



## CFM HOLDINGS LIMITED

(Incorporated in Singapore under Registration No. 200003708R)

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### ACQUISITION OF INDUSTRIAL PROPERTY BY HANTONG METAL COMPONENT (PENANG) SDN. BHD., A WHOLLY OWNED SUBSIDIARY

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#### 1. INTRODUCTION

The Board of Directors (the “**Board**”) of CFM Holdings Limited (the “**Company**”, and together with its subsidiaries, collectively the “**Group**”) wishes to announce that the Company’s wholly owned subsidiary Hantong Metal Component (Penang) Sdn. Bhd. (“**HTPG**”) had on 31 March 2015 entered into a sale and purchase agreement (the “**SPA**”) with Cahaya Perspektif Sdn. Bhd. (the “**Vendor**”), a company incorporated under the laws of Malaysia and having its registered office at No. B2 & B3, 1<sup>st</sup> Floor, Jalan Bakar Arang, 08000 Sungai Petani, Kedah Darul Aman, pursuant to which HTPG had agreed to purchase an industrial property of which it is currently leasing from the Vendor, further details of which are set out below in this announcement.

#### 2. INFORMATION RELATING TO THE VENDOR AND THE INDUSTRIAL PROPERTY

The industrial property measuring approximately 12,033 square meters to be acquired pursuant to the SPA is located at Lot No. 84, Jalan PKNK, Kawasan Perindustrian Sungai Petani, 08000 Sungai Petani, Kedah (the lease and the building(s) are hereinafter collectively referred to as “the **Property**”). The Property is a leasehold property for 60 years expiring on 12 April 2052. Currently, HTPG is leasing the Property from the Vendor for its’ factory operation with annual rental of RM240,000 (or equivalent to S\$89,000).

The Vendor is a company limited by shares incorporated in Malaysia owned by Tan Su Tiam @ Tan Hooi Thean & Wang Joo Chik, both Malaysian. The Vendor is principally engaged in the business of owning properties.

None of the Company’s directors and controlling shareholders are related either directly or indirectly with the Vendor or any of the shareholders of the Vendor.

#### 3. PURCHASE CONSIDERATION FOR THE PROPERTY

The aggregate consideration for the Property is Ringgit Malaysia Five Million And Five Hundred Thousand (RM5,500,000 or equivalent to S\$2,038,000 (based on an exchange rate of RM2.6989 equivalent to S\$1 as at 31 March 2015) (the “**Consideration**”) which shall be satisfied fully in cash and payable by HTPG to the Vendor as follow (a) upon signing, HTPG will pay a 10% deposit of the Consideration, and (b) the balance 90% is to be paid on or before 90 days from the date of SPA.

The Consideration was arrived at following arm’s length negotiations on a willing seller willing buyer basis, taking into account the market valuation of the Property based on the valuation report by Henry Butcher (Malaysia (Kedah)) Sdn. Bhd. on 2 October 2014 (the “**Valuation Report**”), which was commissioned by the Vendor. The Valuation Report was for the purpose of assessing the fair value of the Property which was valued at RM5,480,000.

The Consideration will be funded by:

- (a) Approximately RM1,100,000 from the proceeds of the disposal of investment property held by HTPG which was announced by the Company on 6 February 2015; and
- (b) Approximately RM4,400,000 from bank borrowing.

#### **4. RATIONALE FOR THE PURCHASE OF THE PROPERTY**

The Board is of the view that the purchase of the Property is in the best interest of the Company and the shareholders of the Company for the following reasons:

- (i) The previous old factory at Bakar Arang Industrial Estate which had been sold in December 2014 and its proceeds was proposed to be used as deposit and this would re-invest the proceeds to own the Property currently leased by HTPG; and
- (ii) The built up size of the Property and its location were ideal for HTPG's current factory operation; and
- (iii) Owning the Property would provide better management of cost by HTPG compared with having to rent the Property from the Vendor, which will expire in July 2017 and is subject to renegotiation.

#### **5. KEY TERMS OF THE SPA**

Pursuant to the SPA, HTPG will purchase the Property from the Vendor subject to obtaining written consent of Perbadanan Kemajuan Negeri Kedah ("**PKNK**"), and terms and conditions including transfer of ownership, registration with authorities or stamp duties etc.

Upon completion of the SPA, the land title ownership of the Property will be transferred by the Vendor to HTPG. Subject to the fulfillment or waiver by the Vendor of the conditions precedent as set out below, Completion shall take place ninety (90) days from the date of agreement or such other date as HTPG and the Vendor may agree ("**Completion Date**").

Completion of the Property is conditional upon the following conditions ("**Conditions**") having been fulfilled or waived in accordance with the SPA on the Completion Date:

- (i) written consent of PKNK; and
- (ii) the respective constitution documents supplied by the HTPG to Vendor and vice versa; and
- (iii) respective resolutions of the board of directors of HTPG and the Vendors being passed to approve the SPA.

Save as disclosed above, there is no other material Conditions attached to the SPA.

#### **6. FINANCIAL EFFECTS OF THE PURCHASE OF PROPERTY**

##### **6.1 Net Tangible Asset ("NTA") per Share**

For illustrative purposes only and assuming that the purchase of the Property had been completed on 30 June 2014, being the end of the most recently concluded financial year, being financial year ended 30 June 2014 ("**FY2014**"), the proforma financial effects of the purchase of the Property on the consolidated NTA of the Group for FY2014 will be as follows:

	Before completion of purchase of the Property <sup>1</sup>	After completion of purchase of the Property <sup>2</sup>
Consolidated NTA attributable to the shareholders of the Company (S\$'000)	18,283	18,691
Number of shares (excluding treasury shares)	108,518,995	108,518,995
Consolidated NTA per share attributable to the shareholders of the Company (Singapore Cents)	16.85	17.22

Note:

1. Before completion of purchase of the Property is based on the Group's audited balance sheet as at 30 June 2014.
2. After completion of purchase of the Property included adjustment for the Consideration and the bank loan.

## 6.2 Earnings per Share ("EPS")

For illustrative purposes only and assuming that the purchase of the Property had been completed on 1 July 2013, the proforma financial effects of the purchase of the Property on the consolidated EPS of the Group for FY2014 will be as follows:

	Before completion of purchase of the Property <sup>3</sup>	After completion of purchase of the Property <sup>4</sup>
Net Profit attributable to the shareholders of the Company (S\$'000)	400	266
Weighted average number of shares (excluding treasury shares)	108,518,995	108,518,995
Consolidated EPS (Singapore Cents)	0.37	0.25

Note:

3. Before completion of purchase of the Property is based on the Group's profit and loss for FY2014.
4. After completion of purchase of the Property assumed the Property was purchased on 1 July 2013 and after consideration for saving in rental cost but offset by depreciation charge and interest for the bank loan.

## 7. RELATIVE BASES COMPUTED ON THE BASES SET OUT IN CATALIST RULE 1006

The relative figures of the purchase of Property computed on the bases set out in Rule 1006(a) to (e) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules") are as follows:

<b>(a) Rule 1006(a)</b>	
Net asset value of the asset to be disposed of (S\$'000)	Not applicable
Net asset value of the Group as at FY2014 (S\$'000)	Not applicable
Size of relative figure	Not applicable
<b>(b) Rule 1006(b)</b>	

Net profits attributable to the assets to be purchased (S\$'000) <sup>5</sup>	NA
Net profit of the Company (S\$'000) <sup>5</sup>	781
Size of relative figure	NA%

<b>(c) Rule 1006(c)</b>	
Aggregate value of the consideration given (S\$'000)	2,038
The Company's market capitalization as at 31 March 2015 based on the total number of issued shares, excluding treasury shares (S\$'000) <sup>6</sup>	8,204
Size of relative figure	24.8%

<b>(d) Rule 1006(d)</b>	
Number of equity securities issued by the Company as consideration for the purchase of Property	Not applicable
Number of equity securities of the Company previously in issue	Not applicable
Size of relative figure	Not applicable

<b>(e) Rule 1006(e)</b>	
The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves. This basis is not applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable

Note:

- (5) "net profits" means profit or loss before income tax, minority interests and extraordinary items. The Property does not generate income.
- (6) The Company's market capitalisation of approximately S\$8.20 million is based on its total number of issued Shares of 108,518,995 Shares and the weighted average price of S\$0.0756 per Share on 2 March 2015, being the last trading day for the Shares prior to the signing of the SPA

The Board notes that the relative figures computed under Catalyst Rules 1006(c) exceed 5% but are less than 75%. Accordingly, the purchase of the Property constitutes a "Discloseable Transaction" as defined under Chapter 10 of the Catalyst Rules.

## **8. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors (other than in his capacity as a Director or shareholder of the Company) or controlling shareholders of the Company (other than through their respective shareholdings in the Company) has any interest, direct or indirect in the purchase of the Property.

No person will be proposed to be appointed to the Board of the Company in connection with the purchase of the Property

## 9. **DOCUMENTS FOR INSPECTION**

A copy of the SPA and Valuation Report will be made available for inspection during normal business hours at the registered office of the Company for three (3) months from the date of this announcement.

## 10. **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 full and true disclosure of all material facts about the purchase of the Property, the Company and its subsidiaries, and the directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the 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 the announcement in its proper form and context.

## **BY ORDER OF THE BOARD**

Janet Lim Fong Li  
Executive Director & Chief Executive Officer  
31 March 2015

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Asian Corporate Advisors Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

*This announcement has not been examined or approved by the Exchange and the Exchange 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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