

Other Disclosures

MATERIAL CONTRACTS

Save as disclosed below, there are no other material contracts entered into by the CCM Group during the two (2) years preceding the date of this Circular, other than contracts entered into in the ordinary course of business:

- a) Shares Sale Agreement dated 23 April 2008 made between Paramount Discovery Sdn Bhd (“PDSB”) (Company No. 687108-M) and CCM whereby PDSB had agreed to sell and CCM had agreed to purchase 480,000 ordinary shares of RM1.00 each in Innovative Polymer Systems Sdn Bhd (Company No. 620696-D), 99,999 ordinary shares of RM1.00 each in Innovative Resins Sdn Bhd (Company No. 517494-T), and 1,000 ordinary shares of RM1.00 each in Delta Polymer Systems Sdn Bhd (Company No. 525946-P) (collectively known as “Sale Shares”) for a purchase consideration of RM126,900,000.00 and upon the terms and conditions contained therein (“Proposed Acquisitions”);
- b) Shareholders Agreement dated 23 April 2008 made between CCM, CCM Usaha Kimia (M) Sdn Bhd (formerly known as Usaha Kimia (M) Sdn Bhd), Mar Hung Than, Low Kim Choong and Chieng Diing Yaw (“the Key Personnel”) governing, inter alia, the relationship of the parties in their capacities as shareholders in Innovative Polymer Systems Sdn Bhd (Company No. 620696-D), Innovative Resins Sdn Bhd (517494-T) and Delta Polymer Systems Sdn Bhd (Company No. 525946-P) (“Target Companies”) and the future purchase by CCM of the Key Personnel’s shares in the Target Companies;
- c) Conditional Profit Guarantee Agreement dated 23 April 2008 made between AKN Technology Berhad (“Guarantor”) and CCM whereby the Guarantor had agreed to guarantee that the aggregate net profit after tax of the Target Companies for the period of two (2) years from the date of completion of the sale and purchase of the Sale Shares under the Shares Sale Agreement referred to in Section 2(a) above shall not be less than the sum of RM42,000,000.00 (“Aggregate Profit Guaranteed Sum”) upon the terms and conditions contained therein;
- d) Supplemental Shares Sale Agreement dated 3 July 2008 made between CCM and PDSB whereby the parties had agreed to vary the Shares Sale Agreement referred to in Section 6.1(e) above upon the terms and conditions contained therein, including, inter alia, the variation of the purchase price from RM126,900,000.00 to RM122,190,000.00.

Subsequent to this, on 20 January 2009, CCM and PDSB had, pursuant to the completion audit, agreed by way of Letter of Agreement dated 20 January 2009, to inter-alia, adjust the purchase price for the Proposed Acquisitions from RM122,190,000 to RM122,733,000. The Proposed Acquisitions have been completed on 20 January 2009; and

- e) Supplemental Conditional Profit Guarantee Agreement dated 3 July 2008 made between the Guarantor and CCM whereby the parties had agreed to vary the Aggregate Profit Guaranteed Sum guaranteed in the Conditional Profit Guarantee Agreement referred to in Section 2(c) above from RM42,000,000.00 to RM40,440,000.00.

As at 31 December 2009 (unaudited), the Group has material commitments for capital expenditure of RM20,705,000 (contracted but not provided for) and RM24,829,000 (authorized but not contracted for), amounting to a total of RM45,534,000.

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE NATURE

At an Annual General Meeting (“AGM”) held on 11 June 2009, 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 11 June 2009 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 2009 is set out on pages 136 to 137 and 147 to 149 of the Annual Report.

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE NATURE (CONT.)

The Group intends to seek a renewal of the said general mandate and a proposed extension of 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 18 May 2010.

SHARE BUY-BACK

There were no repurchase of its issued and paid up shares since 2003.

As at 31 December 2009, 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 2009, the Group has paid a sum of RM376,000 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.

MUSYARAKAH COMMERCIAL PAPER AND MUSYARAKAH MEDIUM TERM NOTES (collectively Sukuk)

On 28 November 2008, the company issued RM150,000,000 nominal amount of 3 year fixed rate Musyarakah Medium Term Notes (MMTN) at 5.95%.

UTILISATION OF SUKUK PROCEEDS

	Amount (RM'000)	Utilised	Balance as at 31/12/09 (RM'000)
To refinance, wholly or partly the existing external borrowings which may include the existing bonds	300,000	-	300,000
To finance the Group's capital expenditure and/or any investment/ acquisitions and/or working capital requirements and for payment of fees arising from the programmes	200,000	150,000	50,000

WARRANTS EXERCISED DURING THE YEAR

	Balance as at 1/1/09 RM'000	Exercised RM'000	Lapsed RM'000	Balance as at 31/12/09 RM'000
Warrant B	57,221	96	-	57,125