



UPDATE ON SINGAPORE CONSTRUCTION PTE. LTD. AND SIGNING OF HEADS OF AGREEMENT WITH HAUSLAB GROUP

INTRODUCTION

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 made by the Company on 8 January 2014 (the “**8 January Announcement**”).

UPDATE ON SINGAPORE CONSTRUCTION PTE. LTD.

2. In connection with the 8 January Announcement, the Board wishes to update that the acquisition of Singapore Construction Pte. Ltd. (“**SCPL**”) has been completed and it is now a wholly-owned subsidiary of the Company.
3. SCPL is the new construction arm of the Company with new management personnel separate from CCM Industrial Pte. Ltd. The Company is in the process of positioning SCPL as the new construction arm of the Group, and to reflect this direction of the Group, the operational scope of SCPL will be progressively increased. SCPL is headed by Mr Hiroaki Kobayashi, an experienced Japanese project manager with extensive local and overseas experience in a large and successful Japanese construction firm.

HEADS OF AGREEMENT WITH HAUSLAB GROUP – SUB-CONTRACTOR AND MAIN CONTRACTOR WORKS

4. Further, the Board wishes to announce that SCPL has on 10 April 2014 entered into a conditional and binding Heads of Agreement (the “**HOA**”) with Hauslab Holdings Pte. Ltd. and Hauslab Design & Build Pte. Ltd. (collectively, the “**Hauslab Group**”) for the appointment of SCPL as a sub-contractor for four (4) of the Hauslab Group’s existing construction projects (“**Existing Projects**”) and as a main contractor for new construction projects of the Hauslab Group (the “**New Projects**”) and collectively with the Existing Projects, the “**Projects**”) (the “**Proposed Appointment**”).
5. The Hauslab Group is a design and build establishment focusing on both prestigious residential and commercial projects, locally and in the region. Hauslab Group had been awarded the Successful Entrepreneur 2011 Platinum Category prize; the Promising SME 500 2012, Singapore Chinese Entrepreneur 2012 as well as Singapore Outstanding Enterprise 2012.
6. The salient terms of the HOA are as follows:
 - (a) For the Existing Projects, the Hauslab Group will engage SCPL as its sub-contractor. The cost for construction services to be provided by SCPL will be mutually agreed by SCPL and the Hauslab Group (the “**Parties**”).

- (b) For the New Projects, SCPL will assume the main contractor role. The Parties shall agree on the budgets for the New Projects and share the profits from the New Projects. Hauslab Group will remain as designer of all projects originated from them.
 - (c) Subject to other conditions customary to such appointments, and any other conditions as shall be agreed between the Parties in the definitive agreements to be negotiated and entered into between the Parties ("**Definitive Agreements**"), the Proposed Appointment shall be subject to approval by the respective boards of directors of SCPL and the Hauslab Group and all other relevant regulatory approvals in Singapore (as the case may be). The Parties shall, where applicable, use their reasonable efforts to do all acts and things required to obtain such approvals for the Proposed Appointment.
 - (d) The Parties shall in good faith, and using all reasonable commercial efforts, negotiate and endeavour to agree, on or prior to the date falling 30 days from the date of the HOA (the "**Target Date**"), on the terms and conditions of the Definitive Agreements and any other necessary documents in respect of the Proposed Appointment. The Target Date in respect of the Proposed Appointment may be extended by mutual agreement by the Parties.
7. As at the date of this announcement, the Company estimates that top line revenue attributable to SCPL for the Existing Projects would amount to approximately S\$7 million.

BY ORDER OF THE BOARD

Chan Heng Fai
Executive Director

10 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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