

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	Company
	RM'000	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.

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FOR THE YEAR ENDED 31 DECEMBER 2017

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

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 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.