



# CFM HOLDINGS LIMITED

(Incorporated in Singapore under Registration No. 200003708R)

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## PROPOSED ACQUISITION OF INFRATRADE PTE. LTD. (“IPL”)

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### 1. INTRODUCTION

The Board of Directors (the “**Board**”) of CFM Holdings Limited (the “**Company**”, and together with its subsidiaries, collectively the “**Group**”) wishes to announce that the Company had on 9 January 2015 entered into a sale and purchase agreement (“the **SPA**”) with Neo Chwee Hum and Neo Chew Pieng (the “**Vendor**”), pursuant to which the Company had agreed to acquire the entire issued and paid-up share capital of IPL from the Vendor (the “**Proposed Acquisition**”), further details of which are set out below in this announcement.

### 2. INFORMATION RELATING TO THE VENDORS AND IPL

The Vendors are brothers, Neo Chwee Hum and Neo Chew Pieng with shareholding in IPL of 70% and 30% respectively. Both brothers have been managing IPL since 1991.

IPL is a Singapore incorporated company and having its registered office at 1 Ang Mo Kio Industrial Park 2A #07-11/12 AMK Tech 1 Singapore 568049. It is in the business of trading and supplying disposable and wearable for use in clean room, bio-medical, laboratories and hospitals. IPL has been operating for more than 24 years in this business. The entire issued and paid-up share capital of IPL comprises 500,000 ordinary shares (the “**Sale Shares**”). The net asset value of IPL (“**NAV**”) was S\$1.44 million and its net profit before tax (“**PBT**”) was S\$0.25 million based on the full year audited financial statements of IPL for the financial year ended 31 March 2014. Based on the unaudited financial statements for six-months ended 30 September 2014, the NAV of IPL is S\$1.43 million and its PBT was S\$0.17 million.

### 3. PURCHASE CONSIDERATION FOR THE SALE SHARES

The aggregate consideration for the Sale Shares is S\$2,000,000 (the “**Consideration**”) which shall be satisfied fully in cash and payable to the Vendor based on an agreed repayment schedule upon completion of the SPA. The Consideration was arrived at following arm’s length negotiations on a willing seller willing buyer basis, taking into account the NAV and PBT of IPL, the business potential of IPL. Following the completion of the Proposed Acquisition (“**Completion**”), IPL will become a wholly owned subsidiary of the Company.

The agreed term of payment is as follow:

<u>Conditions</u>	<u>Amount (S\$’000)</u>
Upon signing of SPA	300 (15% of Consideration) (the “ <b>Deposit</b> ”)
On Completion Date (as defined below)	200 (10% of Consideration)
On 30 June 2015	500 (25% of Consideration)
On 30 June 2016	400 (20% of Consideration)
On 30 June 2017	600 (30% of Consideration)

If on the Completion Date, any of the Conditions (as defined below) (save to the extent waived by the Company) has not been satisfied, either party may, at any time thereafter, terminate this Agreement by so notifying the other party in writing whereupon the SPA shall be terminated and the Deposit

(together with all interest accrued thereon if any) shall either be refunded to the Company if the Vendors are the non-complying party or forfeited by the Vendors if the Company is the non-complying party, whereupon the SPA shall be deemed to have been cancelled (other than certain surviving provisions) and be of no effect whatsoever and no party shall have any further claim or demand against the other party for costs, damages, compensation or otherwise.

#### **4. RATIONALE FOR THE PROPOSED ACQUISITION OF IPL**

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

- (i) Diversification of risk from current core business of metal stamping and fabrication of engineering tools; and
- (ii) Trading in clean room disposal products will create added opportunities for the Group to explore stamping and fabrication works with IPL existing customers.

The Board is of the view that the scope for further growth and development of the Group's existing metal stamping and fabrication is limited. As a result, the Group has been seeking out new business opportunities.

The Board believes that the acquisition would allow the Company to participate in a business segment which has been encouraged by the Singapore government to growing the nation's biopharmaceutical industry. The Target Company's business would form part of the business development strategy of the Group, one of the aims being to provide Shareholders with diversified returns and allow the Group to have better prospects of profitability and add value to the Group. It is also in line with the Group's strategy to develop new businesses to ensure long-term growth and consistent Shareholder value creation. The Board has assessed the risk profile of the enlarged Group, and does not believe there are material change to the risk profile. The core business of the Company is still metal stamping and fabrication and it will still represent a major bulk of the total transactions of the Group.

The Company will finance the Consideration from its internal funds.

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

Pursuant to the SPA, the Company will acquire 500,000 ordinary shares in the capital of IPL, representing 100% of the issued and paid-up capital of IPL free and clear of all encumbrances and together with all the rights and benefits of any nature attaching thereto. Post-completion adjustment will assess the usability of all inventory prior to the Sale Shares. If total adjustments are above S\$10,000, this will be adjusted against the Consideration.

Upon completion of the acquisition, the Company will offer one year consultant service contract to Neo Chwee Hum to develop expansion plan for IPL.

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

An independent party has been engaged to performance a due diligence on the inventory of IPL.

Subject to the fulfillment or waiver by the Company of the conditions precedent as set out below, Completion shall take place on 15 January 2015 or such other date as the Vendors and the Company may agree ("**Completion Date**").

Completion of the sale and purchase of the Sale Shares is conditional upon the following conditions ("**Conditions**") having been fulfilled or waived in accordance with the SPA:

- (a) the resolutions of the board of directors of IPL being passed to approve the sale and transfer of the Sale Shares to the Company;
- (b) each representation and warranty made by the Vendors contained in the SPA shall have been true in all material respects as of the date when made and shall be true in

all material respects at and as of the Completion Date as if originally made on and as of the Completion Date; and

- (c) save for excepted matters provided in the SPA, there being no circumstance or event occurring at any time prior to Completion which would have a material adverse effect on the business, operations or condition of the Company and, for this purpose, material adverse effect means any circumstance or event (or failure to act) which results in or is likely to result in a reduction in the revenue of the Company of **S\$200,000.00** or more for the financial period between 1 April 2014 to the Completion Date.

The Vendors agree to procure the execution of the supply agreement between IPL and Sen Mon Ka Sdn Bhd (“**SMK**”) in relation to the continuing supply of the existing range of goods by SMK with effect from the Completion Date. Neo Chwee Hum is a shareholder holding 50% of the issued capital of SMK.

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

## **6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

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

For illustrative purposes only and assuming that the Proposed Acquisition had been completed on 30 June 2014, being the end of the most recently concluded financial year, being financial year ended 30 June 2014 (“**FY2014**”), the proforma financial effects of the Proposed Acquisition on the consolidated NTA of the Group for FY2014 will be as follows:

	<b>Before Completion of the Proposed Acquisition <sup>1</sup></b>	<b>After Completion of the Proposed Acquisition <sup>2</sup></b>
Consolidated NTA attributable to the shareholders of the Company (S\$’000)	18,283	17,726
Number of shares (excluding treasury shares)	108,518,995	108,518,995
Consolidated NTA per share attributable to the shareholders of the Company (Singapore Cents)	16.85	16.33

Note:

1. *Before Completion is based on the Group’s audited balance sheet as at 30 June 2014.*
2. *After Completion included IPL’s audited financial statements as at 31 March 2014.*
3. *Company and IPL do not have intangible assets.*

### **6.2 Earnings per Share (“EPS”)**

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

	<b>Before Completion of the Proposed Acquisition <sup>4</sup></b>	<b>After Completion of the Proposed Acquisition <sup>5</sup></b>
Net Profit attributable to the shareholders of the Company (S\$’000)	400	652
Weighted average number of shares (excluding treasury shares)	108,518,995	108,518,995

shares)

Consolidated EPS (Singapore Cents)

0.37

0.60

Note:

4. Before Completion is based on the period from 1 July 2013 to 30 June 2014.
5. After Completion assumed IPL was acquired on 1 July 2013 with full year audited accounts as of 31 March 2014.

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

Based on latest announced audited financial statements of the Group for the financial year ended 30 June 2014, the relative figures of the Proposed Acquisition computed on the bases set out in Rule 1006(a) to (e) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) are as follows:

<b>(a) Rule 1006(a)</b>	
Net asset value of the asset to be disposed of (S\$'000)	Not applicable
Net asset value of the Group as at FY2014 (S\$'000)	Not applicable
Size of relative figure	Not applicable

<b>(b) Rule 1006(b)</b>	
Net profits attributable to the assets to be acquired (S\$'000) <sup>(1)</sup>	255
Net profits of the Company (S\$'000) <sup>(1)</sup>	781
Size of relative figure	32.7%

<b>(c) Rule 1006(c)</b>	
Aggregate value of the consideration given (S\$'000)	2,000
The Company's market capitalization as at 8 January 2015 based on the total number of issued shares, excluding treasury shares (S\$'000) <sup>(2)</sup>	8,682
Size of relative figure	23.0%

<b>(d) Rule 1006(d)</b>	
Number of equity securities issued by the Company as consideration for the Proposed Acquisition	Not applicable
Number of equity securities of the Company previously in issue	Not applicable
Size of relative figure	Not applicable

<b>(e) Rule 1006(e)</b>	
The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves. This basis is not applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable

Note:

- (1) "net profits" means profit or loss before income tax, minority interests and extraordinary items. For "Net profit attributable to the assets to be acquired", the period was from 1 April 2013 to 31 March 2014; while for the Company, it was from 1 July 2013 to 30 June 2014.

(2) The Company's market capitalisation of approximately S\$8.68 million is based on its total number of issued Shares of 108,518,995 Shares and the weighted average price of S\$0.080 per Share on 23 December 2014, being the last trading day for the Shares prior to the signing of the SPA.

The Board notes that the relative figures computed under Catalist Rules 1006(b) and (c) exceed 5% but are less than 75%. Accordingly, the Proposed Acquisition constitutes a "Discloseable Transaction" as defined under Chapter 10 of the Catalist Rules.

## **8. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors (other than in his capacity as a Director or shareholder of the Company) or controlling shareholders of the Company (other than through their respective shareholdings in the Company) has any interest, direct or indirect in the Proposed Acquisition.

## **9. DOCUMENTS FOR INSPECTION**

A copy of the SPA will be made available for inspection during normal business hours at the registered office of the Company for three (3) months from the date of this announcement.

## **10. RESPONSIBILITY STATEMENT**

The directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the issuer and its subsidiaries, and the directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement circular in its proper form and context.

## **BY ORDER OF THE BOARD**

Janet Lim Fong Li  
Executive Director & Chief Executive Officer  
9 January 2015

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Asian Corporate Advisors Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("Exchange"). The Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

*This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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