



## CFM HOLDINGS LIMITED

(Incorporated in Singapore under Registration No. 200003708R)

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### DISPOSAL OF INVESTMENT PROPERTY

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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 December 2014 entered into a sale and purchase agreement (the “**SPA**”) with Ezcom Sdn. Bhd. (the “**Purchaser**”), pursuant to which HTPG had agreed to sell its investment property to the Purchaser (the “**Disposal**”), further details of which are set out below in this announcement.

#### 2. INFORMATION RELATING TO THE PURCHASER AND THE INVESTMENT PROPERTY

The investment property to be disposed pursuant to the SPA is located at Lot 5 & Lot 6, Jalan 12, Kawasan Perusahaan MIEL Bakar Arang Phase V 08000 Sungai Petani Kedah Darul Aman Malaysia (the “**Property**”). The Property is a leasehold property for 60 years expiring on 25 June 2063. Lot 5 is 1,087 Sq Meter (11,700 Sq Ft) and Lot 6 is 1,335 Sq Meter (14,370 Sq Ft). Rental income earned from this property was about S\$35,000 for financial year ended 30 June 2014.

The Purchaser is a Malaysia incorporated company limited by shares with shareholdings held by Low Yoon Pin (Malaysian) & Satoru Miyaji (Japanese). The Purchaser is principally engaged in the business of installing professional speaker system and is the existing tenant of the Property since 1 November 2004. None of the Company directors and controlling shareholders are related either directly or indirectly with the Purchase and the shareholders of the Purchaser.

#### 3. PURCHASE CONSIDERATION FOR THE DISPOSAL

The aggregate consideration for the Disposal is RM1.28 million (S\$0.48 million) (the “**Consideration**”) which shall be satisfied fully in cash and payable to HTPG based on the SPA upon completion of the SPA. The Consideration was arrived at following arm’s length negotiations on a willing seller willing buyer basis, taking into account the market valuation RM 1.29 million of the Property based on the valuation report by Henry Butcher Malaysia on 25<sup>th</sup> June 2014 (the “**Valuation Report**”) which was commissioned by the Company. The valuation report was for the purpose of updating HTPG books on the fair value of the Property.

Based on the Consideration and S\$0.30 million, being the book value of the Property as of 31 December 2014, the amount of gain on disposal of the Property is S\$0.18 million. A portion of the sale proceeds will be used to pay HTPG creditors and the remaining may be used to place as a down payment for the purchase of HTPG existing rented property. For the latter, it is in preliminary stage as HTPG is still negotiating with the current landlord.

#### 4. RATIONALE FOR THE DISPOSAL OF THE PROPERTY

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

- (i) The old factory at Bakar Arang Industrial Estate is too small and not suitable for HTPG business operation use and is not in a strategic location; and
- (ii) The amount generated from disposal of the said property can be utilized as a deposit for the purchase of new factory which HTPG presently rented for its factory operation.

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

Pursuant to the SPA, HTPG will dispose the Property to the Purchaser subject to obtaining written consent of MIEL (Malaysia Industrial Estate Sdn Bhd – Kedah State Government Agency) and PKNK (Kedah State Development Corporation) 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 to the Purchaser.

Subject to the fulfillment or waiver by the HTPG of the conditions precedent as set out below, Completion shall take place on 28 February 2015 or such other date as HTPG and the Purchaser may agree (“**Completion Date**”).

Completion of the Disposal is conditional upon the following conditions (“**Conditions**”) having been fulfilled or waived in accordance with the SPA:

- (i) the resolutions of the board of directors of HTPG being passed to approve the sale of the Property to the Purchaser; and
- (ii) each representation and warranty made by HTPG contained in the SPA shall have been true in all material respects as of the date when made and shall be true in all material respects at and as of the Completion Date as if originally made on and as of the Completion Date.

Save as disclosed above, there is no other material conditions attached to the Disposal.

## **6. FINANCIAL EFFECTS OF THE DISPOSAL**

### **6.1 Net Tangible Asset (“NTA”) per Share**

For illustrative purposes only and assuming that the Disposal 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 Disposal on the consolidated NTA of the Group for FY2014 will be as follows:

	<b>Before Completion of the Disposal<sup>1</sup></b>	<b>After Completion of the Disposal<sup>2</sup></b>
Consolidated NTA attributable to the shareholders of the Company (S\$'000)	18,283	18,468
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	17.02

Note:

1. *Before Completion is based on the Group’s audited balance sheet as at 30 June 2014.*

2. *After Completion excluded the cost of the Property from the Group's audited balance sheet as at 30 June 2014.*

## 6.2 Earnings per Share ("EPS")

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

	Before Completion of the Disposal <sup>3</sup>	After Completion of the Disposal <sup>4</sup>
Net Profit attributable to the shareholders of the Company (S\$'000)	400	549
Weighted average number of shares (excluding treasury shares)	108,518,995	108,518,995
Consolidated EPS (Singapore Cents)	0.37	0.51

Note:

3. *Before Completion is based on the period from 1 July 2013 to 30 June 2014.*  
 4. *After Completion assumed the Property was disposed on 1 July 2013.*

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

Based on latest announced audited financial statements of the Group for the financial year ended 30 June 2014, the relative figures of the Disposal 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)	488 <sup>5</sup>
Net asset value of the Group as at FY2014 (S\$'000)	18,283
Size of relative figure	2.67%
<b>(b) Rule 1006(b)</b>	
Net profits attributable to the assets to be disposed (S\$'000) <sup>6</sup>	35
Net profits of the Company (S\$'000) <sup>6</sup>	781
Size of relative figure	4.48%
<b>(c) Rule 1006(c)</b>	
Aggregate value of the consideration received (S\$'000)	484
The Company's market capitalization as at 31 December 2014 based on the total number of issued shares, excluding treasury shares (S\$'000) <sup>7</sup>	8,682
Size of relative figure	5.57%
<b>(d) Rule 1006(d)</b>	
Number of equity securities issued by the Company as consideration for the Disposal	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) *The market value of the property as of 30 June 2014 was RM 1.29 million (S\$0.49 million).*
- (6) *"net profits" means profit or loss before income tax, minority interests and extraordinary items. For "Net profit attributable to the assets to be disposed", the period was from 1 July 2013 to 30 June 2014.*
- (7) *The Company's market capitalisation of approximately S\$8.68 million is based on its total number of issued Shares of 108,518,995 Shares and the weighted average price of S\$0.080 per Share on 23 December 2014, being the last trading day for the Shares prior to the signing of the SPA.*

The Board notes that the relative figures computed under Catalist Rules 1006(c) exceed 5% but are less than 50%. Accordingly, the Disposal constitutes a "Discloseable Transaction" as defined under Chapter 10 of the Catalist 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 Disposal.

No person will be proposed to be appointed to the Board of the Company in connection with the Disposal.

## **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 Disposal, 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  
6 February 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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