

Other Disclosures

UTILISATION OF PROCEED FROM CORPORATE PROPOSALS (If any)

On 13 June 2018, the Company announced the completion of the proposed disposal of its Shah Alam Land with total proceeds of RM190.0 million which had been fully utilised as follows:

	Actual Utilisation (RM' million)
Partial repayment of bank borrowings	179.0
Defrayment of estimated expenses in relation to the Proposed Disposal	11.0
TOTAL	190.0

On 29 June 2018, the Company announced the completion of the proposed disposal of its 8.39% equity interest in PanGen Biotech Inc with total proceeds of RM59.2 million which had been fully utilised towards partial repayment of bank borrowings.

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 2018, the following amount have been paid or payable to the auditors of the Company and Group for work performed:

	Audit Work (RM)	Non-Audit Work (RM)
Company level	75,000	40,000
Group level	368,000	40,000

MATERIAL CONTRACTS INVOLVING INTERESTS OF DIRECTORS, CHIEF EXECUTIVE OFFICER WHO IS NOT A DIRECTOR OR MAJOR SHAREHOLDER

There was no other material contract involving the interests of directors, Chief Executive Officer who is not a director or major shareholder 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) Debt Settlement Agreement ("DSA") dated 11 August 2017 entered into between CCM and CCM Marketing Sdn Bhd ("CCMM"), a wholly owned subsidiary of CCM. Upon the fulfillment of all the conditions precedent of the DSA, the transfer of 204,665,784 CCM Duopharma Biotech Berhad ("Duopharma") shares from CCMM to CCM arising from the DSA pursuant to the Internal Reorganisation exercise was completed on 25 September 2017
- (b) Sale of Shares Agreement dated 19 September 2017 entered into by CCM with the following parties, in relation to the Proposed Acquisitions of:
 - (i) 10% equity interest in CCM Chemicals Sdn Bhd from Lanjut Setia Sdn Bhd ("Proposed Acquisition 1"); and
 - (ii) 10% equity interest in CCM Chemicals Sdn Bhd from Permodalan Nasional Berhad ("Proposed Acquisition 2")

for a total purchase consideration of RM40,000,000. Save for the Interested Directors namely Dato' Hajah Normala binti Abdul Samad, Dato' Azmi bin Mohd Ali, Dato' Seri Ir. Dr. Zaini bin Ujang, and Datin Paduka Kartini binti Hj Abd Manaf who are directors nominated by Permodalan Nasional Berhad ("PNB") and PNB as the major shareholder of CCM, none of the directors or major shareholders of CCM or any persons connected to them have any interest, direct or indirect, in the Proposed Acquisition 2.

The Proposed Acquisitions were completed on 24 November 2017. As a result, CCM Chemicals Sdn Bhd is now a wholly-owned subsidiary of the Company.

- (c) Term Financing-i Commodity Murabahah of RM11.5 million and Trade Financing-i-Facilities of RM5.0 million entered into between CCM Polymers Sdn Bhd ("CCM Polymers"), a wholly owned subsidiary of CCM with OCBC Al-Amin Bank Berhad ("OCBC") on 19 March 2018 to partly finance for the purchase of CCM Polymers' double-storey office cum factory and an annexed single-storey factory at Taman Industri Selaman, Seksyen 10, Bandar Baru Bangi, Selangor Darul Ehsan together with its fixtures and fittings at a purchase price of RM20.8 million.

- (d) Trademarks License Agreement dated 11 April 2018 between CCM and Duopharma (“Trademarks License Agreement”) whereupon CCM has granted Duopharma the license to use the trademarks in relation to the pharmaceutical, biopharmaceutical and healthcare products and services, food supplements and medicines manufactured, distributed, imported, exported, marketed and sold by Duopharma for a consideration of RM250,000 per annum.

Save for the Interested Directors namely Dato’ Hajah Normala binti Abdul Samad, Dato’ Azmi bin Mohd Ali, Dato’ Seri Ir. Dr. Zaini bin Ujang, and Datin Paduka Kartini binti Hj Abd Manaf who are directors nominated by Permodalan Nasional Berhad (“PNB”) and PNB as the major shareholder of CCM, none of the directors or major shareholders of CCM or any persons connected to them have any interest, direct or indirect, in the transaction

- (e) Sale and Purchase Agreement of Trademarks for a total purchase consideration of RM73.00, a Trademark Deed of Assignment and a Registered User Agreement entered into between CCM and Duopharma on 11 April 2018 pursuant to the Trademarks License Agreement dated on even date.
- (f) Sub-tenancy Agreement dated 10 April 2018 between CCM and Duopharma whereupon CCM has granted to Duopharma the sub-tenancy of Levels 13 and 14 of Menara PNB, 201-A, Jalan Tun Razak, 50400 Kuala Lumpur for the sum of RM7,700.00 per month for a fixed term commencing on 1 January 2018 and expiring on 14 February 2020. Duopharma had terminated the sub-tenancy effective on 31 October 2018 via a notice of termination dated 30 July 2018.
- (g) Information Technology Services Agreement dated 11 April 2018 between CCM and Duopharma for the provision on information technology services by CCM to Duopharma for a fixed term commencing from 1 January 2018 to 1 January 2022.
- (h) Share Sale Agreement dated 13 April 2018 between CCM and Duopharma for the disposal by CCM of 806,450 common share in Pangen Biotech Inc. (“Pangen”), representing approximately 8.39% equity interest in Pangen, to Duopharma for a cash consideration of RM59,156,546.56.
- (i) Commodity Murabahah Term Financing-i Committed Facility (the “Facility”) of USD25.0 million (or approximately equivalent to RM100 million) entered into between CCMB and Sumitomo Mitsui Banking Corporation Malaysia Berhad (“SMBC”) on 18 April 2018 for the purpose of facilitating the overall cashflow planning and loan restructuring exercise of the Company.
- (j) Islamic Financing Facility(ies) entered into between CCM Chemicals Sdn Bhd (“CCMC”), a wholly-owned subsidiary of CCM, and OCBC Al-Amin Bank Berhad (“OCBC”) on 4 February 2019 for an amount equivalent up to RM50 million, for the purpose of part financing the Pasir Gudang Works Plant 1 (“PGW 1”) Reactivation project, comprising the following:
- (i) Revolving Credit Facility-i (RCF-i) Commodity Murabahah of RM5 million (“RCF-i Facility”);
 - (ii) Foreign Currency Term Financing-i (FC Term-i) Commodity Murabahah of USD11.95 million (“FC Term-i Facility”); and
 - (iii) Derivatives Transactions Line which consist of Profit Rate Swap-i and Cross Currency Swap-i of USD11.95 million.

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 had on 13th December 2018 received the official notification on the judgement in favour of PT CCM Indonesia’s appeals to the Tax Court of Indonesia. These successful appeals relate to several tax adjustments/ corrections made by the tax auditor amounting to IDR34.06 billion (equivalent to approximately RM9.78 million) representing 99.25% of the total appealed amount of IDR34.31 billion (equivalent to approximately RM9.85 million).

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.

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE

The Company has not sought any mandate for recurrent related party transaction of a revenue or trading nature at the last Annual General Meeting (“AGM”) of the Company held on 31 May 2018 and the Company does not anticipate any future recurrent related party transaction of a revenue or trading nature to be entered from the date of the forthcoming AGM until the next AGM of the Company.