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## UPDATE ON TERMINATION OF CONTRACT

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### UPDATE ON THE TERMINATION OF CONTRACT IN RESPECT OF THE SHENTON WAY CONTRACT

*Unless otherwise defined, capitalised terms herein shall have the same meaning as ascribed to them in the Company's announcement dated 20 March 2014 in relation to the termination of the Shenton Way Contract (the "**Announcement**") and the Company's circular dated 28 October 2013 in relation to the Proposed Warrants Issue (the "**Circular**").*

1. The Board of Directors (the "**Board**") of CCM Group Limited ("**CCM**" or the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Announcement.
2. The Board wishes to update shareholders of the Company (the "**Shareholders**") that the Company has on 26 March 2014 been informed by The Overseas Assurance Corporation Limited ("**OAC**") that OAC has been called on to pay a sum of S\$4,728,250.00 (the "**Performance Bond Amount**") to 70 Shenton Pte Ltd in accordance with a performance bond issued by OAC in favour 70 Shenton Pte Ltd (the "**Performance Bond**") relating to the Shenton Way Contract.
3. OAC has therefore called on the Company to pay S\$4,733,600.00, being the Performance Bond Amount plus legal costs of S\$5,350.00, to OAC further to an indemnity provided by the Company to OAC against all demands, claims, costs and expenses incurred by OAC pursuant to or in connection with the Performance Bond (the "**Indemnity**").
4. The Group intends to fulfill its obligations in accordance with the Indemnity. In the meantime, the Board is considering various options including raising additional funds or re-allocating the use of proceeds from the Proposed Warrants (as disclosed in the Circular) to ensure that there would be adequate working capital for the next 12 months as the fulfilment of the Indemnity would initially impact the Group's financial position negatively. For the financial year ended 31 December 2013, the Group had made a general provision of S\$4.4 million, on grounds of prudence, against potential liquidated damages which may arise from the delay in completion of its building contracts.
5. In addition, the Company is seeking legal advice and will vigorously pursue all avenues of legal recourse in relation to the Group's legal position on the lawfulness of the termination of the Shenton Way Contract.

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

BY ORDER OF THE BOARD

Liew Sen Keong  
Executive Chairman and CEO

27 March 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.*