

# **SGX Catalist-Listed Builder CCM Group Limited to raise up to S\$41 million from Issue of Warrants and Exchangeable Notes; Eyes Property Development**

**SINGAPORE, 06 August 2013** – SGX Catalist-listed CCM Group Limited (“**CCM**” or the “**Company**”) announced today that it will raise up to S\$41 million – S\$36.0 million via the issue of up to 3.42 billion warrants and a further S\$5.0 million from the issue of exchangeable notes – as part of a strategic diversification beyond construction to property development.

The Class-A main contractor is proposing a two-stage issue of warrants which, assuming full conversion into shares, will increase the issued share capital base of CCM by more than 20-fold to 3.60 billion shares from 171.22 million shares currently.

In the first stage, CCM is proposing to issue 1.71 billion bonus warrants (“**Bonus Warrants**”) on the basis of ten such warrants for every CCM share held. Each Bonus Warrant – which, upon issue will be listed and traded on SGX Catalist – entitles the holder to subscribe for one new ordinary CCM share at 1.0 Singapore cent (or S\$0.01) each, exercisable for up to three years from the date of issue (the “**Warrants Exercise Period**”).

Full conversion of the Bonus Warrants issued will raise S\$17.1 million and enlarge CCM’s share capital base by 1.71 billion shares, or 11 times, to 1.88 billion shares.

In the second-stage, CCM is proposing to issue one Piggyback Warrant (“**Piggyback Warrant**”) for every one Bonus Warrant exercised. The holder of the Piggyback Warrant will be entitled to subscribe for one new ordinary CCM share at 1.1 Singapore cents (or S\$0.011) each, exercisable within the Warrants Exercise Period, provided that the underlying Bonus Warrant is first exercised by such holder of the underlying Bonus Warrant. Unlike the Bonus Warrants, the Piggyback Warrants will not be listed and traded on SGX Catalist.

Full conversion of the Piggyback Warrants issued will raise another S\$18.8 million and enlarge CCM’s share capital base by a further 1.71 billion. Assuming full conversion of both issues of warrants (the “**Warrants**”), CCM will raise a combined S\$36.0 million, and its fully diluted share capital base will be enlarged to 3.60 billion shares, a 21-fold increase from the existing share capital base.

Pending conversion, the Warrants will not be entitled to voting rights nor dividends attached to the ordinary shares of CCM.

Separate to the Warrants, CCM said its newly incorporated and 100%-owned property development arm, CCM Property Pte. Ltd. (“**CCMP**”), will issue S\$5.0 million worth of three-year secured redeemable exchangeable notes (“**Notes**”) to fund CCMP’s property

development projects, working capital and related investments and/or strategic alliances as may be approved by the board of directors of CCMP.

The Notes will be denominated in units of S\$250,000 each and will carry a coupon of 18% per year, to be paid annually. CCMP can redeem all or a portion of the Notes on the first anniversary of the issue date at 102% of the face value of the Notes or on the second anniversary of the issue date at 104% of the face value of the Notes. The Notes will mature on the third anniversary of the issue date (the “**Maturity Date**”) and thereupon, unless previously exchanged or converted, CCMP shall redeem the Notes at 106% of the face value of the Notes. If there is no redemption by CCMP before the Maturity Date, each Note can either be exchanged into 2,500,000 new CCM shares at 10 Singapore cents (or S\$0.10) per share (or up to a total of 50 million new CCM shares) or converted into CCMP shares based on the conversion price which is determined by the face value of the Notes divided by the issued and paid-up share capital of CCMP as at the date of the conversion notice to be submitted by the noteholder to CCMP – subject to anti-dilution provisions – anytime upon issue of the Notes and before the Maturity Date. Full exercise of the Notes in exchange of new CCM Shares will enlarge the fully diluted share capital base of CCM further to 3.65 billion shares.

CCMP has set up its own three-member board of directors to focus on building up a new profitable segment of business focusing on residential and/or commercial properties. It comprises three existing CCM directors – Mr. Joseph Liew Sen Keong, Executive Chairman and Group CEO of CCM; Mr Chan Heng Fai, a Non-Executive Director and the second largest shareholder of CCM; and Mr Teh Wing Kwan, a Non-Executive Director of CCM.

The proposed issue of the Warrants, Notes and CCM's diversification into property development are subject to approval from CCM shareholders at an extraordinary general meeting to be convened. If approved, they would collectively constitute the largest corporate exercise undertaken by CCM since its listing in July 2010.

“CCM recently expanded its board of directors to include, amongst others, Mr Chan Heng Fai and Mr Teh Wing Kwan – two experienced corporate and financial specialists who helped craft the proposed structure and forward strategy of CCM,” said Mr Joseph Liew. “Conversion of the Warrants and issuance of the Notes will strengthen the working capital of the Group and increase its issued share capital base substantially.”

“Until now, CCM has been focusing on construction-related activities. Due to the challenging operating environment, the margins are relatively limited. By also taking stakes in property development via CCMP, we will have the competitive edge as we can participate in construction contracts as both a developer and a builder, thereby enhancing shareholder value.”

“For larger projects – residential or commercial – CCMP will take smaller minority stakes. Our enlarged asset base will allow us to join forces with much larger developers. However, CCMP also intends to acquire and re-develop smaller landed properties on its own, leveraging on the construction expertise and track record of the CCM Group,” he said.

CCM, whose shares have been halted from trading since 1 August, announced on 2 August its results for the six months ended 30 June 2013 (“HY2013”) which showed that its net loss had narrowed to S\$68,000 from S\$1.6 million for the six months ended 30 June 2012 (“HY2012”), while revenue had increased to S\$41.6 million for HY2013 from S\$16.0 million in HY2012.

The Group has a current construction order book of approximately S\$174.8 million which it intends to build up following the proposed corporate exercise.

###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.

For more information, please visit: [www.ccmgroup.sg](http://www.ccmgroup.sg)

*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 Company’s Sponsor has not independently verified the contents of this announcement.*

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