



PROPOSED DISPOSAL OF A SUBSIDIARY WHICH CONSTITUTES A MAJOR TRANSACTION AND AN INTERESTED PERSON TRANSACTION

1. THE PROPOSED DISPOSAL

The Board of Directors of CCM Group Limited (the “**Company**”, and with its subsidiaries, the “**Group**”) wishes to announce that the Company has, on 17 April 2014, entered into a legally-binding heads of agreement (the “**HOA**”) with Mr Liew Sen Keong, the Non-Executive Chairman of the Company (the “**Purchaser**”), for the proposed disposal of the Company’s entire equity interest in CCM Industrial Pte. Ltd. (“**CIPL**”) and all liabilities, losses and damages incurred from or arising in connection with all transactions entered into by CIPL (the “**Proposed Disposal**”). In addition to acquiring the entire equity interest in CIPL, the Purchaser has also undertaken to fully indemnify the Company from all liabilities, losses and damages incurred from or arising in connection with all transactions entered into by CIPL howsoever arising, whether before, on or after the date of the HOA (the “**Indemnity**”). Upon completion of the Proposed Disposal, CIPL will cease to be a subsidiary of the Company.

2. INFORMATION ON CIPL

CIPL is principally engaged in building construction activities specialising in main building works and general building works for residential and commercial buildings for the public and private sectors in Singapore. It also provides the leasing and installation of access equipment systems services.

The Group’s construction business, undertaken through CIPL as at the date of this announcement, involves main building works, general building works for residential and commercial buildings and the supply and installation of access equipment systems.

CIPL’s clients typically include property developers, land owners and governmental bodies.

3. RATIONALE FOR THE PROPOSED DISPOSAL

CIPL has been loss making for the financial year ended 31 December 2013 (“**FY2013**”), and has net liabilities of approximately S\$7.73 million based on the audited financial statement of CIPL for FY2013. Following the completion of the Proposed Disposal, the construction business of the Company will be carried on by Singapore Construction Pte. Ltd.. The Proposed Disposal and the Indemnity provided by the Purchaser will relieve the Group of financial pressure arising from the liabilities of CIPL and allow the Group to put greater focus on its property development business, undertaken by its wholly owned subsidiary CCM Property Pte. Ltd.. For further information on Singapore Construction Pte. Ltd., please refer to the Company’s announcements on 8 January 2014, 12 March 2014 and 10 April 2014.

4. CONSIDERATION FOR THE PROPOSED DISPOSAL (THE “CONSIDERATION”)

The Consideration for the Proposed Disposal shall be S\$1.00. The Consideration has been determined by the Parties at arm's length and on a willing buyer, willing seller basis, taking into consideration the net liabilities of CIPL of S\$7.73 million (based on the audited financial statement of CIPL for FY2013), which will be paid by the Purchaser.

The proceeds of the Proposed Disposal are intended to be used towards the working capital of the Company.

5. MATERIAL CONDITIONS OF THE PROPOSED DISPOSAL

As the Proposed Disposal is a major transaction and an interested person transaction, the Company will seek the approval of shareholders of the Company (the **"Shareholders"**) for the Proposed Disposal.

The HOA also provides that the execution of a further definitive agreement of the same will be subject to approval by the Board of Directors, Shareholders, regulatory bodies and such other persons and compliance with such law, rules and regulations as may be applicable and necessary.

6. RELATIVE FIGURES FOR THE PROPOSED DISPOSAL

The relative figures computed on bases as set out in Rule 1006 of the Listing Manual Section B: Rules of Catalyst (the **"Catalist Rules"**) of the Singapore Exchange Securities Trading Limited (the **"SGX-ST"**), and based on the audited financial statements of the Group for FY2013, are as follows:

(a)	Net tangible liability ("NTL") of CIPL, being S\$7.73 million, compared with the Group's net liability value of S\$11.82 million. This basis is not applicable to an acquisition of assets.	65.40%
(b)	Net loss of S\$21.40 million attributable to CIPL, compared with the Group's net consolidated loss of approximately S\$22.42 million. ⁽¹⁾	95.45%
(c)	Aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares. ⁽²⁾	0%
(d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A.
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the group's proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral oil and gas company, but not to an acquisition of such assets	N.A.

NOTES:

(1) Under Rule 1002(3)(b) of the Catalist Rules, "net profits" means profit or loss before income tax, minority interests and extraordinary items.

(2) Based on the consideration of approximately S\$1.00 and the market capitalisation of the Company of approximately S\$11.08 million as at 16 April 2014. Under Rule 1002(5), the market capitalisation of the Company is determined by multiplying the number of shares in issue excluding treasury shares, being 1,231,191,000 ordinary shares in the capital of the Company ("Shares"), and the weighted average price of S\$0.009 per Share on 16 April 2014.

As the relative figures under the bases set out in Rules 1006(a) and (b) of the Catalist Rules exceed 50%, the Proposed Disposal constitutes a “major transaction” under Rule 1014 of the Catalist Rules.

As such, the Proposed Disposal is subject to the approval of the Shareholders at an extraordinary general meeting of the Company to be convened.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects below have been prepared based on the audited financial statements of the Group for FY2013 purely for illustrative purposes and are not projections of the actual future financial performance or financial position of the Group after the Proposed Disposal.

NTL per Share

Assuming that the Proposed Disposal had been completed on 31 December 2013 and based on the audited financial statements of the Group for FY2013, the financial effects which the Proposed Disposal would have on the NTL per Share are as follows:

	Before Proposed Disposal	After Proposed Disposal
NTL (S\$'000)	(11,819)	(4,091)
Number of Shares ('000)	171,220	171,220
NTL per Share (Singapore cents)	(6.90)	(2.38)

Loss per Share (“LPS”)

Assuming that the Proposed Disposal had been completed on 1 January 2013 and based on the audited financial statements of the Group for FY2013, the pro forma financial effects which the Proposed Disposal would have on the LPS are as follows:

	Before Proposed Disposal	After Proposed Disposal
(Loss) attributable to Shareholders (S\$'000)	(22,420)	(1,016)
Weighted average number of Shares ('000)	139,291	139,291
Loss per Share (Singapore cents)	(16.10)	(0.73)

Book value and NTL of CIPL and net gain on Proposed Disposal

The cost of investment in CIPL in the accounts of the Company as at 31 December 2013 is nil as it was fully impaired as at 31 December 2013. The NTL of CIPL as at 31 December 2013 is S\$7.73 million. The Consideration is S\$1.00. Accordingly, the net gain on Proposed Disposal to the Company and the Group is approximately S\$1.00 and S\$7.73 million respectively.

8. PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION

As the Proposed Disposal involves the disposal of the entire equity in CIPL to the Purchaser, Mr Liew Sen Keong, who is the Non-Executive Chairman of the Company and Managing

Director of CIPL, the Proposed Disposal constitutes an interested person transaction for the Company under Chapter 9 of the Catalist Rules.

The Group's audited NTL for FY2013 is S\$11.82 million. Accordingly, the Consideration of S\$1.00 as a percentage of the audited NTL of the Group for FY2013 would not be meaningful. Nevertheless, the Company will seek the approval of the Shareholders for the Proposed Disposal as an interested person transaction at an extraordinary general meeting of the Company to be convened. For this purpose, the Company will despatch a circular in due course enclosing, *inter alia*, a letter from an independent financial adviser stating its opinion on whether the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for the interest of Liew Sen Keong who is the Purchaser and for their shareholdings in the Company, none of the Directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

10. STATEMENT BY THE AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises Mr Basil Chan, Dr Tan Eng Khiam, Mr Chan Yu Meng and Mr Tao Yeoh Chi. The Audit Committee will form its view on whether the Proposed Disposal is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders after considering the opinion of an independent financial adviser to be appointed. The view of the Audit Committee will be set out in the circular to be despatched to Shareholders for the purpose of obtaining Shareholders' approval for the Proposed Disposal.

11. SERVICE CONTRACTS

There are no directors who are proposed to be appointed as a Director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

12. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the HOA is available for inspection during normal business hours at the Company's registered office at 9 Temasek Boulevard #09-02A, Suntec Tower Two, Singapore 038989 for a period of three (3) months from the date of this announcement.

Shareholders' approval for the Proposed Disposal as a major transaction and an interested person transaction will be sought at an extraordinary general meeting of the Company to be convened in due course. Further announcements and a circular will be released and/or despatched by the Company in accordance with the Catalist Rules as and when appropriate. Shareholders and investors of the Company are urged to exercise caution when dealing in the securities of the Company.

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.

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.