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CCM GROUP LIMITED

(Incorporated in Singapore)
(Company Registration No. 200916763W)

PROPOSED ISSUE OF AN AGGREGATE OF UP TO 57,501,120,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY, COMPRISING THE RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 28,750,560,000 RIGHTS SHARES AT AN ISSUE PRICE OF S\$0.005 FOR EACH RIGHTS SHARE, ON THE BASIS OF EIGHT (8) RIGHTS SHARES FOR EVERY ONE (1) EXISTING ORDINARY SHARE IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT A BOOKS CLOSURE DATE TO BE DETERMINED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED, AND THE ISSUE OF UP TO 28,750,560,000 BONUS SHARES, ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED FOR

1. INTRODUCTION

The Board of Directors (the “**Directors**”) of CCM Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to undertake an issue of an aggregate of up to 57,501,120,000 new ordinary shares in the capital of the Company (“**Shares**”), comprising:

- (a) the renounceable non-underwritten rights issue (the “**Rights Issue**”) of up to 28,750,560,000 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.005 (the “**Issue Price**”) for each Rights Share, on the basis of eight (8) Rights Share for every one (1) Share held by the shareholders of the Company (the “**Shareholders**”) as at a time and date to be determined by the Directors for the purpose of determining the Shareholders’ entitlements under the Rights Issue (the “**Books Closure Date**”), fractional entitlements to be disregarded; and
- (b) the issue of up to 28,750,560,000 new Shares (the “**Bonus Shares Issue**”) for no consideration (the “**Bonus Shares**”), on the basis of one (1) Bonus Share for every one (1) Rights Share subscribed for under the Rights Issue and will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Bonus Shares. For this purpose, “record date” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of the business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or the securities accounts of Shareholders must be credited with Shares in order to participate in such dividends, rights, allotments or distributions.

The Rights Shares and the Bonus Shares shall be collectively referred to as the “**New Shares**”. The proposed issue of the Rights Shares and the Bonus Shares as described above shall be referred to as the “**Proposed Share Issuance**”.

The abovementioned maximum issue size of the Rights Issue and Bonus Shares Issue (“**Maximum Scenario**”) was calculated based on the following assumptions that:

- (i) all of the 171,607,000 piggyback warrants and 1,095,511,000 bonus warrants outstanding as at the date of this announcement and all the 1,095,511,000 piggyback warrants to be issued pursuant to the exercise of the 1,095,511,000 bonus warrants are exercised prior to the Books Closure Date;
- (ii) all the outstanding share options issued by the Company have not been exercised, under the terms of its issue, into Share; and
- (iii) the exchangeable notes issued by the Company's wholly owned subsidiary, CCM Property Pte. Ltd., have not been exchanged, under the terms and conditions of its issue, into Shares.

The Proposed Share Issuance is subject to, *inter alia*, the approval of the Shareholders, which will be sought at an extraordinary general meeting of the Company (the “**EGM**”) to be convened. A circular to Shareholders containing further information on the Proposed Share Issuance, together with the notice for the EGM (the “**Circular**”), will be despatched to Shareholders in due course.

2. DETAILS OF THE PROPOSED SHARE ISSUANCE

The Company is proposing to undertake the Rights Issue, at the Issue Price for each Rights Share on a renounceable basis to Shareholders whose registered addresses with the Company or The Central Depository (Pte) Limited (the “**CDP**”), as the case may be, are in Singapore as at the Books Closure Date, or who have, at least three (3) market days prior to the Books Closure Date, provided to the Company or the CDP, as the case may be, addresses in Singapore for the service of notices and documents (the “**Entitled Shareholders**”). Please refer to Paragraph 5 below entitled “Eligibility to Participate in the Proposed Share Issuance” for further details.

Fractional entitlements to the Rights Shares will be disregarded and will, together with the provisional allotments of Rights Shares which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for the Rights Shares (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

The Rights Shares are payable in full upon acceptance and/or application, and when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares. For this purpose, “record date” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of the business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or the securities accounts of Shareholders must be credited with Shares in order to participate in such dividends, rights, allotments or distributions.

Entitled Shareholders will be at liberty to accept, decline, renounce or trade (during the provisional allotment trading period prescribed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”)) their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue (the “**Excess Rights Shares**”).

In the allotment of Excess Rights Shares, preference will be given to the rounding of odd lots. Directors and substantial Shareholders who have control or influence over the Company in connection with its day-to-day affairs or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board of the Company will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares. The Company will also not make any allotments and issuance of any Excess Right Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

The Company also proposes to issue one (1) Bonus Share for each Rights Share validly subscribed for, for no consideration receivable by the Company.

For illustration purposes, for every existing 1,000 Shares held by a Shareholder who is an Entitled Shareholder, he will be at liberty to accept, decline, renounce or trade his provisional allotment of 8,000 Rights Shares (on the basis of eight (8) Rights Shares for every one (1) Share). On the assumption that the Shareholder accepts the provisional allotment of 8,000 Rights Shares and pays for the 8,000 Rights Shares, he will receive 8,000 Bonus Shares.

The Issue Price of S\$0.005 for each Rights Share represents a discount of approximately 54.5% to the last transacted price of S\$0.011 per Share on the Catalist of the SGX-ST on 3 April 2014 (being the market day immediately preceding the date of this announcement) (the **"Last Transacted Price"**). Taking into consideration the issue of the Bonus Shares, the effective Issue Price for each New Share is S\$0.0025, representing a discount of approximately 77.3% to the Last Transacted Price. The Company believes that the Issue Price of S\$0.005 for each Rights Share is attractive.

The terms and conditions of the Proposed Share Issuance are subject to such changes as the Directors may deem fit. The final terms and conditions of the Proposed Share Issuance will be contained in the Circular and the offer information statement (including the accompanying application forms) to be despatched by the Company to the Shareholders in due course (the **"Offer Information Statement"**).

3. IRREVOCABLE UNDERTAKING

The Rights Issue will be supported by certain substantial shareholders of the Company, namely Hengfai Business Development Pte. Ltd. ("**HBD**") and Mr Chan Heng Fai, an Executive Director and substantial shareholder of the Company (collectively, the **"Undertaking Shareholders"**). Mr Chan Heng Fai directly holds 110,000 Shares, and is a director and holds 100% of the issued share capital of HBD and is accordingly deemed interested in the 85,000,000 Shares that HBD holds. Mr Chan Heng Fai will undertake that, *inter alia*, (the **"Irrevocable Undertaking"**):

- (a) he will apply and subscribe for and/or procure applications and subscriptions for and pay for and/or procure the payment for 680,880,000 Rights Shares and up to 39,120,000 Excess Rights Shares (subject to availability) under the proposed Rights Issue;
- (b) he shall not, without the prior written consent of the Company, sell, transfer or otherwise dispose of all or any of his legal or beneficial interest in the Shares it currently legally and beneficially owns prior to the Books Closure Date;
- (c) he shall procure the doing of all such acts, provide all such information, confirmations, undertakings and certificates and execute or procure the execution of all such documents as may be necessary and/or pursuant to any requirements of the SGX-ST, the Monetary Authority of Singapore (the **"MAS"**), the Accounting and Corporate Regulatory Authority, the Securities Industry Council and/or any other regulatory authorities in Singapore, (in each case) in relation to the Rights Issue and all the matters set out in paragraphs (a) and (b) above; and
- (d) he shall indemnify and hold harmless the Company from and against any and all losses, liabilities, damages, costs, charges, expenses (including legal fees on a full indemnity basis) and taxes, claims, actions, demands or judgment which are suffered or incurred by or which are instituted, made or alleged against the Company by reason of or in connection with any breach or default of his obligations set out in paragraphs (a) to (c) above (excluding any breach or default of his obligations in paragraph (c) above which has been rectified within three (3) business days from the date of written notification of such breach or default to him), and shall pay to the Company on demand an amount equal to all costs, charges and expenses (including

legal fees on a full indemnity basis) which the Company may pay or incur in connection with investigating, disputing or defending any such claims or losses (whether actual, pending or threatened and whether or not the Company is or may be a party to any such claims).

Mr. Chan Heng Fai's obligations under the Irrevocable Undertaking are subject to:

- (a) Shareholders' approval for the Proposed Share Issuance being obtained at an extraordinary general meeting to be convened;
- (b) the lodgment of an offer information statement in connection with the Rights Issue, together with all other accompanying documents (if applicable), by the Company with the SGX-ST acting as agent on behalf of the MAS;
- (c) the approval in-principle having been granted by the SGX-ST (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares under the Rights Issue) for the listing of and quotation for the Rights Shares and the Bonus Shares on the Catalist of the SGX-ST and, if such approval is granted subject to conditions, such conditions being acceptable to the Company;
- (d) the grant of the SIC Waiver (as defined below); and
- (e) Shareholders' approval for the Whitewash Resolution (as defined below).

HBD will also grant a loan of an aggregate amount of S\$3,600,000 to the Group (the "**Loan**") for the discharge of project costs under the Group's construction business. Under the Irrevocable Undertaking, Mr Chan Heng Fai has irrevocably undertaken to the Company to procure the set-off of the amounts payable by the Company under the Loan against the amounts payable by the Undertaking Shareholders to the Company for the subscription of their respective entitlements under the Rights Issue. In the event that the Rights Issue is not forthcoming for whatever reason, the Company shall have an option to either repay HBD in cash and/or to capitalise the Loan and issue new Shares to HBD based on the issue price of S\$0.0025 for each new Share. In the event that new Shares are to be issued pursuant to the capitalisation of the Loan, approval from Shareholders may be sought, if required.

The New Shares to be issued to Mr Chan Heng Fai and HBD pursuant to the Irrevocable Undertaking (and by parties acting in concert with him), may result in an obligation of their part to make a take-over under Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**"). In this regard, the Company will seek the approval of (i) the Securities Industry Council ("**SIC**") for granting a waiver of his obligation to make a mandatory general offer under the Code, for all the Shares not owned or controlled by Mr Chan Heng Fai or parties acting in concert with him (the "**SIC Waiver**") and (ii) the approval of a whitewash resolution from independent Shareholders for the waiver of their right to receive such a mandatory offer from Mr Chan Heng Fai or parties acting in concert with him (the "**Whitewash Resolution**") and such other conditions that the SIC may impose which are reasonably acceptable to the Company.

4. PURPOSE OF THE RIGHTS ISSUE AND USE OF PROCEEDS

Based on the Issue Price, and assuming the Maximum Scenario, and the Rights Issue will raise approximately S\$143,752,800 and the net proceeds of the Rights Issue (the "**Net Proceeds**"), after deducting estimated expenses of approximately S\$300,000, will amount to approximately S\$143,452,800.

Based on the Issue Price and the Irrevocable Undertaking and assuming that no other shareholders will subscribe for their relevant entitlements of Rights Shares, the Company will issue 720,000,000 Rights Shares and 720,000,000 Bonus Shares and the Rights Issue will raise approximately S\$3,600,000 ("**Minimum Scenario**") and the Net Proceeds of the Rights

Issue, after deducting estimated expenses of approximately S\$300,000, will amount to approximately S\$3,300,000.

In the opinion of the Directors, the minimum amount that needs to be raised from the Rights Issue taking into consideration the intended use of proceeds for the discharge of project costs under the Group's building construction business is S\$3,600,000.

Further to the Irrevocable Undertaking, the Undertaking Shareholders have irrevocably undertaken to subscribe and pay for, and/or procure the subscription and payment for up to, their pro rata entitlement amounting to up to S\$3.6 million. The Directors are of the view that the price of each Rights Share, together with a Bonus Share for each Rights Share subscribed, is sufficiently attractive. In view of the foregoing, and after taking into consideration the cost of engaging an underwriter and having to pay commission in relation to the underwriting, the Directors decided that it is not feasible and practicable for the Rights Issue to be underwritten by a financial institution.

The Net Proceeds from the Rights Issue will be used towards the discharge of the Group's existing projects and general working capital under its building construction business, the pursuit of new project opportunities under the Group's property development business, and the repayment and redemption of liabilities.

The table below set out the two scenarios for the proposed utilisation of the Net Proceeds by the Company, based on two different assumptions: (1) Maximum Scenario and (2) Minimum Scenario:

Use of Proceeds	Maximum Scenario		Minimum Scenario	
	Amount (\$'000)	Percentage of Proceeds (%)	Amount (\$'000)	Percentage of Proceeds (%)
Discharge of project costs under the Group's building construction business	20,000	13.94	3,300	100.0
General working capital of the Group's building construction business	2,000	1.39	-	-
Exploration of and investment in new project opportunities under the Group's property development business and general working capital	115,953	80.83	-	-
Repayment and redemption of liabilities	5,500	3.83	-	-
Total	143,453	100.0	3,300	100.0

Pending the deployment of the Net Proceeds for the purposes mentioned above, such proceeds may be deposited with banks or financial institutions, invested in short-term money markets or marketable securities or used for any other purpose on a short-term basis as the Directors may deem fit.

The Directors are of the opinion that, after taking into consideration the Net Proceeds and other internal resources, the working capital available to the Group is sufficient to meet its present requirements.

The Company will make periodic announcements on the utilisation of the proceeds of the Rights Issue, as and when the funds from the Rights Issue are materially disbursed or utilised. Where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report.

5. ELIGIBILITY TO PARTICIPATE IN THE RIGHTS ISSUE

The Company proposes to provisionally allot the Rights Shares to Entitled Shareholders (comprising Entitled Depositors, Entitled Scripholders and excluding Foreign Shareholders, as defined below) under the Rights Issue.

(A) Entitled Depositors

Shareholders whose securities accounts with CDP are credited with Shares as at the Books Closure Date and whose registered addresses with CDP are in Singapore as at the Books Closure Date (the **"Entitled Depositors"**) will be provisionally allotted the Rights Shares on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at the Books Closure Date.

To be "Entitled Depositors", depositors must have registered addresses in Singapore with CDP as at the Books Closure Date, or if they have registered addresses outside Singapore, they must provide CDP at 9 North Buona Vista Drive #01-19/20 The Metropolis, Singapore 138588 with registered addresses in Singapore for the service of notices and documents, not later than 5.00 p.m. (Singapore Time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

(B) Entitled Scripholders

Shareholders whose Shares are not registered in the name of CDP but whose names appear in the Register of Members of the Company with registered addresses in Singapore as at the Books Closure Date (the **"Entitled Scripholders"**) will be provisionally allotted Rights Shares on the basis of the number of Shares held by them as stated in the Register of Members of the Company as at the Books Closure Date.

To be "Entitled Scripholders", Scripholders must have registered addresses in Singapore with the Company as at the Books Closure Date, or if they have registered addresses outside Singapore, must provide the Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 with registered addresses in Singapore for the service of notices and documents, not later than 5.00 p.m. (Singapore Time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

Duly completed and stamped transfers (in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received up to 5.00 p.m. on the Books Closure Date by the Share Registrar, will be registered to determine the transferee's provisional allotments of Rights Shares entitlements.

(C) Foreign Shareholders

For practical reasons and in order to avoid any violation of the relevant legislation applicable in countries other than Singapore, the Rights Shares will not be offered to

Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, by 5.00 p.m. (Singapore Time) on the date being three (3) market days prior to the Books Closure Date, provided to the Share Registrar or CDP, as the case may be, with registered addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**") and the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders. Accordingly, no provisional allotments of the Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application will be valid.

If it is practicable to do so, the Company may, at its absolute discretion, arrange for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders, to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotment of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account the relevant expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares standing to the credit of their respective Securities Accounts as at the Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net proceeds distributable to any single Foreign Shareholder is less than S\$10.00, such net proceeds will be retained for the sole benefit of the Company or dealt with as the Directors may, in their absolute discretion, deem fit in the interest of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Sponsor, the Share Registrar or CDP in connection therewith.

Where such provisional allotments of Rights Shares are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the Sponsor, the Share Registrar or CDP in respect of such sales or proceeds thereof, of such provisional allotments of Rights Shares or the Rights Shares represented by such provisional allotments.

If such provisional allotments of Rights Shares cannot be sold or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the Rights Shares represented by such provisional allotments will be allotted and issued to satisfy excess applications or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Sponsor, the Share Registrar or CDP in connection therewith.

6. INDEPENDENT FINANCIAL ADVISER

The Company will appoint an independent financial adviser to advise the Directors who are deemed independent for the purpose of the Whitewash Resolution in connection with the Whitewash Resolution.

7. APPROVALS

The proposed Rights Issue is subject to, *inter alia*, the following:

- (a) the SIC Waiver having been granted;
- (b) Shareholders' approval for the Rights Issue and Bonus Shares Issue being obtained at the EGM;

- (c) Shareholders' approval for the Whitewash Resolution at the EGM;
- (d) the approval in-principle of the SGX-ST for the dealing in, listing and quotation of the Rights Shares and the Bonus Shares on the Catalist of the SGX-ST having been obtained (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares and Bonus Shares under the Proposed Share Issuance), and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company; and
- (e) the lodgment of the Offer Information Statement together with all other accompanying documents (if applicable) pursuant to the Securities and Futures Act (Cap. 289) of Singapore with the SGX-ST acting as agent on behalf of MAS.

The Circular, containing further information on the Proposed Share Issuance, will be despatched to Entitled Shareholders in due course.

PrimePartners Corporate Finance Pte. Ltd., the sponsor of the Company (the "**Sponsor**"), will be making an application to the SGX-ST for the permission to deal in and for the listing of and quotation for the Rights Shares and Bonus Shares on the SGX-ST.

The Offer Information Statement will also be lodged with the SGX-ST and despatched to Entitled Shareholders in due course after, *inter alia*, obtaining the approval in-principle of the SGX-ST.

Appropriate announcements in relation to the above application, lodgement and despatch will be made in due course.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors and substantial Shareholders has any interest, direct or indirect, in the Proposed Share Issuance (other than through their respective shareholdings in the Company).

8. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes true and fair disclosure of all material facts about the Proposed Share Issuance and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

BY ORDER OF THE BOARD
CCM GROUP LIMITED

Chan Heng Fai
Executive Director

8 April 2014

This announcement has been prepared by the Company and its contents have been reviewed by 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.