



**Other  
DISCLOSURES**

**MATERIAL CONTRACTS AND COMMITMENTS FOR  
CAPITAL EXPENDITURE**

There is no material contract entered into by the CCM Group during the two (2) years immediately preceding the Circular to Shareholders dated 3 June 2013, other than contracts entered into in the ordinary course of business:

- a. Issuance of Non-Rated Sukuk Musyarakah of RM120.0 million, in nominal value of 5 years fixed rate at 4.35% by Chemical Company of Malaysia Berhad on 8 August 2011.
- b. Issuance of Musyarakah Commercial Paper (MCP)/ Musyarakah Medium Term Notes (MMTN) pursuant to a MCP Programme of up to RM250.0 million in nominal value and a MMTN Programme of up to RM500.0 million in nominal value respectively, with a combined master limit of RM500.00 million in nominal value by Chemical Company of Malaysia Berhad (collectively referred to as Sukuk Issuance).

On 28 November 2008, the Company has issued RM150.0 million, in nominal value of 3 years fixed MMTN at 5.95% and the maturity date is 29 November 2011. The Company has fully redeemed the RM150.0 million MMTN on the maturity date. The Company has cancelled the Sukuk Issuance effective 18 July 2012.

As at 31 December 2012 (audited), the Group has material commitments for capital expenditure of RM16,772,000 (contracted but not provided for) and RM32,736,000 (authorised but not contracted for), amounting to a total of RM49,508,000.

**MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at 7 May 2013, and save and except 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:

Johor Bahru High Court Writ of Summons No :  
23NCVC-119-08/2012

Plaintiff : Prostar Edge (Johor) Sdn. Bhd.

Defendant : CCM Chemicals Sdn. Bhd. (CCMC)

On 24 August 2012, the Plaintiff had served on CCMC a Writ of Summons and Statement of Claim dated 9 August 2012 together with an Amended Statement of Claim dated 13 August 2012 alleging, *inter alia*, that:

- a. the Plaintiff had allegedly been appointed by CCMC to be the sole repacking vendor and dealer for the Defendant's products pursuant to an alleged Offer Letter dated 6 December 2006; and
- b. the Defendant had allegedly breached the terms of the said Offer Letter, namely that the Defendant had allegedly failed to allot to the Plaintiff the alleged minimum export volume and that the Defendant had allegedly used the services of another contractor to provide similar services.

The Plaintiff had prayed for the following orders:-

- i. a declaration that CCMC had breached the terms of the alleged Offer Letter dated 6 December 2006;
- ii. the sum of RM3,361,359.00 as damages for breach of contract or in the alternative, loss and damages to be assessed due to CCMC's breach of its obligations;
- iii. exemplary damages to be assessed;
- iv. interest on the damages under items ii and iii at the rate of 5% per annum calculated from the date of judgment or assessment until the date of full settlement;
- v. costs on a solicitor and client basis; and
- vi. such other relief and/or further orders as the Court deems fit.

CCMC had on 5 October 2012 filed its defence to the Plaintiff's amended statement of claim. CCMC had also filed a counterclaim against the Plaintiff and one of its directors, namely Mohd. Khairi bin Mohd. Rajab. In the said counterclaim, CCMC sought the following orders:

- i. a declaration that the Plaintiff was never appointed as CCMC's 'sole' repacking vendor nor was a minimum quantity commitment ever agreed between the parties;
- ii. a declaration that the alleged letter of intent dated 18.4.2006 and the said Offer Letter relied upon by the Plaintiff in its claim against the Defendant was not binding and unenforceable;
- iii. general damages;
- iv. interest on the above sum at the rate of 5% per annum from the date of the counterclaim until the date of full realisation;
- v. costs; and
- vi. such further and/or other orders and/or relief as the Court deems fit and proper.

The trial commenced on 16 April 2013 and continued on 17 April 2013 and 10 May 2013. The court has fixed 17 May 2013 and 22 May 2013 for continuation of the trial.

#### **RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE**

At an Annual General Meeting (AGM) held on 27 June 2012, 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 June 2012 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 2012 is set out on pages 170 and 182 to 184 of the Annual Report.

The Group intends to seek a renewal of the said general mandate 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 3 June 2013.

#### **SHARE BUY-BACK**

There was no repurchase of the Company's issued and paid up shares since 2003. As at 31 December 2012, 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 2012, the Group has paid a sum of RM325,000 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.

#### **IMPOSITION OF SANCTION AND PENALTIES**

There was no sanction and/or penalty 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.

#### **WARRANTS EXERCISED DURING THE YEAR**

	<b>Warrants-B (‘000)</b>
Balance as at 1/1/2012	55,314
Exercised	52,874
Lapsed	2,440
Balance as at 31/12/2012	0

During the financial year, the subscription period of the Warrants-B of 88,040,592 at an exercise price of RM1.36 has expired on 26 December 2012.



# STRENGTH

CCM's progressive development as an organisation delivering excellent quality products and services to customers and steady profitability to shareholders.

