
CONTRACTING SERVICES ARRANGEMENT

INTRODUCTION

1. The Board of Directors (the “**Board**”) of CCM Group Limited (“**CCM**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that on 9 April 2014, the Company’s wholly-owned subsidiaries, CCM Industrial Pte. Ltd. (“**CIPL**”) and Singapore Construction Pte. Ltd (“**SCPL**”) together with its Executive Chairman and Chief Executive Officer, Mr. Liew Sen Keong (“**Mr Liew**”) had entered into a contracting services agreement (the “**Agreement**”) for the appointment of SCPL as a subcontractor for CIPL providing subcontracting services (the “**Services**”) necessary for the following projects of CIPL to obtain temporary occupation permits (“**TOP**”) (the “**Contracting Services Arrangement**”):
 - (i) Building works at Jurong West neighbourhood 2 Contract 19 (the “**Jurong West Project**”); and
 - (ii) Design & Build Contract for the proposed erection of a 4-storey single user warehouse development with ancillary office on 2nd to 4th Mezzanine Floors @ Tuas Bay Drive (the “**Tuas Project**”),(collectively, the “**Projects**”).

RATIONALE FOR THE CONTRACTING SERVICES ARRANGEMENT

2. As mentioned in an earlier announcement dated 10 April 2014, SCPL is the new construction arm of the Company with new management personnel separate from CIPL. SCPL is headed by Mr Hiroaki Kobayashi (“**Mr Kobayashi**”), an experienced Japanese project manager with extensive local and overseas experience in a large and successful Japanese construction firm.
3. Having in place a new and experienced construction project management team led by Mr Kobayashi at SCPL, the Board has decided that it is in the best interest of the Company to appoint SCPL as the subcontractor to provide the Services and assist the Company in obtaining TOP for the Projects which remain the responsibility of the Company.

THE AGREEMENT – SALIENT TERMS OF THE AGREEMENT

4. The salient terms of the Agreement are as follows:
 - (i) **Services Fees and Expenses.** CIPL shall pay to SCPL the services fees representing: (a) the total amounts payable by CIPL to SCPL for the Services, including the cost to SCPL of all management and labour, material, electricity, equipment, licensing fees and instruments used in providing the Services; (b) a sum equal to eight (8) per cent. of the contract value for the works completed pursuant to

the Services; and (c) any other expenses incurred by SCPL in relation to the Services, within 14 days of receipt of an invoice from SCPL;

- (ii) **Employees and Equipment.** CIPL shall continue to provide the relevant employees and equipment necessary for the Projects to SCPL for SCPL to provide the Services;
- (iii) **Representations, Warranties and Undertaking.** CIPL and Mr Liew shall provide a joint and several representation, warranty and undertaking that, *inter alia*, (a) they possess the necessary licences, approvals and permits from the relevant authorities in relation to the Projects; and (b) the outstanding works and outstanding costs of the Projects (the “**Outstanding Works**”), the list of existing subcontractors and the accounts payable for the Projects necessary for the Projects to obtain TOP are accurately set out in the Agreement;
- (iv) **Indemnities.** CIPL and Mr Liew shall at all times indemnify and hold harmless SCPL, its officers, employees and agents from and against, *inter alia*, any claim which arises from or in connection with the Projects and any wilful, unlawful or negligent act or omission of CIPL, CIPL’s officers, employees and agents and/or any claim for omission from the Outstanding Works; and
- (v) **Termination.** SCPL may terminate the Agreement by providing at least one (1) month’s written notice to CIPL. Either party to the Agreement may terminate the Agreement immediately by notice in writing if the other party(ies) is in breach of a term of the Agreement.

ESTIMATED REVENUE OF SCPL FROM THE PROJECTS

- 5. The estimated revenue that SCPL will derive from the Projects is expected to be approximately S\$6 million

FURTHER UPDATES

- 6. The Company will make further announcements as and when there are material developments on this matter.

BY ORDER OF THE BOARD

Chan Heng Fai
Executive Director

17 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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