



PROPOSED JOINT VENTURE WITH ART PROYECTOS Y ARQUITECTURA S.L.

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 inform shareholders of the Company (the “**Shareholders**”) that its wholly owned subsidiary, CCM Property Pte Ltd (“**CCMP**”) had on 11 April 2014 entered into a valid and binding letter of agreement (the “**LOA**”) with Art Proyectos y Arquitectura S.L., (“**ART**”) a company incorporated in Spain to form a joint venture company to collaborate on projects (the “**Joint Venture Arrangement**”). The LOA will be subject to the execution of definitive agreements between the parties.
2. ART is an architect studio with main operations in Spain and has extensive experience and know-how and designs in the Spain, other parts of Europe, Africa, North America and Latin America. For more information on ART, Shareholders may access the following weblink: <http://villasyarquitectura.com/>.

RATIONALE OF THE JOINT VENTURE ARRANGEMENT

3. The entry into the Joint Venture Arrangement is in line with the Group’s focus on the growth of its construction and development business via CCMP. The joint venture with ART will allow the Group to leverage on the experience, knowhow and strong brand name and recognition of ART and consequently provide a competitive edge for the Group’s property development business.
4. Conversely, ART intends to leverage on its experience and partner with CCMP to explore property development opportunities.

SALIENT TERMS OF THE LOA

5. **Incorporation of a joint venture company in Singapore.** Under the terms of the LOA, CCMP and ART (the “**Parties**”) shall jointly incorporate a joint venture company in Singapore to be named Art Estudio Pte Ltd, or such other names as the parties may mutually agree (the “**JVC**”). CCMP shall subscribe for shares in the JVC comprising 51% of the total issued share capital of the JVC, with the remaining 49% of the shares in the JVC shares to be subscribed by ART.
6. **Respective Key Roles.** The key roles of each of the Parties are set out as follows:
 - 6.1 ART
 - (a) To contribute its knowhow (including architectural services) and design of any future projects to be developed by the JVC;
 - (b) To participate and determine the budget of any future projects of the JVC; and

- (c) To participate and determine the design, quality and management of any future projects of the JVC.
- 6.2 CCMP
 - (a) To provide ART with necessary office facilities and business network in relation to any future projects of the JVC;
 - (b) To generate all relevant commercial activities to promote the JVC; and
 - (c) To provide administrative support to the JVC.
- 7. **Directors of the JVC.** CCMP shall be entitled to appoint two (2) directors to the board of directors of the JVC (the “**JVC Board**”), with one of the appointees to be the chairman of the JVC Board. ART shall be entitled to appoint one (1) director to the JVC Board.
- 8. **Further terms of the LOA.** The Parties further agree that prior to the commencement of any project by the JVC, the Parties shall reach an agreement on the following:
 - 8.1 the fees of ART in relation to the provision of knowhow and management team;
 - 8.2 the fees of CCMP in relation to the provision of administrative duties;
 - 8.3 the commercial fees for the party sourcing for the project;
 - 8.4 the final budget for the development of the project; and
 - 8.5 the process and timeframe for the Parties’ respective invoices to the JVC.
- 9. The proposed initial investment in the JVC of S\$1,000 will be funded from the Company’s internal resources and is not expected to have any material impact on the Company’s net tangible assets per share or earnings per share for the financial year ending 31 December 2014.
- 10. CCMP will provide a loan of S\$20,000 to ART upon incorporation of the JVC to cover all the necessary expenses related to the launch of the JVC.
- 11. None of the directors or substantial shareholders of the Company (other than in their capacity as Director or Shareholder) has any interest, direct or indirect, in the Joint Venture Arrangement, nor are they associates of ART.

BY ORDER OF THE BOARD

Chan Heng Fai
Executive Director

14 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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