

OTHER DISCLOSURES

1. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

The status of the utilisation of proceeds pursuant to the rights issue exercise of CCM Duopharma Biotech Berhad ("CCM Duopharma") which was completed on 22 July 2015 are as follow:

Details of Utilisation	Proceeds Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000
Repayment of bank borrowing	140,000	133,695	6,305
Expansion of factory	106,963	41,366	65,597
Estimated expenses	4,100	4,100	–
Total	251,063	179,161	71,902

2. 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 2017, the following amount have been paid or are payable to the auditors for services rendered to CCM Duopharma Group:

	Audit Work (RM'000)	Non-Audit Work (RM'000)
Company level	30	12
Group level	252	57

3. MATERIAL CONTRACTS

Save for the following, there were no material contracts entered into by the CCM Duopharma Group during the two (2) years preceding the date of this Annual Report, other than contracts entered into in the ordinary course of business:-

- (i) By way of a Share Sale Agreement dated 27 February 2018 made between CCM Pharmaceuticals Sdn. Bhd. ("CCMP") (a wholly-owned subsidiary of CCM Duopharma) of the one part and CCM Duopharma of the other part, CCMP had agreed to dispose its entire equity interest in CCM Biopharma Sdn. Bhd. (a wholly-owned subsidiary of CCMP) and Negeri Pharmacy Sdn. Bhd. (a wholly-owned subsidiary of CCMP) in favour of CCM Duopharma for a purchase consideration of RM2,500,000.00 and RM1.00 respectively and upon the terms and conditions therein contained;
- (ii) By way of a Share Sale Agreement dated 27 February 2018 made between Duopharma (M) Sendirian Berhad ("DMSB") (a wholly-owned subsidiary of CCM Duopharma) of the one part and CCM Duopharma of the other part, DMSB had agreed to dispose its entire equity interest in Upha Pharmaceutical Manufacturing (M) Sdn. Bhd. ("UPHA") (a wholly-owned subsidiary of DMSB) in favour of CCM Duopharma for a purchase consideration of RM78,365,000.00 and upon the terms and conditions therein contained;
- (iii) By way of a Debt Conversion Agreement dated 27 February 2018 made between CCM Duopharma of the one part and UPHA (a wholly-owned subsidiary of DMSB) of the other part, the parties had agreed to increase the paid-up share capital of UPHA by way of conversion of a portion of inter-company loan owed by UPHA to CCM Duopharma amounting to RM90,000,000.00;
- (iv) Proposed bonus issue announced by CCM Duopharma on 27 February 2018 of up to 371,945,333 new ordinary shares in CCM Duopharma ("CCM Duopharma Shares") ("Bonus Shares") to be credited as fully-paid up on the basis of 4 Bonus Shares for every 3 existing CCM Duopharma Shares held by the shareholders of CCM Duopharma at an entitlement date to be determined and announced later, and proposed establishment of a dividend reinvestment plan which will provide the shareholders of CCM Duopharma with an option to elect to reinvest their cash dividend declared by CCM Duopharma which includes any interim, final, special or any other cash dividend in CCM Duopharma Shares;
- (v) Acceptance by DMSB, a wholly-owned subsidiary of CCM Duopharma, of a Letter of Offer from Pharmaniaga Logistics Sdn. Bhd. to supply pharmaceutical and/or non-pharmaceutical products as listed in the Letter of Offer to hospitals, clinics and others under the Government of Malaysia from 1 December 2017 until 30 November 2019 (or at such other date as directed by the Government) for a total estimated value of approximately RM156 million;

- (vi) Acceptance of a tender offer by the Government of Malaysia for Biocon Sdn. Bhd. to manufacture and supply, and for CCMP, a wholly owned subsidiary of CCM Duopharma, to deliver human insulin formulation under the Ministry of Health's Off-Take Agreement Program, for a period of three (3) years commencing on 2 December 2016 until 1 December 2019 and the Off-Take Agreement in relation thereto dated 18 August 2017 between the Government of Malaysia (represented by the Malaysian Ministry of Health), Biocon Sdn. Bhd. and CCMP for a total consideration of RM300,040,500.00;
- (vii) Credit Facilities Agreement dated 6 July 2017 for an additional amount RM10.0 million entered into between DMSB (a wholly owned subsidiary of CCM Duopharma) and OCBC Bank (Malaysia) Berhad, based on terms and conditions as contained in the bank's offer letter dated 27 April 2017;
- (viii) Facility Agreement for Murabahah Tawarruq Term Financing-i Facility dated 16 June 2017 of RM250.0 million and Islamic Multi-Trade Facilities dated 23 May 2017 of RM30.0 million entered into between CCM Duopharma and AmBank Islamic Berhad;
- (ix) Sale and Purchase Agreement dated 30 December 2016 between Perbadanan Kemajuan Negeri Selangor (as the vendor) and CCMP (a wholly owned subsidiary of CCM Duopharma) (as the purchaser), for the acquisition of three parcels of land namely:-
 - (a) HSM 9629, PT 11460 Seksyen 13, Mukim Kajang, Daerah Hulu Langat, Bandar Baru Bangi, Negeri Selangor;
 - (b) HSM 9630, PT 11461 Seksyen 13, Mukim Kajang, Daerah Hulu Langat, Bandar Baru Bangi, Negeri Selangor; and
 - (c) HSM 9631, PT 11462 Seksyen 13, Mukim Kajang, Daerah Hulu Langat, Bandar Baru Bangi, Negeri Selangor, for a sale consideration of RM8,345,741.46;
- (x) Committed Revolving Credit via a Facility Letter dated 18 November 2016 of USD4.0 million entered into between Sumitomo Mitsui Banking Corporation Labuan Branch and CCM Duopharma;
- (xi) Trade Marks License agreement dated 11 April 2018 between Chemical Company of Malaysia Berhad ("CCMB") and CCM Duopharma in respect of the grant by CCMB licence and right for CCM Duopharma and its affiliates to use the Trade Marks associated with the "CCM Leaf Logo" and "CCM" for a consideration of RM250,000 per annum, and Sale and Purchase agreement of Trade Marks dated 11 April 2018 between CCMB and CCM Duopharma for the purchase of Trade Marks by CCM Duopharma for a total purchase consideration of RM73.00;
- (xii) Information Technology ("IT") services agreement between CCMB and CCM Duopharma for IT Management Services, and Systems Application and Products ("SAP") Services;
- (xiii) Conditional Share Sale Agreement dated 13 April 2018 between CCMB and CCM Duopharma for the acquisition by CCM Duopharma of 806,450 common shares in PanGen Biotech Inc. ("PanGen") representing approximately 8.39% equity interest in PanGen for a total purchase consideration of RM59.16 million (equivalent to KRW16.35 billion).

As at 31 December 2017, CCM Duopharma Group has material commitments for capital expenditure of RM20,452,000.00 (contracted but not provided for).

4. REVALUATION POLICY

CCM Duopharma adopted a policy to revalue its landed properties every five years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying amount.

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at 31 December 2017, neither CCM Duopharma nor its subsidiaries, is engaged in any material litigation, claims or arbitration, either as plaintiff or defendant or otherwise, and the Board does not have any knowledge of any proceedings, pending or threatened against CCM Duopharma and/or its subsidiary, or of any fact likely to give rise to any such proceedings, which might materially and adversely affect the financial position or business of CCM Duopharma and/or its subsidiary.

6. RECURRENT RELATED PARTY TRANSACTION OF REVENUE OR TRADING NATURE

During the Annual General Meeting held on 22 May 2017, CCM Duopharma obtained a shareholders' mandate to allow CCM Duopharma to enter into recurrent related party transactions of 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 22 May 2017 until the conclusion of the forthcoming Annual General Meeting of CCM Duopharma. The disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2017 is set out on pages 151 to 156.