



**CFM HOLDINGS LIMITED**  
(Incorporated in Singapore under Registration No. 200003708R)

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**ANNOUNCEMENT PURSUANT TO RULE 703 OF THE LISTING MANUAL SECTION B: RULES OF CATALIST OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED**  
**– DISCLOSURE ON BORROWING OF A SIGNIFICANT AMOUNT OF FUNDS**

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The Board of Directors (the “**Board**”) of CFM Holdings Limited (the “**Company**”), and together with its subsidiaries, collectively the “**Group**”) refers to the announcement no. 00070 dated 22 May 2013 (the “**Announcement**”) in respect of Cheong Fatt Metal Factory Pte Ltd (“**CFMFPL**”), a wholly-owned subsidiary of the Group, where CFMFPL, has by a letter of award dated 22 May 2013 issued on its behalf by its architect, JAL Atelier, awarding the contract for the proposed demolition and erection of a new 5-storey industrial detached building (the “**Project**”) at the existing headquarters building of the Company situated at No. 4 Ang Mo Kio Avenue 12 Singapore 569498 to Seng Foo Building Construction Pte Ltd (“**SFBCPL**”), after the close of a public tender by CFMFPL on 15 March 2013.

*Unless otherwise defined herein, all capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.*

The Board is pleased to announce that CFMFPL has on 24 January 2014 entered into an agreement with Hong Leong Finance Limited, Singapore Branch (“**HLF**”) to provide a construction loan (the “**Construction Loan**”) amounting to S\$6.16 million (Singapore Dollars Six Million and One Hundred and Sixty Thousand Only) to finance the construction of the Project. The first drawdown of S\$1,348,344.77 (Singapore Dollars One Million Three Hundred and Forty-Eight Thousand Three Hundred and Forty-Four and Cents Seventy-Seven Only) will be on 28 January 2014 and subsequent drawdowns will be over the next few months depending on the development of the Project.

The security to be provided for the Construction Loan includes, *inter alia*:

- (1) Fixed and floating charge on all present and future property at No. 4 Ang Mo Kio Avenue 12 Singapore 569498, including assets, liabilities and goodwill of CFMFPL;
- (2) Undertakings in connection with the operations of the Property as approved by Housing Development Board (“**HDB**”); and
- (3) Corporate guarantee by the Company.

The Construction Loan will be valid till the completion of the Project and after that, the Construction Loan will be converted into a mortgage loan. The salient details of the Construction Loan are as follows:

<b>Term (Tenor):</b>	20 years
<b>Expiry date:</b>	20 years from the date of conversion of construction loan to a mortgage loan
<b>Principal:</b>	S\$6,160,000/-
<b>Repayment schedule:</b>	Interest is payable monthly in arrears on the first day of every month immediately following the first drawdown of the loan <u>Upon conversion</u> Monthly instalment will be computed based on the amount converted, the applicable interest rate and a loan period of 20 years.

The loan is based on the assumption that CFMFPL will be able to renew the lease with HDB upon the expiry of the current lease on 31 October 2016. If lease renewal is not obtained or approved by HDB, the loan amount together with all applicable accrued interest will be due and payable immediately. Application for lease renewal can only be submitted 24 months prior to the end of the lease to HDB, that is, from 1 November 2014 onwards. The Directors are confident that the lease renewal will be successful as HDB has in-principle approved the rebuilding of the factory.

The Project is expected to have adverse material impact on the earnings per share and net tangible assets of the Group for the financial year ending 30 June 2014.

The Construction Loan does not contain any conditions making reference to the shareholding interest of any controlling shareholders of the Company or places any restrictions on the change of control of the Company, where the breach of such conditions will cause a default in respect of the Construction Loan significantly affecting the operation of the Group.

None of the directors, controlling shareholders or substantial shareholders of the Company has any interest, direct or indirect, in the Project or the Construction Loan.

As per the latest Architect certification dated 8 January 2014, the Project is 42% completed and, barring unforeseen circumstances, it is expected to complete the construction in August 2014. Efforts have been spent to source for tenants and currently, there are potential tenants indicating their interests to lease a portion of the building from CFMFPL. As at the date of this announcement, no definitive lease agreement with the potential tenants has been executed.

#### **Director's responsibility statement**

The Directors (including any Director who may have been delegated detailed supervision of the preparation of this announcement, the Construction Loan and/or the Project) have collectively and individually reviewed and approved the issue of this announcement, and have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate in all material aspects and that no material facts have been omitted from this announcement which would make any statement in this announcement misleading, and they jointly and severally accept responsibility accordingly.

Where any information contained in this announcement has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources.

#### **BY ORDER OF THE BOARD**

Janet Lim Fong Li  
Executive Director & Chief Executive Officer  
28 January 2014

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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.*

*The contact person for the Sponsor is Mr Liao H.K.  
Telephone number: 6221 0271*