



**CFM Holdings Limited**

(Incorporated in Singapore under Registration No. 200003708R)

**Half Year Financial Statement for the Period Ended  
31 December 2016**

**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 ended 31 December 2016.

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

	<b>The Group</b>	
	<b>1 Jul 2016 to 31 Dec 2016 S\$'000</b>	<b>1 Jul 2015 to 31 Dec 2015 S\$'000</b>
<b>Revenue</b>	<b>10,665</b>	13,285
Cost of Sales	<u>(9,090)</u>	<u>(11,239)</u>
<b>Gross profit</b>	<b>1,575</b>	2,046
Other income	<b>463</b>	386
Marketing expenses	<b>(300)</b>	(381)
Administrative and other expenses	<b>(2,588)</b>	(3,433)
Finance costs	<u>(123)</u>	<u>(98)</u>
<b>Loss before tax</b>	<b>(973)</b>	(1,480)
Tax credit/(expense)	<u>7</u>	<u>(62)</u>
<b>Loss for the period</b>	<b>(966)</b>	(1,542)
<b>Other comprehensive loss</b>		
Currency translation loss	<u>(132)</u>	<u>(462)</u>
<b>Total comprehensive loss attributable to equity holders of the Company</b>	<b><u>(1,098)</u></b>	<b><u>(2,004)</u></b>
<b>Loss attributable to:</b>		
Equity holders of the Company	<b>(966)</b>	(1,542)
Non-controlling interests	<u>-</u>	<u>-</u>
<b>Loss for the period</b>	<b><u>(966)</u></b>	<b><u>(1,542)</u></b>
<b>Total comprehensive loss attributable to:</b>		
Equity holders of the Company	<b>(1,098)</b>	(2,004)
Non-controlling interests	<u>-</u>	<u>-</u>
	<b><u>(1,098)</u></b>	<b><u>(2,004)</u></b>

**The Group's loss for the financial period is arrived at after charging/(crediting) the following:-**

	<b>The Group</b>	
	<b>1 Jul 2016 to 31 Dec 2016 S\$'000</b>	<b>1 Jul 2015 to 31 Dec 2015 S\$'000</b>
Allowance for doubtful trade receivables	-	608
Allowance for doubtful trade receivables no longer required	<b>(23)</b>	(1)
Amortisation of intangible assets	-	35
Bad debts recovered	<b>(85)</b>	-
Bad trade debts written off	-	1
Depreciation on property, plant and equipment	<b>670</b>	457
Gain on disposal of property, plant and equipment	-	(21)
Gain on foreign exchange	<b>(82)</b>	(145)
Interest income	<b>(4)</b>	(2)
Interest on borrowings and finance leases	<b>124</b>	98
Inventories written down	<b>55</b>	522
Inventories written back	<b>(22)</b>	(16)
Inventories written off	-	9
Property, plant and equipment written off	-	3
Overprovision for tax in prior years	<b>(11)</b>	-

**1(b)(i) 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.**

	<b>The Group</b>		<b>The Company</b>	
	<b>31 Dec 2016 S\$'000</b>	<b>30 June 2016 S\$'000</b>	<b>31 Dec 2016 S\$'000</b>	<b>30 June 2016 S\$'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	<b>12,827</b>	13,415	<b>5</b>	7
Investments in subsidiaries	-	-	<b>16,905</b>	16,905
Trade receivables	<b>298</b>	369	-	-
	<b>13,125</b>	13,784	<b>16,910</b>	16,912
<b>Current assets</b>				
Inventories	<b>2,770</b>	3,021	-	-
Trade receivables	<b>5,504</b>	6,213	<b>119</b>	142
Other receivables and prepayment	<b>585</b>	698	<b>37</b>	111
Amounts due from subsidiaries	-	-	<b>5,242</b>	5,271
Cash and cash equivalents	<b>5,355</b>	5,702	<b>1,354</b>	1,551
	<b>14,214</b>	15,634	<b>6,752</b>	7,075
<b>Total assets</b>	<b>27,339</b>	29,418	<b>23,662</b>	23,987
<b>Non-current liabilities</b>				
Finance lease liabilities	<b>89</b>	101	-	-
Borrowings	<b>5,639</b>	5,988	-	-
Deferred tax liabilities	<b>519</b>	516	<b>91</b>	91
	<b>6,247</b>	6,605	<b>91</b>	91
<b>Current Liabilities</b>				
Trade payables	<b>2,756</b>	3,317	-	6
Other payables	<b>4,295</b>	4,419	<b>1,759</b>	1,602
Amount due to subsidiaries	-	-	-	46
Finance lease liabilities	<b>127</b>	97	-	-
Borrowings	<b>2,688</b>	2,580	<b>1,402</b>	1,402
Income tax payable	<b>13</b>	28	<b>11</b>	11
Provision	<b>139</b>	200	-	-
	<b>10,018</b>	10,641	<b>3,172</b>	3,067
<b>Total liabilities</b>	<b>16,265</b>	17,246	<b>3,263</b>	3,158
<b>Net assets</b>	<b>11,074</b>	12,172	<b>20,399</b>	20,829

<b>Equity</b>				
Share capital	<b>21,704</b>	21,704	<b>21,704</b>	21,704
Accumulated losses	<b>(7,586)</b>	(6,620)	<b>(1,305)</b>	(875)
Other reserves	<b>(3,044)</b>	(2,912)	-	-
<b>Equity attributable to equity holders of the Company</b>	<b>11,074</b>	12,172	<b>20,399</b>	20,829
Non-controlling interest	-	-	-	-
<b>Total Equity</b>	<b>11,074</b>	12,172	<b>20,399</b>	20,829

**1(b)(ii) Aggregate amount of Group's borrowing and debt securities.**

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

	As at 31 Dec 2016		As at 30 Jun 2016	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Finance lease liabilities	127	-	97	-
Borrowings	2,688	-	2,580	-
	<u>2,815</u>	<u>-</u>	<u>2,677</u>	<u>-</u>

**Amount repayable after one year**

	As at 31 Dec 2016		As at 30 Jun 2016	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Finance lease liabilities	89	-	101	-
Borrowings	5,639	-	5,988	-
	<u>5,728</u>	<u>-</u>	<u>6,089</u>	<u>-</u>

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

- a) Legal mortgage over freehold lands and buildings of a subsidiary with a combined net carrying value of approximately S\$0.88 million as at 31 December 2016 (FY2016: S\$0.93 million);
- b) Legal mortgage over leasehold lands and buildings and the fixed and floating charge on all present and future assets and joint and several guarantee from Directors of a subsidiary with a combined net carrying value of approximately S\$2.12 million as at 31 December 2016 (FY2016: S\$2.27 million);
- c) Charges over the machinery, equipment and motor vehicles of certain of our subsidiaries with a total net carrying value of approximately S\$0.40 million as at 31 December 2016 (FY2016: S\$0.46 million);
- d) With reference to (c) above, certain of the property, plant & equipment which are under finance lease and bank facilities are secured by guarantee from two of the directors;
- e) As at 30 December 2016, fixed deposits amounting to S\$1.72 million (FY2016: S\$1.72 million) were pledged with financial institutions as securities for loans and credit facilities granted to the Group;
- f) Construction loan pertaining to the Singapore factory has been drawn down to S\$4.94 million (FY2016: S\$4.94 million) as at 31 December 2016 and has been converted into mortgage loan on 1 January 2016. 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, two of the directors have placed their personal property as collateral to the bank to secure the banking loan; and. As at 31 December 2016, the net carrying amount of the leasehold lands and buildings are approximately S\$ 7.47 million (FY2016: S\$7.67 million); and
- g) Corporate guarantees issued by the Company.

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

	<b>The Group</b>	
	<b>1 Jul 2016 to 31 Dec 2016 S\$'000</b>	<b>1 Jul 2015 to 31 Dec 2015 S\$'000</b>
<b>Cash flows from operating activities</b>		
Loss before tax	(973)	(1,480)
Adjustments for:		
Allowance for doubtful trade receivables	-	608
Allowance for doubtful trade receivables no longer required	(23)	(1)
Amortisation of intangible assets	-	35
Bad debts written off	-	1
Depreciation of property, plant and equipment	670	457
Gain on disposal of property, plant and equipment	-	(21)
Interest expenses	124	98
Interest income	(4)	(2)
Inventories written down	55	522
Inventories written back	(22)	(16)
Inventories written off	-	9
Property, plant and equipment written off	-	3
<b>Operating cash flows before working capital changes</b>	<b>(173)</b>	<b>213</b>
Decrease in inventories	219	36
Decrease in receivables	959	1,866
Decrease in payables	(737)	(57)
Foreign translation adjustment of subsidiaries	(38)	(109)
<b>Cash generated from operations</b>	<b>230</b>	<b>1,949</b>
Interest income received	2	2
Income tax paid	(38)	(30)
<b>Net cash generated from operating activities</b>	<b>194</b>	<b>1,921</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment (Note A)	(110)	(532)
Proceeds from disposal of property, plant and equipment	-	21
Available-for-sale financial asset	-	(500)
<b>Net cash used in investing activities</b>	<b>(110)</b>	<b>(1,011)</b>

	<b>The Group</b>	
	<b>1 Jul 2016 to 31 Dec 2016 S\$'000</b>	<b>1 Jul 2015 to 31 Dec 2015 S\$'000</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(737)	(410)
Proceeds from banks	561	662
Interest paid	(132)	(98)
Net repayment of finance lease liabilities	(69)	(142)
Fixed deposits pledged with financial institutions	(2)	8
<b>Net cash from in financing activities</b>	<u>(379)</u>	<u>20</u>
Net (decrease)/increase in cash and cash equivalents	(295)	930
Cash and cash equivalents at beginning of the financial year	3,978	3,774
Effect of exchange rate changes on cash and cash equivalents	(50)	(149)
<b>Cash and cash equivalents at end of the financial period</b>	<u><u>3,633</u></u>	<u><u>4,555</u></u>
<b>Cash and cash equivalents</b>		
Fixed deposits	1,722	1,719
Cash at bank and in hand	3,633	4,555
	<u>5,355</u>	<u>6,274</u>
Less: Fixed deposits pledged with bank	<u>(1,722)</u>	<u>(1,719)</u>
<b>Cash and cash equivalents at end of the financial period</b>	<u><u>3,633</u></u>	<u><u>4,555</u></u>

#### **Note A**

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of S\$0.19 million (HY2016: S\$0.60 million) of which S\$0.08 million (HY2016: S\$0.07 million) was financed by means of finance lease. Cash payment of S\$0.11 million (HY2016: S\$0.53 million) was made to purchase property, plant and equipment.



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

	Equity total	Share capital	Accumulated losses	Foreign currency translation reserve
	S\$'000	S\$'000	S\$'000	S\$'000
<b>The Group</b>				
<b>Balance at 1 July 2016</b>	<b>12,172</b>	<b>21,704</b>	<b>(6,620)</b>	<b>(2,912)</b>
Loss for the period	(966)	-	(966)	-
Other comprehensive loss for the period				
Currency translation differences	(132)	-	-	(132)
Total comprehensive loss for the period	(1,098)	-	(966)	(132)
<b>Balance at 31 December 2016</b>	<b>11,074</b>	<b>21,704</b>	<b>(7,586)</b>	<b>(3,044)</b>
<b>Balance at 1 July 2015</b>	<b>16,650</b>	<b>21,704</b>	<b>(2,635)</b>	<b>(2,419)</b>
Loss for the period	(1,542)	-	(1,542)	-
Other comprehensive loss for the period				
Currency translation differences	(462)	-	-	(462)
Total comprehensive loss for the period	(2,004)	-	(1,542)	(462)
<b>Balance at 31 December 2015</b>	<b>14,646</b>	<b>21,704</b>	<b>(4,177)</b>	<b>(2,881)</b>

	<b>Equity, total S\$'000</b>	<b>Share capital S\$'000</b>	<b>Retained earnings S\$'000</b>
<b>The Company</b>			
<b>Balance at 1 July 2016</b>	20,829	21,704	(875)
Loss for the period	(430)	-	(430)
Total comprehensive loss for the period	(430)	-	(430)
<b>Balance at 31 December 2016</b>	20,399	21,704	(1,305)
<b>Balance at 1 July 2015</b>	22,101	21,704	397
Profit for the period	127	-	127
Total comprehensive income for the Period	127	-	127
<b>Balance at 31 December 2015</b>	22,228	21,704	524

**1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, 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.**

The Company did not issue any new capital during the six months financial period ended 31 December 2016.

**1(d)(iii) 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.**

	<b>31 Dec 2016</b>	<b>30 Jun 2016</b>
Total number of issued shares (excluding treasury shares)	<u>108,518,995</u>	<u>108,518,995</u>

The Company did not hold any treasury shares as at 31 December 2016 and 30 June 2016.

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

Not Applicable. There are no treasury shares as at 31 December 2016.

**2. 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.

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

Not Applicable.

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

The same accounting policies and methods of computation have been adopted for the current financial period ended 31 December 2016 as compared with the audited consolidated financial statements for the financial year ended 30 June 2016.

**5. 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.

6. 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.

	<b>The Group</b>	
	<b>1 Jul 2016 to 31 Dec 2016</b>	<b>1 Jul 2015 to 31 Dec 2015</b>
<b>Loss attributable to equity holders of the Company (S\$'000)</b>	<u>(966)</u>	<u>(1,542)</u>
<b>Earnings per share (in cents)</b>		
a) Based on weighted average number of ordinary shares in issue	<u>(0.89)</u>	<u>(1.42)</u>
b) On a fully diluted basis	<u>(0.89)</u>	<u>(1.42)</u>

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

	<b>31 Dec 2016</b>	<b>30 Jun 2016</b>
<b>The Group</b>		
Net asset value per ordinary share (in cents)	<u>10.20</u>	<u>11.22</u>
<b>The Company</b>		
Net asset value per ordinary share (in cents)	<u>18.80</u>	<u>19.19</u>

8. 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 comprehensive income (HY2017 vs. HY2016)**

**Revenue**

For the financial period ended 31 December 2016 ("HY2017"), the Group registered a revenue of S\$10.67 million which was a decrease of S\$2.62 million from the previous corresponding financial period. The decrease was mainly due to decreased in demand of metal stamping and fabrication, toolings and also contributions in trading of clean room products.

**Gross Profit**

Gross profit decreased from S\$2.05 million in HY2016 to S\$1.58 million in HY2017. The decreased gross profit was due to lower revenue recorded during the current financial

period compared to previous corresponding financial period. There was no significant fluctuation for the gross profit margin.

### **Other Income**

Other income in HY2017 consists of income from rental income (S\$0.23 million), gain on foreign exchange difference of (S\$0.08 million), interest from fixed deposit and insurance claim of (S\$0.04 million), bad debts recovered (S\$ 0.08 million) and other miscellaneous income (S\$0.03 million). Other income has increased from S\$0.39 million in HY2016 to S\$0.46 million in FY2016 which was mainly attributed by:

- a. Increase in rental income in HY2017 due to lower rental income collected in HY2016 as a result of temporary occupancy permit (“TOP”) issue which was obtained on 2 December 2015;
- b. Bad debts recovered from a trade related receivable; offset by
- c. Decrease in foreign exchange gain as a result of lower sales in USD dollars although USD has strengthened during the current financial period compared to correspondence financial period;
- d. Absence of miscellaneous income from HDB re-assignment fee; and
- e. Gain from sale of machinery.

### **Marketing Expenses**

Marketing expenses decreased from S\$0.38 million in HY2016 to S\$0.30 million in HY2017 due to sales commission paid by a subsidiary which was showing lower turnover in HY2017 as compared to HY2016.

### **Administrative and Other Expenses**

Administrative expenses in HY2017 consist mainly of directors’ remuneration and salary expenses (S\$1.38 million), professional fees (S\$0.24 million), depreciation charge (S\$0.36 million), land lease, office rental and property tax for Singapore factory (S\$0.14 million), office repairs and maintenance (S\$0.15 million), and other miscellaneous expenses (S\$0.31 million). It has decreased from S\$3.43 million in HY2016 to S\$2.59 million in HY2017.

The decrease in administrative expenses was mainly due to decrease in staff costs, legal and professional fees, provision for doubtful debts and absence of the amortization of intangible asset which was fully written off during end of the last financial year.

### **Finance Costs**

Finance costs increased from S\$0.10 million in HY2016 to S\$0.12 million and HY2017. The finance costs mainly related to finance leases for new machines and equipment and interest charge from bank borrowings. The increase in finance costs was mainly due to the construction loan for Singapore Building has been converted to mortgage loan with effect from 1 January 2016, interest charged has been taken into profit and loss account instead of capitalization onto property, plant and equipment in according to the Singapore Financial Reporting Standards.

### **Income Tax Credit/(Expense)**

The Group recorded tax credit of S\$7,000 in HY2017 compared to tax expense of S\$0.06 million in HY2016. It was mainly due to operating loss incurred by certain subsidiaries and overprovision of tax in prior year.

## **Loss for the Period**

Overall, the Group recorded a lower net loss after tax of S\$0.97 million in HY2017 as compared to the previous corresponding financial period of S\$1.54 million.

## **Review of Consolidated Statement of financial position (HY2017 vs. FY2016)**

### **Non-Current Assets**

Property, plant and equipment decreased from S\$13.42 million as at 30 June 2016 ("FY2016") to S\$12.83 million as at 31 December 2016. This is mainly due to depreciation charge of S\$0.67 million for the financial period, translation difference of S\$0.11 million offset by purchase of property, plant & equipment of S\$0.19 million.

### **Current Assets**

Inventories decreased by approximately S\$0.25 million as at 31 December 2016 after net of inventories written down. The decrease in inventory was mainly due to less purchases during the current financial period.

Trade receivables decreased from S\$6.21 million as at 30 June 2016 to S\$5.50 million as at 31 December 2016 due to lower sales orders from the customers during the current financial period reported. The average trade receivables turnover days of the group was 94 days (FY2016: 89 days).

Other receivables for HY2017 consist mainly of deposits and prepayments (S\$0.31 million), tax recoverable mainly from Malaysian tax authority (S\$0.20 million) and other receivables (S\$0.07 million). It has decreased from S\$0.70 million as at 30 June 2016 to S\$0.58 million as at 31 December 2016. The decrease was mainly due to the decrease in prepaid expenses and repayment of staff loans by the staffs subsequent to the financial year ended 30 June 2016.

### **Current Liabilities**

Trade payables decreased from S\$3.32 million as at 30 June 2016 to S\$2.76 million as at 31 December 2016. This is mainly due to less purchases made caused by lower demands from customers.

Other payables as at 31 December 2016 comprised mainly:

- a. Accrued expenses of S\$2.03 million, mainly consideration payable for the acquisition of CFM Infratrade Pte Ltd, accrued employee related expenses and other non-trade related expenses;
- b. Other creditors of approximately of S\$1.33 million (mainly construction cost of S\$0.90 million);
- c. Amount due to a director of approximately S\$0.78 million, which is unsecured, no interest bearing, and with no fixed terms of repayment. The amount due to a director was used for temporary cash management purpose of the Company and it does not affect the going concern of the Group;
- d. Other of approximately of S\$0.16 million consisting of provision of withholding tax, provision for directors' fees and rental and deposit received.

### **Finance Lease and Borrowings**

Total borrowings for the Group decreased from S\$8.77 million as at 30 June 2016 to S\$8.54 million as at 31 December 2016. This was mainly due to the repayment of bank borrowing and finance lease, offset by an increase in finance lease due to purchase of plant and machinery during the financial period.

## **Review of Consolidated Statement of Cash Flows (HY2017 vs. HY2016)**

For the half year ended 31 December 2016, the Group had generated a net cash inflow of S\$0.19 million from its operating activities as compared to cash inflow of S\$1.92 million in HY2016 mainly due to

- a. Loss before tax of S\$0.97 million in HY2017;
- b. Non-cash items i.e depreciation of S\$ 0.67 million, interest expenses of S\$ 0.12 million, allowance for doubtful debts no longer required of S\$ 0.02 million, inventory written down of S\$ 0.06 million and inventory written back of S\$ 0.02 million
- c. Decrease in inventories of S\$0.22 million
- d. Decrease in receivables of S\$0.96 million; and
- e. Decrease in payables of S\$0.74 million

Net cash flows used in investing activities amounted to S\$0.11 million in HY2017 and S\$1.01 million in HY2016. Net cash flow used in HY2017 was mainly due to the purchase of property, plant & equipment of S\$0.11 million.

Net cash used in financing activities of approximately S\$0.38 million in HY2017 was mainly attributed by:

- a. proceeds from bank borrowings of approximately S\$0.56 million; but offset by
- b. repayment of bank loans of S\$0.74 million;
- c. net repayment of finance lease liabilities of approximately S\$0.07 million; and
- d. Interest payment of S\$0.13 million.

The Group's cash and cash equivalent decreased from S\$6.27 million as at HY2016 to S\$5.36 million as at HY2017.

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

This announcement is in line with the profit guidance announcement announced on 25 January 2017.

**10. 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.**

In view of the general market sentiments continued to remain weak and on-going uncertainties in the global economy, the Management expects the business prospects to be challenging to the Group's core business .i.e. metal stamping and fabrication business. Therefore, the management will continue to monitor and tighten cost control over its operations and to constantly improve productivity. In addition, the Group has evaluated the possibilities and streamlining its existing investments of the Company. As announced on 3 August 2016, the Group had taken a step to withdraw its investment into Midsouth Camca Mexico and on 8 February 2017, the Company has signed a sale and purchase agreement with a third party, Easyio Engineering Sdn. Bhd. for the proposed disposal of a wholly owned subsidiary, Hantong Metal Component (KL) Sdn Bhd. ("**Proposed Disposal**"). Details of the Proposed Disposal can be found at the Company's announcement dated 8 February 2017.

Besides, the Group will continue to explore potential merger and acquisition activities, investment opportunities that will contribute to the Company's growth plans and will enhance shareholders' value over the long term.

A. Litigation Cases

Reports on the current litigation cases:-

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

Subsequent to the announcement dated 4 February 2015, 27 August 2015, 5 February 2016 and 26 August 2016, the Malaysian Court had fixed the trial from 27 February 2017 to 1 March 2017. Shareholders should note that the date is subjected to change and the Company will make necessary announcements as and when there are material developments on this matter.

The Board of Directors has assessed the information available to them as at the date of this announcement pertaining to the Claims. They are of the opinion that based on the information including, *inter alia*, the Claims amount of approximately RM 1.1 million and the advice from its solicitor, the said Claim (in the event it materialises) will have a significant adverse financial impact on the Group's financial performance and financial position. As the date of this announcement, the outcome is still uncertain. The Company will keep the shareholders informed of the progress of the Claims and will make further announcements, when appropriate.

ii) Seng Foo Building Construction Pte Ltd ("SFBC")

As announced on 7 December 2016, CFH had on 6 December 2016 amicably settled its disputes with SFBC.

11. **If a decision regarding dividend has been made:**

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

No.

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

Not applicable.

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

Not applicable.

**(c) 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.

**(d) The date the dividend is payable**

Not applicable.

**(e) Books closure date**

Not applicable.



**12. If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared/recommended for the six-months financial period ended 31 December 2016.

**13. 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 interest person transactions. There were no interested party transactions exceeding S\$0.10 million conducted during the financial period under review.

**14. 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.

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

We, Ip Kwok Wing and Janet Lim Fong Li, 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 2016 set out above to be false or misleading in any material aspect.

For and on behalf of the Board

Ip Kwok Wing  
Director

Janet Lim Fong Li  
Director

**BY ORDER OF THE BOARD**

**Janet Lim Fong Li**  
**Chief Executive Officer**  
**09 February 2017**

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 (the "**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 Ms Foo Quee Yin.  
Telephone number: 6221 0271