

OTHER DISCLOSURES

MATERIAL CONTRACTS

Save as disclosed below, there is no other material contract entered into by the CCM Group during the two (2) years immediately preceding the date of this Annual Report, other than contracts entered into in the ordinary course of business.

- (a) On 27 November 2014, the Company had entered into the following Share Sale Agreements (“SSA”) (hereinafter referred to as the “Proposed Disposals”) in relation to the following:-

SSA 1:

- (i) 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 cash consideration of RM17,599,000; and
- (ii) Disposal of 200,000 Innovax Sdn. Bhd. (“Innovax”) Shares, representing 100% of the issued and paid-up share capital of Innovax, for a cash consideration of RM1,000;

SSA 2:

- (i) 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 cash consideration of RM34,942,000; and
- (ii) 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 cash consideration of RM78,365,000;

SSA 3:

- (i) 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 cash consideration of RM2,417,000; and

SSA 4:

- (i) Disposal by CCM Investments Limited (“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 cash consideration of RM1,000.

The aforesaid transactions were completed on 30 June 2015.

- (b) On 24 December 2014, the Company had 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.
- (c) On 23 February 2016, the Company had announced that P.T. CCM Agripharma, a wholly-owned subsidiary of CCM, had entered into a Conditional Land and Building Sale and Purchase Agreement (“SPA”) with P.T. Feedmill Indonesia for the proposed sale of three (3) parcels of land in Medan, Indonesia measuring in aggregate 75,339 square meters, together with the building thereon for a cash consideration of IDR121.8 billion on an ‘as is where is’ basis, subject to the terms and conditions as stipulated in the SPA.

As at 31 December 2015, the Group has material commitments for capital expenditure of 35,099,000 (contracted but not provided for) and 269,074,000 (authorised but not contracted for), amounting to a total of 304,173,000.

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.

OTHER DISCLOSURES (CONT'D)

- a) P.T. 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 totaling IDR36.1 billion (or equivalent to RM9.7 million) in aggregate. The appeals have been heard and are now pending decision by the Indonesian Tax Court.

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE NATURE

At an Annual General Meeting (“AGM”) held on 27 May 2015, 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 2015 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 2015 is set out on pages 205 to 206 of the Annual Report.

The Group intends to seek a renewal of the said general mandate and a proposed shareholders’ mandate to apply to new 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 28 April 2016.

SHARE BUY-BACK

There were no repurchase of its issued and paid up shares since 2003. As at 31 December 2015, 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 2015, the Group has paid a sum of RM112,000 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.