 13</td><td></td><td></td></tr>
</table>

(Please indicate with an "X" how you wish to cast your vote)

Signed this ________________ day ________________ of 2018.

____

Signature/Seal

CDS Account No.	
No. of Ordinary Shares	

Notes

1. All Resolutions in the Notice of AGM are to be conducted by poll voting as per Paragraph 8.29A(1) of the Listing Requirements.
2. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him. A proxy may but need not be a member of the Company.
3. Where a member of the Company appoints two (2) proxies, the appointments shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
7. The instrument appointing a proxy must be deposited at the Company's Registrar at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than twenty-four (24) hours before the time appointed for taking of the poll as per Section 334(3) of the Companies Act, 2016.
8. Only depositors whose names appear in the Record of Depositors as at 23 May 2018 be regarded as members and entitled to attend and vote at the meeting.

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Affix
Postage
Stamp

The Registrar
CCM Duopharma Biotech Berhad (524271-W)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Malaysia

Fold here

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

Tel : 603 - 3323 2759
Fax : 603 - 3323 3923

www.ccmduopharma.com