



CFM HOLDINGS LIMITED

(Incorporated in Singapore under Registration No. 200003708R)

DISPOSAL OF ALL OF THE SHARES IN HANTONG METAL COMPONENT (KL) SDN. BHD.

1. INTRODUCTION

The Board of Directors of CFM Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has on 8 February 2017, entered into a sale and purchase agreement (“**Agreement**”), for the sale of all the shares held by it in Hantong Metal Component (KL) Sdn. Bhd. (“**Hantong KL**”), representing 100% of the issued share capital (“**Sale Shares**”) of Hantong KL, to Easyio Engineering Sdn. Bhd. (“**Purchaser**”) (“**Proposed Disposal**”).

2. INFORMATION ON THE ASSETS TO BE DISPOSED OF

- 2.1 Particulars of the assets acquired or disposed of, including the name of any company or business where applicable.

Hantong KL was incorporated in Malaysia on 16 February 1993. It is a wholly owned subsidiary of the Company. It has an issued and paid-up share capital of Ringgit Malaysia (“**RM**”) 1,500,000 divided into 1,500,000 ordinary shares of RM1.00 each.

- 2.2 A description of the trade carried on, if any

Hantong KL specialises in manufacturing of metal plates and metal stamping.

- 2.3 Particulars of the Purchaser of the assets

The Purchaser is a company incorporated in Malaysia and having its business address at No 32-2 & 32-3, Jalan Puteri 2/4, Bandar Puteri, 47100 Puchong, Selangor.

The Purchaser is primarily in the business of management and maintenance intelligent building, management system and integrated security management system and sales of engineering controls products.

The Purchaser, its directors and shareholders are not related to the Company, the directors, controlling shareholders and substantial shareholders of the Company and their associates.

3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL UNDER THE AGREEMENT

- 3.1 The aggregate value of the consideration, stating the factors taken into account in arriving at it and how it will be satisfied, including the terms of payment

The aggregate consideration for the Sale Shares shall be the cash sum of RM 2,000,000 (the “**Consideration**”), to be satisfied in the following manner:

- (a) 50% of the Purchase Price, being RM1,000,000, shall be payable to the Company on the date of the Agreement;

- (b) 50% of the Purchase Price, being RM1,000,000, shall be payable to the Company on Completion Date.

The Consideration was mutually arrived after arms' length negotiations between the Company and the Purchaser on a willing seller and willing buyer basis after taking into consideration (i) the book value of Hantong KL, (ii) loss position of Hantong KL which resulted from reduction order from its overseas customers and (iii) continuing weak and on-going uncertainties in the global economy.

- 3.2 Whether there are any material conditions attaching to the transaction including a put, call or other option and details thereof

Completion of the Proposed Disposal ("**Completion**") shall take place on a date as agreed between the parties, such date being a date within three (3) months of the date of the Agreement ("**Completion Date**").

The Company had given a representation in the Agreement that the NTA of Hantong KL as at Completion Date will not be less than RM2,000,000. In addition, the Company will also indemnify the Purchaser in respect of tax and GST liabilities of Hantong KL for six (6) years prior and up to the Completion Date. Save as disclosed above, there are no material conditions to be fulfilled before the completion of the Proposed Disposal.

4. FINANCIAL INFORMATION

- 4.1 The value (book value, net tangible asset value and the latest available open market value) of the assets being acquired or disposed of, and in respect of the latest available valuation, the value placed on the assets, the party who commissioned the valuation and the basis and date of such valuation

Based on the latest audited financial statements of the Group for the financial year ended 30 June 2016 ("**FY2016**"), the net asset value and net tangible asset of the Sale Shares was S\$783,161. No valuation was done in respect of the assets disposed under the Agreement.

- 4.2 In the case of a disposal, the excess or deficit of the proceeds over the book value, and the intended use of the sale proceeds; in the case of an acquisition, the source(s) of funds for the acquisition

The Consideration represents a deficit of S\$145,934 over the net book value of Sale Shares as at 30 June 2016. The actual excess or deficit of the proceeds over the book value can only be finalised after the Completion.

- 4.3 The net profits attributable to the assets being acquired or disposed of; in the case of a disposal, the amount of any gain or loss on disposal

Based on the latest audited financial statements of the Group for FY2016, the net loss attributable to the Sale Shares is S\$187,255.

Assuming the Proposed Disposal had been completed on 30 June 2016, the Group would recognize a loss on disposal of approximately S\$158,789 at the Group level based on the audited net book value represented by the Sale Shares as at 30 June 2016.

The actual gain or loss on the Proposed Disposal can only be finalised after the Completion.

- 4.4 Financial Effects

The financial effects of the Proposed Disposal on the Group set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after the completion of the Proposed Disposal.

The financial effects have been prepared on a proforma basis using the latest audited consolidated financial statements of the Group for the FY2016.

For illustration purposes only, the information below are calculated on the basis of an exchange rate of S\$1 to RM2.9927 and 2.9630 for closing rate and average rate as at 30 June 2016, respectively.

(a) NTA

Assuming that the Proposed Disposal had been completed on 30 June 2016 and based on the Group's audited consolidated financial statements for FY2016, the effects on the Net Tangible Assets ("NTA") per Share of the Group are as follows:

As at 30 June 2016	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	12,172	12,013
Number of issued shares	108,518,995	108,518,995
NTA per share (Singapore cents)	11.22	11.07

(b) EPS

Assuming that the Proposed Disposal had taken place on 1 July 2015 and based on the Group's audited consolidated financial statements for FY2016, the Proposed Disposal would have the following effects on the Group's earnings per share ("EPS") as presented in the following table:

As at 30 June 2016	Before the Proposed Disposal	After the Proposed Disposal
Loss attributable to shareholders (S\$'000)	(3,985)	(4,144)
Number of issued shares	108,518,995	108,518,995
EPS (Singapore cents)	(3.67)	(3.82)

(c) Share Capital

The Proposed Disposal would not impact the issued share capital and the number of shares of the Company.

5. RATIONALE FOR THE TRANSACTION

The Company is proceeding with the Proposed Disposal in view of that the Proposed Disposal is in the best interest of the Company and the shareholders after taking into account the weak financial performance of Hantong KL which resulted from the weak demand from its customers. The Company intends to utilise proceeds from the Proposed Disposal for the purpose of reducing the Group's bank borrowings and general working capital purposes.

6. RELATIVE FIGURES OF THE PROPOSED DISPOSAL UNDER RULE 1006

Based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2016, the relative figures in respect of the Proposed Disposal, as computed on the bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of Singapore Exchange Securities Trading Limited ("**Catalist Rules**"), are as follows:

	Relative Figures (%)
Rule 1006 (a) The net asset value of the assets to be disposed of, compared with the group's net asset value as at 30 June 2016.	6.43 ⁽¹⁾
Rule 1006 (b) The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits as at 30 June 2016.	Not meaningful ⁽²⁾
Rule 1006 (c) Aggregate value of consideration given or received, compared with the market capitalisation of the Company as at 2 February 2017 being the last full market day immediately preceding the execution of the Agreement.	22.58 ⁽³⁾
Rule 1006 (d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable

Notes:

⁽¹⁾ Based on the net asset value of Hantong KL of approximately S\$0.78 million as at 30 June 2016 and the net asset value of the Group of approximately S\$ 12.17 million.

⁽²⁾ Not meaningful as Hantong KL and the Group recorded pre-tax loss for FY2016 of approximately S\$ 0.19 million and S\$4.02 million respectively.

⁽³⁾ Computed based on the consideration of RM 2.00 million (or approximately S\$ 0.64 million based on exchange rate of S\$1 : RM 3.1386 as at 7 February 2017 and the market capitalisation of the Group approximately S\$2.82 million as at 2 February 2017 being the last trading day for the Company's shares preceding the date of signing of the agreement. The Group's market capitalisation is computed based on the number of issued shares of 108,518,995 and the weighted average price of approximately S\$ 0.026 per share on 2 February 2017, being the last trading day for the shares preceding the date of signing of the agreement.

In relation to the Proposed Disposal, as the relative figures calculated under Rule 1006(a) and Rule 1006(c) of the Catalist Rules is more than 5% but less than 50%, the Proposed Disposal is a discloseable transaction pursuant to Chapter 10 of the Catalist Rules. As the relative figure under Rule 1006(b) involve a negative figure, pursuant to Rule 1007(1), the SGX-ST will be consulted, where applicable.

7. OTHER MATTERS

7.1 Interest of Directors and Controlling Shareholders

None of the Directors or controlling shareholders of the Company has any direct or indirect interest in the Agreement or the Proposed Disposal, other than through their respective shareholdings in the Company.

7.2 Service contracts of the Directors

No person is proposed to be appointed as a Director of the Company or any of its subsidiaries in connection with the Proposed Disposal.

7.3 Directors 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 Proposed 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 circular in its proper form and context.

7.4 Documents for Inspection

A copy of the Agreement will be available for inspection during normal business hours at the Company's registered office at No. 4, Ang Mo Kio Avenue 12, #05-01 CFM Building, Singapore 569498 for three (3) months from the date hereof.

BY ORDER OF THE BOARD

Janet Lim Fong Li
Executive Director & Chief Executive Officer
8 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 ("**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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