

MATERIAL CONTRACTS

Save as disclosed below, there is no other material contract entered into by the CCM Group, involving directors and major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2014 or if not subsisting, entered into since the end of the previous financial year, other than contracts entered into in the ordinary course of business:

- a) On 30 September 2013, the Company had entered into a sale and purchase agreement with Permodalan Nasional Berhad ("PNB") for the disposal of 2 contiguous parcels of freehold land together with 3 units of double-storey detached houses erected on Geran 25607, Lot 17, Seksyen 71, Bandar dan Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur and Geran 14977, Lot 332, Seksyen 71, Bandar Kuala Lumpur, Daerah Wilayah Persekutuan ("Properties") in favour of PNB for a total cash consideration of RM74,814,000. The disposal has been completed and vacant possession of the Properties had been delivered to PNB on 13 February 2014.
- b) On 27 November 2014, the Company has entered into the following Share Sale Agreements ("SSA") (hereinafter referred to as the "Proposed Disposals") in relation to the following:

SSA 1:

- (i) Proposed disposal of 8,000,000 CCM Pharmaceuticals Sdn. Bhd. ("CCMP") Shares, representing 100% of the issued and paid-up share capital of CCMP, for a disposal consideration of RM17,599,000 and the settlement of outstanding inter-company advances owed to the CCM Group as at 30 September 2014; and
- (ii) Proposed disposal of 200,000 Innovax Sdn. Bhd. ("Innovax") Shares, representing 100% of the issued and paid-up share capital of Innovax, for a disposal consideration of RM1,000 and the settlement of outstanding inter-company advances owed by Innovax to the CCM Group as at 30 September 2014;

SSA 2:

- (i) Proposed disposal of 3,300,000 CCM Pharma Sdn. Bhd. ("CCM Pharma") Shares, representing 100% of the issued and paid-up share capital of CCM Pharma, for a disposal consideration of RM34,942,000 and the settlement of outstanding inter-company advances owed by CCM Pharma to the CCM Group; and
- (ii) Proposed disposal of 30,000,000 UPHA Pharmaceutical Manufacturing (M) Sdn. Bhd. ("UPHA") Shares, representing 100% of the issued and paid-up share capital of UPHA, for a disposal consideration of RM78,365,000 and the settlement of outstanding inter-company advances owed by UPHA to the CCM Group as at 30 September 2014;

SSA 3:

- (i) Proposed disposal of 1,600,000 CCM Singapore Pte. Ltd. ("CCMSPL") Shares, representing 100% of the issued and paid-up share capital of CCMSPL, by CCM International Sdn. Bhd. ("CCMI") for a disposal consideration of RM2,417,000 and the settlement of outstanding inter-company advances owed by CCMSPL to the CCM Group as at 30 September 2014; and

SSA 4:

- (i) Proposed disposal by CCM Investments Limited (BVI) ("CCM Investments") of the entire enlarged issued and fully paid-up share capital of CCM International (Philippines), Inc. ("CCMI (P)") including 5 CCMI (P) Shares held by five (5) directors of CCMI (P) for CCM Investments for a disposal consideration of RM1,000 and the capitalisation of inter-company advances made by CCM Investments or CCM Group to CCMI (P) and for that purpose, issuance of new shares in CCMI (P) to CCM Investments.

The completion of the transactions is currently pending the fulfilment of the Conditions Precedents.

- c) On 24 December 2014, the Company has entered into Supplementary Agreement 1 and Supplementary Agreement 2 pertaining to the Proposed Disposals to amend the terms of **SSA 1** and **SSA 2**, respectively.

As at 31 December 2014, the Group has material commitments for capital expenditure of RM31,498,000 (contracted but not provided for) and RM28,543,000 (authorised but not contracted for), amounting to a total of RM60,041,000.

Other Disclosures

MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Save as disclosed below, neither CCM nor any of its subsidiaries are engaged in any material litigation, claims or arbitration proceedings, either as plaintiff or defendant, which will have a material effect on the financial position of the CCM Group and the Board is not aware of any proceedings pending or threatened against CCM and/or its subsidiaries or any facts likely to give rise to any proceedings which might materially affect the financial position and business of the CCM Group:

- a) PT CCM Indonesia (“PTCCMI”) a subsidiary of CCM, had on 23 September 2014 submitted five (5) letters of appeal to the Indonesian Tax Court against the objection decisions of the Director-General of Tax, Indonesia (“DGT”) on several tax adjustments/ corrections made by the tax auditor totalling IDR36.1 billion (or equivalent to RM9.7 million) in aggregate. The DGT has filed his replies to the letters of appeal and PTCCMI has filed its rebuttals in relation thereto. The Indonesian Tax Court has informed that the appeals will be heard on 6 May 2015.

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE NATURE

At an Annual General Meeting (“AGM”) held on 27 May 2014, the Company obtained a shareholders’ mandate to allow the Group to enter into recurrent related party transactions of a 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 27 May 2014 until the conclusion of the forthcoming Annual General Meeting of the Group. The disclosure of the recurrent related party transactions conducted during the financial period ended 31 December 2014 is set out on pages 169 and 177 of the Annual Report.

The Group intends to seek a renewal of the said general mandate and a proposed extension of the scope of the shareholders’ mandate to apply to recurrent related party transactions of a revenue or trading nature with new related parties at the forthcoming Annual General Meeting of the Group. The details of the new mandate to be sought are furnished in the Circular to Shareholders dated 30 April 2015.

SHARE BUY-BACK

There were no repurchase of its issued and paid up shares since 2003. As at 31 December 2014, the Company held 2,998,000 of the issued and paid up shares as treasury shares.

NON-AUDIT FEES

During the year ended 31 December 2014, the Group has paid a sum of RM209,000 being fee for non-audit work performed.

VARIATION IN RESULTS

There is no material variance between the results for the financial period and the unaudited results previously announced by the Company.

PROFIT GUARANTEES

There was no profit guarantee given by the Company during the year.

REVALUATION POLICY OF LANDED PROPERTY

Land & Buildings are stated at cost or Director’s valuation based on open market valuations by professional firms of valuer less accumulated depreciation. Additions to land and buildings subsequent to the valuations are stated at cost.

IMPOSITION OF SANCTION AND PENALTIES

There were no sanctions and/or penalties imposed by the relevant authorities on the Company and/or its subsidiary companies, and Directors arising from any significant breach of regulations.

AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

During the financial year, the Company did not issue any ADR or GDR programme.