



CFM Holdings Limited

(Incorporated in Singapore under Registration No. 20003708R)

Condensed interim financial statements for the six months ended 31 December 2021

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PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS

The Board of Directors announces the results of the Group and Company for the financial period 6 months ended 31 December 2021.

1(a) Statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	The Group 6 months ended	
		31 Dec 2021 S\$'000	31 Dec 2020 S\$'000
Revenue	4	12,325	9,716
Cost of sales		(9,512)	(7,662)
Gross profit		2,813	2,054
Other income		320	395
Marketing and distribution expenses		(119)	(143)
Administrative and other expenses		(2,366)	(2,111)
Finance costs		(133)	(150)
Profit before tax	5	515	45
Tax expense	7	(219)	(81)
Profit / (loss) for the period		296	(36)
Other comprehensive (loss) / income			
<u>Items that are or may be reclassified subsequently to profit or loss:</u>			
Currency translation differences		(150)	187
Total comprehensive income attributable to equity holders of		146	151
Profit / (loss) attributable to:			
Equity holders of the Company		296	(36)
Total comprehensive income attributable to:			
Equity holders of the Company		146	151

1(b) A statement of financial position (for the Issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Condensed interim statements of financial position

	Note	The Group		The Company	
		31 Dec 2021	30 June 2021	31 Dec 2021	30 June 2021
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Property, plant and equipment	9	11,521	12,028	-	-
Investment in subsidiaries		-	-	10,656	10,656
		<u>11,521</u>	<u>12,028</u>	<u>10,656</u>	<u>10,656</u>
Current assets					
Inventories	10	4,196	3,541	-	-
Trade receivables	11	5,519	5,084	-	-
Other receivables and prepayments		209	172	28	5
Amounts due from subsidiaries		-	-	348	470
Cash and cash equivalents		3,186	3,330	71	161
		<u>13,110</u>	<u>12,127</u>	<u>447</u>	<u>636</u>
Total assets		<u>24,631</u>	<u>24,155</u>	<u>11,103</u>	<u>11,292</u>
Non-current liabilities					
Borrowings	8	4,704	4,983	-	-
Lease liabilities	8	2,350	2,391	-	-
Deferred tax liabilities		316	338	46	45
		<u>7,370</u>	<u>7,712</u>	<u>46</u>	<u>45</u>
Current Liabilities					
Trade payables		2,826	2,184	-	-
Contract liabilities		176	282	-	-
Lease liabilities	8	298	272	-	-
Other payables		1,737	1,751	257	203
Amount due to subsidiaries		-	-	616	336
Borrowings	8	870	655	40	-
Income tax payable		298	389	188	188
		<u>6,205</u>	<u>5,533</u>	<u>1,101</u>	<u>727</u>
Total liabilities		<u>13,575</u>	<u>13,245</u>	<u>1,147</u>	<u>772</u>
Net assets		<u>11,056</u>	<u>10,910</u>	<u>9,956</u>	<u>10,520</u>

Condensed interim statements of financial position (continued)

	The Group		The Company	
	31 Dec 2021	30 June 2021	31 Dec 2021	30 June 2021
Note	S\$'000	S\$'000	S\$'000	S\$'000
Equity				
Share capital	13 22,963	22,963	22,963	22,963
Accumulated losses	(11,845)	(12,141)	(13,007)	(12,443)
Foreign currency translation reserve	<u>(62)</u>	<u>88</u>	<u>-</u>	<u>-</u>
Equity attributable to equity holders of the Company	11,056	10,910	9,956	10,520
	<hr/>	<hr/>	<hr/>	<hr/>

1(c) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Condensed interim statements of change in equity

	Share capital	Accumulated losses	Foreign currency translation reserve	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
The Group				
Balance as at 1 July 2021	22,963	(12,141)	88	10,910
Profit for the financial period	-	296	-	296
<u>Other comprehensive loss for the period</u>				
Currency translation differences	-	-	(150)	(150)
Total comprehensive income / (loss) for the period	-	296	(150)	146
Balance at 31 December 2021	22,963	(11,845)	(62)	11,056
Balance as at 1 July 2020	22,963	(12,558)	(35)	10,370
Loss for the financial period	-	(36)	-	(36)
<u>Other comprehensive income for the period</u>				
Currency translation differences	-	-	187	187
Total comprehensive (loss) / income for the period	-	(36)	187	151
Balance at 31 December 2020	22,963	(12,594)	152	10,521

Condensed interim statements of change in equity (continued)

	Share capital	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000
The Company			
Balance at 1 July 2021	22,963	(12,443)	10,520
Total comprehensive loss for the financial period	-	(564)	(564)
Balance at 31 December 2021	22,963	(13,007)	9,956
Balance at 1 July 2020	22,963	(11,634)	11,329
Total comprehensive income for the financial period	-	131	131
Balance at 31 December 2020	22,963	(11,503)	11,460

1(d) Statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Condensed interim consolidated statement of cash flows

	The Group	
	6 months ended	
	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000
Cash flows from operating activities		
Profit before tax	515	45
Adjustments for:		
Depreciation of property, plant and equipment	572	553
Gain on disposal of property, plant and equipment	(2)	-
Interest expense	133	150
Interest income	(1)	(1)
Inventories written back and written down	(16)	(11)
Inventories written off	6	65
Impairment of allowance for trade receivables	212	(4)
Operating cash flows before working capital changes	1,419	797
Inventories	(703)	(190)
Receivables and prepayments	(717)	(955)
Trade and other payables and contract liabilities	561	489
Foreign translation differences	2	177
Cash generated from operations	562	318
Interest income received	1	1
Income tax paid	(315)	(173)
Net cash generated from operating activities	248	146
Cash flows from investing activities		
Purchase of property, plant and equipment	(138)	(137)
Proceeds from disposal of property, plant and equipment	2	3
Net cash used in investing activities	(136)	(134)

Condensed interim consolidated statement of cash flows (continued)

	The Group	
	6 months ended	
	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000
Cash flows from financing activities		
Repayment of borrowings	(168)	(457)
Proceeds from borrowings	106	-
Payment on lease liabilities	(26)	(51)
Interest paid	(133)	(105)
Fixed deposits pledged with financial institutions	-	(45)
	<hr/>	<hr/>
Net cash used in financing activities	(221)	(658)
Net decrease in cash and cash equivalents	(109)	(646)
Cash and cash equivalents at beginning of the financial period	3,119	3,813
Effect of exchange rate changes on cash and cash equivalents	(35)	6
	<hr/>	<hr/>
Cash and cash equivalents at end of the financial period	2,975	3,173
Cash and cash equivalents		
Fixed deposits	211	84
Cash at bank and in hand	2,975	3,173
	<hr/>	<hr/>
	3,186	3,257
Less: Fixed deposits pledged with bank	(211)	(84)
	<hr/>	<hr/>
Cash and cash equivalents at end of the financial period	2,975	3,173

Note A

During the financial period, the Group acquired property, plant and equipment with an aggregate amount of S\$0.138 million (1H2021: S\$0.137 million). Cash payment of S\$68,000 (1H2021: S\$0.14 million) and S\$70,000 was through financing lease for purchase property, plant and equipment.

Notes to the condensed interim consolidated financial statement

1. Corporate information

The Company (Co. Reg. No. 200003708R) is incorporated and domiciled in Singapore and is a public limited company listed on the Catalist Board of Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office and principal place of business of the Company is located at 4 Ang Mo Kio Avenue 12, CFM Building, Singapore 569498.

The principal activity of the Company is that of investment holding. The principal activities of the Group are:

- (a) Manufacturing of metal plates and metal stamping;
- (b) Manufacturing and fabricating engineering tools;
- (c) Warehousing and logistics services; and
- (d) Trading and supplying disposable and wearable for use in cleanroom, bio-medical, laboratories and hospitals.

The ultimate controlling persons of the Group are Ip Kwok Wing, the Executive Chairman and his spouse, Lim Fong Li Janet, the Chief Executive Officer.

2. Basis of preparation

The condensed interim financial statements for the six months ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2021.

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial period ended 30 June 2021 which were prepared in accordance with SFRS(I)s.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

Use of estimates and judgments

In preparing the condensed interim financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial period are disclosed in the following notes:

- Useful lives of property, plant and equipment (Note 9)
- Write-down of inventories (Note 10)
- Calculation of loss allowance (Note 11)

New and revised standards

In the current financial period, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to its operations and effective for the current financial year. The adoption of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial performance or position of the Group and the Company.

In the current financial period, the Company did not make any changes to its accounting policies or make retrospective adjustments as a result of adopting the new accounting standards.

3. Seasonal Operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

4.1 Disaggregation of Revenue

The following table provides a disaggregation disclosure of the Group's revenue by service lines and timing of revenue recognition.

	The Group	
	6 months ended	
	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000
Revenue stream and timing of revenue recognition		
<i>At a point in time</i>		
Sales of metal components	10,567	7,719
Logistics services	48	140
Sales of cleanroom products	992	933
Sales of tooling products	535	796
 <i>Over time</i>		
Storage services	183	128
	12,325	9,716

4.2 Reportable segments

The Group is organised into business segments, with each segment representing a strategic business segment that offers different products in the respective markets.

The Group has four reportable operating segments as follows:

- (i) Metal stamping - manufacturing of metal plates and metal stamping;
- (ii) Tooling - manufacturing and fabricating of engineering tools and dies;
- (iii) Components and parts - trading of other components and parts, and warehousing and others and service logistics business; and
- (iv) Cleanroom products - trading of disposables and wearables for use in cleanroom, bio-medical, laboratories and hospitals.

The segment information provided to management for the reportable segments are as follows:

	Metal Stamping		Tooling		Components and parts		Cleanroom products		Group	
	1H2022 S\$'000	1H2021 S\$'000	1H2022 S\$'000	1H2021 S\$'000	1H2022 S\$'000	1H2021 S\$'000	1H2022 S\$'000	1H2021 S\$'000	1H2022 S\$'000	1H2021 S\$'000
Segment revenue										
Sales to external customers	10,568	7,719	535	796	229	268	993	933	12,325	9,716
Segmental result	2,059	1,352	186	142	152	177	416	383	2,813	2,054
Unallocated expenses									(2,165)	(1,859)
Finance costs									(133)	(150)
Profit before tax									515	45
Income tax expense									(219)	(81)
Profit / (loss) after tax									296	(36)

4.2 Reportable segments (continued)

	Metal Stamping		Tooling		Components and parts		Cleanroom products		Group	
	1H2022 S\$'000	1H2021 S\$'000	1H2022 S\$'000	1H2021 S\$'000	1H2022 S\$'000	1H2021 S\$'000	1H2022 S\$'000	1H2021 S\$'000	1H2022 S\$'000	1H2021 S\$'000
<u>Group assets and liabilities</u>										
Segmental assets	15,425	13,803	63	17	7,982	8,508	1,063	1,116	24,533	23,444
Unallocated assets									98	-
Total assets									<u>24,631</u>	<u>23,444</u>
Segmental liabilities	6,064	3,693	-	81	-	-	284	210	6,348	3,984
Unallocated liabilities									7,227	8,940
Total liabilities									<u>13,575</u>	<u>12,924</u>
<u>Other segment information</u>										
Capital expenditure	131	126	-	-	-	-	7	11	138	137
Depreciation of property, plant and equipment	294	254	2	1	258	280	18	18	572	553
Gain on disposal of property, plant and equipment	2	-							2	-

4.2 Reportable segments (continued)

Geographical Information

	Singapore		Malaysia		United States of America		Slovak Republic		Rest of Europe*		Others**		Group	
	1H2022 S\$'000	1H2021 S\$'000	1H2022 S\$'000	1H2021 S\$'000	1H2022 S\$'000	1H2021 S\$'000	1H2022 S\$'000	1H2021 S\$'000	1H2022 S\$'000	1H2021 S\$'000	1H2022 S\$'000	1H2021 S\$'000	1H2022 S\$'000	1H2021 S\$'000
Sales to external customers	1,608	1,320	3,425	2,520	1,385	1,473	1,602	847	2,854	2,404	1,451	1,152	12,325	9,716
Non-current assets	7,764	8,279	2,134	2,258	-	-	1,436	1,702	-	-	187	270	11,521	12,509
Other geographical information:														
Capital expenditure	13	11	88	81	-	-	17	45	-	-	20	-	138	137

*Rest of Europe comprises of Czech Republic, Germany, Hungary, Italy, Netherlands, Poland, Portugal and Romania.

** Others comprise Indonesia, South Korea and The People's Republic of China.

Revenue of approximately S\$2.4 million (1H2021: S\$ 2.9 million) are derived from one (1H2021: two) major external customer with revenue more than 10% of the Group's revenue and are attributable to the segments as detailed below:

<u>Attributable segments</u>		GROUP	
		1H2022 S\$'000	1H2021 S\$'000
Customer 1	Metal Stamping and Tooling	2,367	1,876
Customer 2	Metal Stamping and Tooling	-	1,058
		2,367	2,934

5. Profit before tax

The Group's profit before tax is arrived at after charging / (crediting) the following:-

	The Group	
	6 months ended	
	31 Dec 2021	31 Dec 2020
	S\$'000	S\$'000
Depreciation on property, plant and equipment	572	553
Gain on disposal of property, plant and equipment	(2)	-
Loss on foreign currency exchange	16	26
Impairment allowance for trade receivables	212	-
Interest income	(1)	(1)
Interest on borrowings and lease	133	150
Inventories written off	6	65
Inventories written back and written down	(16)	(11)
Reversal of impairment for allowance for trade receivables	-	(4)
Lease expense - short-term leases	110	106
Staff costs	3,694	3,544

6. Related Party Transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

7. Tax expense

Major components of income tax expense are as follows:

	6 months ended	
	31 Dec 2021	31 Dec 2021
	S\$'000	S\$'000
<i>Current period:</i>		
Current tax	228	81
Deferred tax	(9)	-
	<u>219</u>	<u>81</u>
<i>Under provision of tax in prior years:</i>		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
Income tax expense	<u>219</u>	<u>81</u>

8. Borrowings

Amount repayable in one year or less, or on-demand

	As at 31 Dec 2021		As at 30 June 2021	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Borrowings	830	40	655	-
Lease liabilities	298	-	272	-
	<u>1,128</u>	<u>40</u>	<u>927</u>	<u>-</u>

Amount repayable after one year

	As at 31 Dec 2021		As at 30 Jun 2021	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Borrowings	4,704	-	4,983	-
Lease liabilities	2,350	-	2,391	-
	<u>7,054</u>	<u>-</u>	<u>7,374</u>	<u>-</u>

Details of the collaterals for the Group's borrowings are as follows:

- Legal mortgage over freehold land and buildings of a subsidiary with a combined net carrying value of approximately S\$0.68 million as at 31 December 2021 (FY2021: S\$0.68 million);

- b) Legal mortgage over leasehold land and buildings and the fixed and floating charge on all present and future assets and joint and several guarantees from directors of a subsidiary with a combined net carrying value of approximately S\$1.19 million as at 31 December 2021 (FY2021: S\$1.24 million);
- c) Charges over the machinery, equipment and motor vehicles of certain of our subsidiaries with a total net carrying value of approximately S\$50,000 as at 31 December 2021 (FY2021: S\$60,000);
- d) With reference to (c) above, certain of the property, plant & equipment included in lease liabilities are under finance leasing arrangements and are secured by guarantees from two of the directors of the Company;
- e) As at 31 December 2021, fixed deposits amounting to S\$0.21 million (FY2021: S\$0.21 million) were pledged with financial institutions as securities for loans and credit facilities granted to the Group;
- f) The bank facility for this building is secured by the fixed and floating charge on all present and future property at the premise and undertakings in connection with the operations of the property as approved by Housing Development Board. In addition, a fixed deposit of S\$0.13 million was pledged with the bank to secure the banking loan. As at 31 December 2021, the net carrying amount of the leasehold land and buildings is approximately S\$ 5.46 million (FY2021: S\$5.66 million).
- g) An amount of S\$40,000 loan for working capital is free of interest payable and repayable on or after 31 December 2022.

9. Property, plant and equipment

For the period ended 31 December 2021, the Group acquired property, plant and equipment amounting to S\$0.138 million (1H2021: S\$0.137 million).

The Group reviews the useful lives and residual values of property, plant and equipment at each reporting date. The estimation of the useful lives and residual values involves assumptions concerning the future and estimations of the assets' common life expectancies and expected level of usage. The net carrying amount of property, plant and equipment at 31 Dec 2021 and the depreciation charge for the financial period ended 31 December 2021 are S\$11.52 million (FY2021: S\$12.03 million) and S\$0.57 million (1H2021: S\$0.55 million) respectively.

Any changes in the expected useful lives of these assets would affect the net carrying amount of property, plant and equipment and right-of-use assets, and the depreciation charge for the financial period

10. Write-down of inventories

Management reviews the inventory listing on a periodic basis. This review involves a comparison of the carrying amount of the aged inventory items with the respective net realisable value. The purpose is to estimate the net realisable value and to determine any write-down is to be made in the financial statements for slow-moving items. Management is satisfied that the inventories have been written down adequately in the financial statements.

The carrying amount of inventories of the Group after the write-down is approximately S\$4.20 million (FY2021: S\$3.54 million). During the financial period, the Group recognised inventories write-down of S\$22,000 (1H2021: S\$Nil), whilst inventories written off were S\$6,000 and write-back was S\$38,000 (1H2021: S\$11,000)

11. Calculation of loss allowance

When measuring Estimated Credit Losses {"ECL"}, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on trade and other receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade and other receivables. The carrying amount of trade receivables of the Group is approximately S\$5.52 million (FY2021: S\$5.08 million). During the financial period, the Group recognised loss allowance of S\$0.21 million (1H2021: S\$4,000).

12. Financial Assets and Financial Liabilities

Set out below are the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2021.

	Group		Company	
	31 Dec 2021 S\$'000	30 June 2021 S\$'000	31 Dec 2021 S\$'000	30 June 2021 S\$'000
Financial Assets at amortised costs	8,836	8,517	83	631
Financial Liabilities at amortised costs	12,643	12,122	283	532

13. Share Capital

	Group and Company	
	31 Dec 2021 \$'000	30 June 2021 \$'000
Issued and fully paid capital		
201,535,276 ordinary shares with no par value	22,963	22,963

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restrictions

14. Significant events during the financial period

As announced on 3 June 2021, the Company entered into a Sale and Purchase Agreement (the "SPA") with Wang Xinmeng, Gao Hong and New Energy Industry Sweden AB (collectively, the "Vendors") and SING-SWE MM Biotechnology Pte. Ltd. (the "Target"), in relation to the proposed acquisition of 51% of the issued share capital of the Target (the "Proposed Acquisition"). The Proposed Acquisition is subject to, inter alia, completion of due diligence and shareholders' approval SGX ST.

The Company announced on 31 December 2021 concerning the lapse of long stop date due to :-

- i) the delay in legal and financial due diligence (hereinafter referred to as the “Original DD”) on Messrs. Sing-Swe MM Biotechnology Pte. Ltd. (“the Target”) (as originally envisaged in the SPA dated 3 June 2021) have been put on hold due to non-payment of professional fees.

Upon completion of the Original DD, the Board may consider extending and/or amending the scope of work of the Original DD, pursuant to the terms of the Notice of Compliance dated 1 December 2021. This includes a proposed extension of the due diligence as described below (subject to entry into a supplemental agreement setting out other terms).

- ii) the Company and the Target are in discussion to extend the financial results to full financial year reporting ending 30 June 2022, instead of the initial agreement of up to 30 September 2021. The extension is to give time to the Target to show sustainability of the profits and a more well-organised business structure of the Target. The Target’s full year management accounts are to be submitted to the Company by mid-August 2022, as per discussion,
- iii) the Long Stop Date in the discussion is scheduled tentatively at end September 2022. The Proposed Acquisition will remain pending till both the Company and the Target firm up on the agreed dates.

The Company’s financial exposure up-to date in relation to the acquisition was S\$293,000.

The lapse of long stop date of the SPA may have a material adverse impact on the consolidated earnings per share and net tangible assets per share of the Group for the current financial year ending 30 June 2022, due to the expenses incurred up-to-date.

For further details on the Proposed Acquisition, please refer to the Company’s announcements dated 3 June 2021, 4 June 2021, 16 August 2021, 20 September 2021, 22 September 2021, 22 October 2021, 1 December 2021 and 31 December 2021.

The Company will update Shareholders as and when there are material developments.

15. Subsequent events

At the point of this announcement there is no new development in relation to the Proposed Acquisition.

Update on Litigation

The Federal Court had on the 17th January 2022, as informed by the HTPG solicitors, allowed Showa’s appeal with costs of RM20,000 and the matter is now deferred to the High Court for the assessment of general damages before the Deputy Registrar. The claim is for general damages related to conversion, breach of contract and loss of reputation. Showa will have to prove all these claims and HTPG is seeking advice from its solicitors. The Federal Court restored the decision of the High Court dated 4 April 2018 including:-

- (i) the award of special damages amounting to USD334,520.32 (or its equivalent in Ringgit Malaysia);
- (ii) nominal damages of RM5,000;
- (iii) general damages; and
- (iv) interest at 5% p.a. on item (i), (ii) and (iii) above

Pending the High Court’s assessment of the general damages, the financial impact on the Group’s NTA per share and EPS up to the point of this announcement will be RM20,000 plus

other costs that are yet to be determined at the point of this announcement. The known financial exposure has an immaterial adverse impact on the EPS and NTA per share of the Group for the financial year ending 30 June 2022. As of the date of this announcement, the directors have assessed that additional liabilities will be accrued as and when the amount is definitive.

The Company will make further announcements to update if there are material developments on this matter.

Other requirements as required by Appendix 7C of the Catalist Rules

- 15(i). Details of any changes in the company's share capital arising from right issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The Company did not issue any new capital during the financial period 6 months ended 31 December 2021.

The Company did not hold any treasury shares, subsidiary holdings or other convertibles as at 31 December 2021 and 31 December 2020.

- 15(ii). To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	31 Dec 2021	30 June 2021
Total number of issued shares (excluding treasury shares)	<u>201,535,276</u>	<u>201,535,276</u>

- 15(iii). A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not hold any treasury shares during and as at the end of the current financial period reported on.

- 15(iv). A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings during and at the end of the current financial period reported on.

- 16. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by our auditors.

- 17. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

- 18. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

19. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 30 June 2021.

20. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for the effect of change.

Not Applicable.

21. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	The Group	
	6 months ended	
	31 Dec	31 Dec
	2021	2020
Profit / (loss) attributable to equity holders of the Company (S\$'000)	<u>296</u>	<u>(36)</u>
Weighted average ordinary share ('000) for calculation of:		
a) Basic earnings per share	<u>201,535</u>	<u>201,535</u>
b) Diluted earnings per share	<u>201,535</u>	<u>201,535</u>
Earnings / (loss) per share (in cents)		
a) Based on weighted average number of	<u>0.15</u>	<u>(0.02)</u>
b) On a fully diluted basis (detailing any made to the earnings)	<u>0.15</u>	<u>(0.02)</u>

22. Net asset value (for the issuer and group) per ordinary share based on issued shares excluding treasury shares of the issuer at the end of the:-
 (a) current financial period reported on; and
 (b) immediately preceding financial year.

	31 Dec 2021	30 June 2021
The Group		
Net asset value per ordinary share (in cents)	<u>5.49</u>	<u>5.41</u>
The Company	31 Dec 2021	30 June 2021

23. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of consolidated statement of profit or loss and other comprehensive income

1H2022 vs. 1H2021

Revenue

The Group recorded revenue of approximately S\$12.33 million for 1H2022, which was an increase of approximately S\$2.61 million or 26.9% (1H2021 : approximately S\$9.72 million). The higher revenue was contributed by the metal stamping segment due to ramp up of customer's orders, increase in unit price to customers due to global material price increase and a slightly higher revenue from the cleanroom segment, whilst lower revenue was generated by the toolings, warehousing and logistics segments.

Gross Profit

The Group's Gross Profit increased by approximately S\$0.76 million from S\$2.05 million in 1H2021 to approximately S\$2.81 million in 1H2022. The increase in Gross Profit was largely contributed by higher revenue. Gross profit margin improved from 21.14% in 1H2021 to 22.82% in 1H2022 due to metal stamping segment generating a higher margin and economy of scales due to higher quantity ordered and increase in sales unit price.

Other Income

Other income in 1H2022 consists mainly of rental income S\$0.25 million, and government grants S\$60,000 and other miscellaneous income S\$10,000.

Marketing expenses

Marketing expenses decreased by approximately S\$0.02 million from approximately S\$0.14 million in 1H2021 to approximately S\$0.12 million in 1H2022 due to lower manpower cost in the cleanroom segment.

Administrative and other expenses

Administrative expenses increased from approximately S\$2.11 million in 1H2021 to approximately S\$2.37 million in 1H2022 due to higher impairment of doubtful debts, higher directors' remuneration and related expenses, higher professional fees, offset by lower exchange losses, lower stock write off, lower depreciation and lower repair and maintenance costs.

Finance costs

Finance costs decreased slightly from approximately S\$0.15 million in 1H2021 to approximately S\$0.13 million in 1H2022. The finance costs relate to borrowings and lease liabilities.

Tax expense

The Group recorded a tax expense of approximately S\$0.22 million in 1H2022 compared to a tax expense of approximately S\$81,000 in 1H2021 due to higher taxable profit during the reporting period.

Profit / (loss) for the financial period

As a result of higher revenue generated and improved gross profit and lower marketing and finance expenses, the Group recorded a profit after tax of approximately S\$0.30 million for 1H2022 as compared to a loss after tax of approximately S\$36,000 in 1H2021.

Review of statement of financial position (1H2022 vs. FY2021)**Non-current assets**

The decrease in Property, plant and equipment was mainly due to depreciation charge of approximately S\$0.57 million for the financial period off set by new purchase of property, plant & equipment.

Current assets

Inventories increased from approximately S\$3.54 million as at 30 June 2021 to approximately S\$4.20 million as at 31 December 2021, due to increase in materials costs and increase in stock.

Trade receivables increased from approximately S\$5.08 million as at 30 June 2021 to approximately S\$5.52 million as at 31 December 2021. The increase was mainly due to higher revenue generated.

Other receivables consist mainly of deposits and prepayments. Other receivables increased by approximately S\$0.04 million from approximately S\$0.17 million in FY2021 to approximately S\$0.21 million as at 31 December 2021, mainly due to prepayment of rental, electric supplies and others.

Current liabilities

Trade payables increased from approximately S\$2.18 million as at 30 June 2021 to approximately S\$2.83 million as at 31 December 2021. This was mainly due to increase in purchases to fulfill increased sales orders and material price increase.

Contract liabilities decreased from approximately S\$0.28 million as at 30 June 2021 to approximately S\$0.18 million as at 31 December 2021 as a result of billings being recognized as sales during the financial period.

Borrowings and leases

Total borrowings for the Group decreased from S\$8.30 million as at 30 June 2021 to S\$8.22 million as at 31 December 2021. This was mainly due to loan and lease payment of S\$0.194 million offset by drawdown of borrowings of S\$0.11 million and currency translation differences of \$9,000, during the financial period.

Review of Consolidated Statement of Cash Flows

1H2022 vs. 1H2021

For the financial period ended 1H2022, the Group generated a net cash inflow of approximately S\$0.25 million from operating activities as compared to net cash generated from operating activities approximately S\$0.15 million, for 1H2021.

The operating cash flow before working capital changes increased from approximately S\$0.80 million (1H2021) to approximately S\$1.42 million in 1H2022, contributed by profit before tax of approximately S\$0.52 million and due to higher depreciation, higher inventory written down and higher impairment of allowance for trade receivables offset partially by lower interest expense, higher inventories write back, lower inventory written off.

Higher trade payables and other payables and contract liabilities and foreign translation differences offset by higher inventories, trade receivables and prepayments caused the cash generated from operations to increase from approximately S\$0.32 million to approximately \$0.56 million.

Net cash used in investing activities amounted to approximately S\$0.136 million in 1H2022 (1H2021: S\$0.134 million). The net cash flow used was mainly due to purchase of property, plant & equipment amounting to approximately S\$ 0.14 million, of which, approximately S\$68,000 was paid in cash.

Net cash used in financing activities was approximately S\$0.22 million in 1H2022, this was mainly attributed by:

- a. repayment of borrowings of approximately S\$0.17 million
- b. proceed from borrowings approximately S\$0.11 million
- c. payment on lease liabilities approximately S\$26,000
- d. interest payment of approximately S\$0.13 million

As a result of the above, the Group's cash and cash equivalents decreased from approximately S\$3.17 million as at 31 December 2020 to approximately S\$3.00 million as at 31 December 2021.

Litigation

- i) T-Net International (H.K.) Co, Limited (formerly known as Showa International (HK) Co. Ltd ("Showa"))

As disclosed during the financial year ended 30 June 2013, an ex-parte injunction (the "Injunction") has been granted by the High Court of Malaya on 30 June 2013 and served on Hantong Metal Component (Penang) Sdn. Bhd., ("HTPG") a wholly-owned subsidiary of the Company on 2 July 2013.

The legal suit was concluded on 4 April 2018 and was in favour of T-Net International (H.K.) Co. Limited (formerly known as Showa International (HK) Co. Limited ("Showa")). In 2018, the Group recognised liabilities amounted to \$599,000. On 11 July 2018, the amount has been paid to Showa's solicitor which was placed in an interest-bearing fixed deposit account.

On 4 April 2018, HTPG applied to the Court of Appeal and on 29 January 2020, the Court of Appeal set aside the decision of the High Court. Showa proceeded to file an application at the Federal Court to seek leave to appeal to Federal Court.

The Federal Court had on the 17th January 2022, as informed by the HTPG solicitors, allowed Showa's appeal with costs of RM20,000 and the matter is now deferred to the High Court for the assessment of general damages before the Deputy Registrar. The claim is for general

damages related to conversion, breach of contract and loss of reputation. Showa will have to prove all these claims and HTPG is seeking advice from its solicitors. The Federal Court restored the decision of the High Court dated 4 April 2018 including:-

- (v) the award of special damages amounting to USD334,520.32 (or its equivalent in Ringgit Malaysia);
- (vi) nominal damages of RM5,000;
- (vii) general damages; and
- (viii) interest at 5% p.a. on item (i), (ii) and (iii) above

Pending the High Court's assessment of the general damages, the financial impact on the Group's NTA per share and EPS up to the point of this announcement will be RM20,000 plus other costs that are yet to be determined at the point of this announcement. The known financial exposure has an immaterial adverse impact on the EPS and NTA per share of the Group for the financial year ending 30 June 2022. As of the date of this announcement, the directors have assessed that additional liabilities will be accrued as and when the amount is definitive.

The Company will make further announcements to update if there are material developments on this matter.

24. Where a forecast or a prospect statement, has been previously disclosed to the shareholders, any variance between it and the actual results.

Results for 1H2022 are in line with the profit guidance announcement made on 27 January 2022.

25. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The prolonged pandemic has cast uncertainties in the operating environment for the Group's core business especially in view of global supply chain disruptions and increasing costs. However, management will continue to find ways to cope with the challenges ahead.

As announced on 3 June 2021, the Company entered into a Sale and Purchase Agreement (the "SPA") with Wang Xinmeng, Gao Hong and New Energy Industry Sweden AB (collectively, the "Vendors") and SING-SWE MM Biotechnology Pte. Ltd. (the "Target"), in relation to the proposed acquisition of 51% of the issued share capital of the Target (the "Proposed Acquisition"). The Proposed Acquisition is subject to, inter alia, completion of due diligence and shareholders' approval SGX ST.

As announced on 31 December 2021, the long stop date has lapsed and there are no further updates as at the point of this announcement.

For further details on the Proposed Acquisition, please refer to the Company's announcements dated 3 June 2021, 4 June 2021, 16 August 2021, 20 September 2021, 22 September 2021, 22 October 2021, 1 December 2021 and 31 December 2021.

The Company will update Shareholders as and when there are material developments

In the meantime, shareholders and investors are advised to exercise caution when dealing in the Company's shares ("Shares"). When in doubt, shareholders and potential investors are

advised to seek independent advice from their professional advisors before trading or making any investment decision on the Company's securities.

26. If a decision regarding dividend has been made:

- (a) Whether an interim (Final) ordinary dividend has been declared (recommended); and**

No.

- (i) Amount per share (cents)**

Not applicable.

- (ii) Previous corresponding period (cents)**

Not applicable.

- (b) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated)**

Not applicable.

- (c) The date the dividend is payable**

Not applicable.

- (d) Books closure date**

Not applicable.

27. If no dividend has been declared/recommendeded, a statement to that effect and the reason(s) for the decision.

No dividend has been declared / recommended for the financial period ended 31 December 2021 so as to conserve cash to cater for uncertainties during this pandemic.

28. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from the shareholders for interested person transactions. There were no interested party transactions of S\$100,000 and above during the financial period.

29. Confirmation Pursuant to Rule 720(1) of the Catalist Rules

The Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7(H) under Rule 720(1) of the Catalist Rules.

30. NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We, Ip Kwok Wing and Lim Fong Li Janet, being two Directors of CFM Holdings Limited (“Company”), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the half-year ended 31 December 2021 set out above to be false or misleading in any material aspect.

For and on behalf of the Board

Ip Kwok Wing
Executive Chairman

Lim Fong Li Janet
Chief Executive Officer

11 February 2022

This announcement has been reviewed by the Company's Sponsor, Asian Corporate Advisors Pte. Ltd. (the “Sponsor”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (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 Ms Foo Quee Yin, at 160 Robinson Road, #21-05 SBF Center, Singapore 068914, Telephone number: 6221 0271