
POTENTIAL LIABILITY IN RELATION TO A CALL ON A PERFORMANCE BOND

1. The Board of Directors (the “**Board**”) of CCM Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement made by the Company on 1 August 2012 in respect of the design and build contract worth S\$41,865,000 from Pan Asia Logistics Investments Pte. Ltd. (“**Pan-Asia**”) for the proposed erection of a 4-storey single-user warehouse development with ancillary office on the 2nd to 4th mezzanine floors on Lot 4180N of Mukim 07 at Tuas Bay Drive (Tuas Planning Area) (referred to as the “**Tuas Contract**”).
2. The Board wishes to announce that it has come to its attention that SHC Insurance Pte Ltd (“**SHC**”) has been called on to pay a sum of S\$4,186,500.00 (the “**Performance Bond Amount**”) to Pan-Asia in accordance with a performance bond issued by SHC in favour of Pan-Asia relating to the Tuas Contract (the “**Performance Bond**”), on the grounds of alleged breaches of the Tuas Contract.
3. All demands, claims, actions, suits, liabilities, losses, costs and expenses incurred by SHC in connection with and in the enforcement of the Performance Bond are jointly and severally secured by: (i) an indemnity granted by CCM Industrial Pte. Ltd. (“**CCM Industrial**”) in favour of SHC; (ii) an indemnity granted by the Company in favour of SHC (the “**Corporate Indemnity**”); and (iii) a personal guarantee granted by Mr Liew Sen Keong, the managing director of CCM Industrial for an amount of S\$2,093,250.00 (being half the Performance Bond Amount) (the “**Personal Guarantee**”).
4. Accordingly, the Company is potentially liable for the Performance Bond Amount pursuant to the Corporate Indemnity.
5. The Company shall seek legal advice in relation to the Group’s legal position on the above matter, and is also currently evaluating the financial impact, if any, of this development. The Company will make further appropriate announcements as and when there are material developments on this matter.

BY ORDER OF THE BOARD

Chan Heng Fai
Executive Director and Chief Executive Officer

28 April 2014

This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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