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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Proxy Form
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.
Passion
We inspire and energise everyone to be the best

Excellence
We consistently deliver outstanding performance through innovative solutions

Teamwork
We succeed together because we work as one

Integrity
We conduct ourselves with pride in being honest and ethical

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 Biotech Berhad
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

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

FINANCIAL HIGHLIGHTS

TURNOVER (RM’ mil)

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<tr>
<th>Year</th>
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PROFIT BEFORE TAX (RM’ mil)

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NET ASSETS PER SHARE (RM)

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EARNINGS PER SHARE (Sen)

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SHAREHOLDERS’ FUND (RM’ mil)

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DIVIDEND PAID (RM’ mil)

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Annual Report 2017
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
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 prestigious “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, I extend my sincere thanks.

As a member on the Board, I will work well together as we move 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, 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 an 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 Salieh 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

Our Profit Before Tax has increased by 64.5%"
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.
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.

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

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.
The product formats range various therapeutic areas. prescription drugs across a wide range of ethical CCM Duopharma also offers differentiating products to the by offering innovative and expanding outside Malaysia in neatly with our strategy of years. This new capability fits to come over the next few more effervescent products under the range of effervescent products facility, we recently launched a of its kind in Malaysia. With this manufacturing plant, the first investing in an Effervescent The year in review saw us growing our revenue to RM 467.99 million in FY 2017 by leveraging on niche therapeutic areas, we grew our revenue to RM312.94 million in FY 2016. 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 Gllow 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 Zynomox, Simtec, Sobenz, Zolterol and Neo-Deco 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
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.

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 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 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 is expected to benefit from this.
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 foothold 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 Secretary, Rama Sockalingam Nagappan, who takes up the position of Head, Group Internal Audit and Integrity, and Anita Esa, 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.

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 SHATER
Group Managing Director
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
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’.

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.

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.

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.

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.