

SGX-Listed CCM Group Announces Rights Issue & Issue of Bonus Shares For Working Capital, To Discharge Construction Project Costs, Settle Liabilities And Pursue Overseas Property Development

SINGAPORE, 8 April 2014 – **CCM Group Limited** (“**CCM**” or the “**Company**”) proposed today the issue of up to 28.75 billion shares via an eight-for-one rights issue (“**Rights Issue**”) and another 28.75 billion bonus shares (“**Bonus Shares**”) on the basis of one bonus share for every rights share subscribed (together, the “**New Shares**”).

Based on the issue price and undertaking by a significant shareholder to subscribe for the **Rights Issue** shares, and assuming that no other shareholders will subscribe for their relevant entitlements of Rights Shares, a minimum of S\$3.3 million in net proceeds will be raised from the renounceable and non-underwritten **Rights Issue**. Based on a maximum scenario, up to S\$143.5 million in net proceeds will be raised.

The proceeds will be used for general working capital, to discharge costs of its Singapore construction projects, repay and redeem liabilities and pursue property development opportunities overseas, particularly the United States and Australia.

The Singapore Exchange Catalist-listed Class-A contractor said on 20 March 2014 that a contract to construct a 32-storey building along 70 Shenton Way had been terminated and that it would pay S\$4.7 million for a performance bond.

CCM reported a net loss of S\$22.4 million for the financial year ended 31 December 2013 (“**FY2013**”), compared to a S\$1.9 million loss in FY2012, citing major challenges faced and provisions made in relation to the activities of CCM Industrial Pte Ltd (“**CCMI**”), a wholly owned Singapore construction subsidiary. CCM also announced that United Overseas Bank had on 26 March 2014 withdrawn an overdraft facility of S\$1.8 million for CCMI.

Although the **FY2013** losses left CCM in a net negative working capital position, the Group believes it will have sufficient working capital after taking into consideration net proceeds from the **Rights Issue** and other internal resources.

Proceeds from the issue of 3.42 billion warrants and piggy-back warrants – worth up to S\$36.0 million – and S\$5.0 million raised from exchangeable notes (“**FY2013 Fundraising**”) were intended originally solely for investments in overseas property developments to be undertaken by CCM’s wholly owned subsidiary, CCM Property Pte Ltd (“**CCMP**”), as part of a strategic diversification approved by CCM shareholders on 20 November 2013.

As at 1 April 2014, CCM had raised S\$16 million from the **FY2013 Fundraising** which has enlarged its share capital base to 1.23 billion shares. Following a proposal to re-allocate S\$5.2 million of proceeds from the **FY2013 Fundraising**, CCM will have S\$10.8 million available for investments in property development.

CCM announced on 8 January 2014 that it is exploring property development opportunities in Western Australia, and said on 12 February 2014 that it plans to invest S\$5.5 million from the **FY2013 Fundraising** to purchase a 136-acre parcel of land in Houston, Texas through a 60%-held U.S. partnership.

On 27 March 2014, **CCMP**'s wholly owned Australia subsidiary CCM Perth Pty Ltd ("**CCM Perth**") also announced formal offers lodged for four sites (the "**Lots**") in the award-winning Mandurah Ocean Marina development in Perth, amounting to approximately A\$2.175 million (S\$2.5 million). The Lots are to be developed into townhouses and luxury apartments for sale to Australians and overseas investors.

Mr Chan Heng Fai ("**Mr Chan**"), a CCM Executive Director, and Hengfai Business Development Private Ltd ("**HBD**"), which **Mr Chan** fully controls, will give irrevocable undertaking ("**Irrevocable Undertaking**") that they will subscribe for their full *pro rata* entitlement of 680.88 million Rights Issue shares and up to 39.12 million of excess Rights shares, subject to availability.

As **HBD** will grant a loan of S\$3.6 million to CCM ("**the Loan**"), **Mr Chan** intends to set off **the Loan** against the amount he needs to pay to subscribe for the Rights Issue. In the event that the **Rights Issue** is not forthcoming for whatever reason, the Company can capitalize **the Loan** and issue new Shares to **HBD** at an issue price of S\$0.0025 per New Share.

CCM's Executive Chairman and CEO, Mr. Joseph Liew, said: "The proposed **Rights Issue** and Issue of **Bonus Shares** is expected to raise the capital necessary to address two issues – funding for working capital for the Singapore construction business, and a sufficient war chest to build up our overseas property investments. The Australian and U.S. property market cycles are each at an inflection point which offer opportunities for CCMP to invest in so as to enhance shareholder value."

Based on a closing price of S\$0.011 per share on SGX-ST on 3 April 2014, the **Rights Issue** Price of S\$0.005 represents a discount of approximately 54.5%, or 77.3% after considering the issue of **Bonus Shares** with a corresponding issue price of S\$0.0025.

The proposed **Rights Issue** is subject to the Securities Industry Council granting **Mr Chan** a waiver of his obligation to make a mandatory general offer and approval of a whitewash resolution ("**Whitewash Resolution**") from independent Shareholders to waive their right to receive such a mandatory offer from him. The Company will appoint an independent financial adviser for the purpose of the **Whitewash Resolution**.

End of Release

Issued on behalf of the Company by WeR1 Consultants Pte Ltd:

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About CCM Group Limited

Incorporated on 9 September 2009, CCM 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. The Group's business can be categorised into three (3) main segments as follows:

- Main building works;
- General building works for residential and commercial buildings, such as additions and alteration, refurbishment, repairs and redecoration works for residential and commercial building and lift-upgrading programmes; and
- Leasing and installation for access equipment system, such as gondolas and mast climbing work platform, for the building and marine industries.

CCM's clients typically include property developers, land owners and governmental bodies.

In 2013 the Company announced that it was diversifying to property development and investment, focusing initially in Australia and the United States.

For more information, please visit: www.ccmgroup.sg

*This press release 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 Company's Sponsor has not independently verified the contents of this press release.*

This press release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made or reports contained in this press release.

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