



**CFM HOLDINGS LIMITED**

(Incorporated in Singapore under Company Registration No. 200003708R)

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**PROPOSED DISPOSAL OF THE PROPERTY  
AT 4 ANG MO KIO AVENUE 12 SINGAPORE 569498**

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**1. INTRODUCTION**

The Board of Directors (the “**Board**”) of CFM Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that a wholly-owned subsidiary of the Company, Cheong Fatt Holdings Pte Ltd (“**Vendor**”) has, on 16 June 2022, granted to Hi-Beau Group Pte. Ltd. and or its nominees (the “**Purchaser**”) an option to purchase (the “**Option**”) the Company’s leasehold interest in the whole of Lot MK18-10984C together with the building(s) erected thereon and known as 4 Ang Mo Kio Avenue 12, Singapore 569498 (the “**Property**”) (the “**Proposed Disposal**”).

**2. INFORMATION ON THE PROPOSED DISPOSAL**

2.1 Information on the Vendor and the Property

The Vendor is a wholly-owned subsidiary of the Company and owns the Property as part of its warehousing and logistics operations. The Property is currently used as Company’s office, subletting of some units and floors, warehousing and logistics.

2.2 Information on the Purchaser

The Purchaser is in the business of wholesale trade of a variety of goods without a dominant product. The Purchaser is owned by Madam Zhang Ming and Mr Du Wei and both are directors of the Purchaser.

The Purchaser and its directors and its shareholders are not related to and do not have any connection (including, inter alia, financial or business connection) with the Company, its subsidiaries, its directors and substantial shareholders. For avoidance of doubt, the Purchaser and its directors and shareholders are not interested persons under Chapter 9 of the Catalist Rules.

**3. PRINCIPAL TERMS OF THE PROPOSED TRANSACTION**

The purchase price for the Property is \$13,350,000 (excluding any prevailing applicable goods and services tax) (the “**Purchase Price**”). The Purchase Price was arrived at on a willing-buyer, willing-Vendor basis, after arms’ length negotiations with the Purchaser, where both the Vendor and Purchaser had each acted knowledgably, prudently and without

compulsion. An independent valuation of the Property conducted by TEHO Property Consultants Pte Ltd, commissioned by the Vendor to establish the market value for the Property on 13 June 2022 (“**Valuation**”) and the prevailing economic conditions. The Property was valued at S\$13,200,000 based on market value. The valuation reported has been prepared in accordance with the International Valuation Standards Council (“**IVSC**”) (2017 Edition) definition of market value and adopted by Singapore Institute of Surveyors and Valuers (“**SISV**”), The methodology used is comparable sale method.

3.2 The Purchase Price shall be satisfied by the Purchaser in cash in three tranches and is payable as follows:

3.2.1 the first payment of \$133,500 (the “**First payment**”), being one (1) per cent of the Purchase Price, to be paid by the Purchaser in consideration for the granting of the Option by the Vendor to the Purchaser;

3.2.2 the second payment of S\$534,000 being five (5) per cent of the Purchase Price less the First payment is to be paid by the Purchaser upon its exercise of the Option (the “**Second Payment**”); and

3.2.3 the third payment, being the remaining amount of the Purchase Price together with the goods and services tax thereon, is to be paid by the Purchaser on the date of completion under the Option.

3.3 The Option may be accepted by the Purchaser by signing and delivering the Option and paying the Second Payment to the Company before the expiry of the Option. The Option expires at 4:00 p.m. on 29 June 2022. If the Option is not exercised by the Purchaser in the manner stipulated in the Option or within the prescribed period, it shall be deemed null and void, and the Purchaser shall not have any claim or demand against the Vendor for damages, costs or otherwise whatsoever in the matter.

3.4 Upon the Purchaser’s acceptance of the Option, a binding contract for the sale and purchase of the Property on the terms set out in the Option will be deemed entered into by the Vendor and the Purchaser.

3.5 The Property will be sold (i) with vacant possession save for existing tenancies for unit #01-01, the whole of 3<sup>rd</sup> storey and unit #04-01/04 and (ii) in its present state and condition. The Purchaser shall be deemed to have inspected the Property with full knowledge of the actual state and condition thereof as regards access, repair, light, air, drainage and structure and shall take the Property on an “as is, where is” basis. The Purchaser shall not be entitled to make any requisition or objection in respect thereof.

3.6 The sale of the Property is subject to, amongst others:

3.6.1 the Vendor and the Purchaser obtaining written approval from Jurong Town Council (“**JTC**”) (“**JTC’s Approval**”) and all other relevant Government Authorities (“**Relevant Authorities**”), if applicable, for the Vendor to sell and the Purchaser to purchase all the interest of the Vendor in the Property; and

- 3.6.2 the Purchaser obtaining approval from JTC and Relevant Authorities including National Environment Agency and Public Utilities Board (if required) for the Purchaser's proposed change of use of the Property;
- 3.6.3 a satisfactory road line plan and satisfactory replies to legal requisitions filed with the various government departments (including the Land Transport Authority - Rapid Transit Systems) being received by the Purchaser and/or his solicitors;
- 3.6.4 the Vendor obtaining the necessary approval(s) from the shareholders of the Vendor (if required under law and the relevant constitution of the Vendor) and shareholders of CFM Holdings Limited (being the holding company of the Vendor) (collectively, the "**Shareholders Approval**") in accordance with Section B of the Listing Manual Catalyst Listing Rules and the Singapore Companies Act, Cap. 50.

The grant of the Option is also subject to the condition set out in Clause 3.6.4 above.

- 3.7 In the event that the JTC's Approval is not obtained by the expiry of four (4) months from the date of the Option or such further extension of time as may be agreed between the parties hereto, then either party shall be at liberty to terminate the sale and purchase of the Property by written notice to the other party's solicitor whereupon the sale and purchase of the Property shall then be null and void and shall be treated as cancelled and rescinded and deemed abortive and the same shall be of no effect whatsoever. Further, if the approvals set out in clause 3.6.1 and 3.6.2 are obtained but the approval set out in clause 3.6.4 is not obtained by completion date, or such further extension of time as may be agreed between the parties hereto, then the Option and the sale and purchase contemplated herein shall be deemed null and void and of no further effect whatsoever. In addition to the Vendor refunding to the Purchaser all monies paid by the Purchaser under the Option without interest, the Vendor shall also pay to the Purchaser the Purchaser's solicitors' legal fee and usual purchase conveyancing disbursements up to date capped at S\$6,500 all-in in aggregate.
- 3.8 Subject to the various condition precedents being fulfilled, Completion of the Proposed Disposal (the "**Completion**") shall take place latest on 20 December 2022 or four (4) weeks after the receipt of the necessary JTC confirmations.

Save as disclosed herein, there are no other material conditions attaching to the transaction including a put, call or other option.

#### **4. RATIONALE FOR THE PROPOSED DISPOSAL**

##### **4.1 Rationale**

The Company believes that the Proposed Disposal will be beneficial to the Vendor as the business as a warehousing and logistics operation is incurring losses due to high interest and other operational costs and it is not contributing effectively to its Group's operations. The warehousing and logistics business will be transferred to another subsidiary to minimise operational expenses.

The Board believes that the Proposed Disposal is in the best interest of the Company and the Shareholders, having regard to the terms of the Proposed Disposal

The Board is of that the Proposed Disposal will have material positive/ favourable impact to EPS and NTA for the Group for the financial year ending 30 June 2023.

#### 4.2 Use of Proceeds

The Vendor expects to receive net proceeds of approximately \$9,190,000, after repayment of borrowings related to the Property. The net proceeds will be utilised for general working capital of the Group.

The estimated amount of borrowing to be repaid is \$4,160,000.

### 5. VALUE OF THE PROPERTY

Based on the latest unaudited consolidated financial statements of the Company and its subsidiaries (together, the "Group") for the six month period ended 31 December 2021 ("1HFY2022"):

- 5.1.1 the book value of the Property (including Right-Of-Use Assets "ROU") as at 31 December 2021 is \$7,734,000;
- 5.1.2 the net tangible asset value ("NTA") of the Property as at 31 December 2021 is \$7,734,000;
- 5.1.3 Based on the Valuation, the open market value is S\$13,200,000;
- 5.1.4 the proceeds arising from the Proposed Disposal represent an excess of \$5,616,000 over the book value of the Property; and the gain on disposal attributable to the Proposed Disposal.

### 6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

#### 6.1 General

6.1.1 For illustrative purposes only, the proforma financial effects of the Proposed Disposal as set out below are prepared based on the Group's audited full year financial results for the period ending 30 June 2021 ("FY2021") and subject to the following key assumptions:

- (i) the effect of the Proposed Disposal on the Group's NTA per share is based on the assumption that the Proposed Disposal had been effected at the end of the FY2021; and

- (ii) the effect of the Proposed Disposal on the Group's earnings per share (“EPS”) is based on the assumption that the Proposed Disposal had been effected at the beginning of FY2021.

6.1.2 The financial effects as set out below are strictly for illustrative purposes only and are therefore not necessarily indicative of the future financial position and earnings of the Group.

## 6.2 NTA

	Before the Proposed Disposal	After the Proposed Disposal
<b>NTA (\$'000)</b>	10,910	16,175
<b>Number of Shares (excluding treasury shares)('000)<sup>(1)</sup></b>	201,535	201,535
<b>NTA per Share (cents)</b>	5.41	8.03

Note:

- (1) Calculated based on 201,535,276 Shares as at the date of this announcement (excluding treasury shares and subsidiary holdings).

## 6.3 EPS

	Before the Proposed Disposal	After the Proposed Disposal
<b>Profit after taxation attributable to shareholders (\$'000)</b>	417	8,007
<b>Weighted average number of Shares (excluding treasury shares) ('000)<sup>(1)</sup></b>	201,535	201,535
<b>EPS (cents)</b>	0.21	3.97

Note:

Calculated based on 201,535,276 Shares as at the date of this announcement (excluding treasury shares and subsidiary holdings).

## 7. RELATIVE FIGURES UNDER RULE 1006

Based on the 1HFY2022, the relative figures in relation to the Proposed Disposal computed on the bases as set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “Listing Manual”) are as follows:

Rule 1006	Bases	Relative Figures

(a)	Market value of the Property to be disposed of, compared with net asset value of the Group <sup>(1)</sup>	119%
(b)	Net profits attributable to the Property to be disposed of, compared with net profits of the Group <sup>(2)</sup>	0.022% ]
€(c)	Aggregate value of the consideration to be received, compared with the Company's market capitalisation based on the total number of shares (excluding treasury shares) <sup>(3)</sup>	58%
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue <sup>(4)</sup>	Not Applicable.
(e)	Aggregate volume or amount of proved or probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is 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. If the reserves are not directly comparable, the Exchange may permit valuation to be used instead of volume or amount	Not Applicable

Notes:

(1) The market value of the Property is \$13,200,000, compared to the net asset value of the Group of approximately \$11,056,000 based on the 1HFY2022 Results. The ratio based on the market value of the assets is 119%.

(2) The net loss attributable to the Property is \$114, as compared to the net profit of the Group of approximately \$515,000 based on the 1HFY2022 Results. The gain on disposal is approximately \$5,265,000

(3) The Company's market capitalisation of approximately S\$23,075,789 is based on its total number of issued ordinary shares ("Shares") of 201,535,276 and the weighted average price of S\$0.1145 per Share on 15 June 2022, being the last traded market day prior to the date of the Option. The aggregate Purchase Price is \$13,350,000.00.

(4) The Company did not issue equity securities as consideration for the Proposed Disposal

Based on the relative figures under Rule 1006 (a) and (c) the Proposed Disposal constitutes a major transaction as defined in Rule1014 of the Listing Manual as it exceeds 50 per cent, shareholders' approval of the Proposed Disposal is required in general meeting. [

## 8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors, Controlling Shareholders or their associates have any interest, direct or indirect in the Proposed Disposal.

## 9. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

## 10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors of the Company 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 of the Proposed Disposal, and the Group and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this 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 this announcement in its proper form and context.

#### **11. DOCUMENTS FOR INSPECTION**

A copy of the Option and the Valuation will be made available for inspection during normal business hours at 4 Ang Mo Kio Avenue 12, CFM Building, #05-01, Singapore 569498 for three (3) months from the date of this Announcement.

#### **12. CAUTIONARY STATEMENT**

Shareholders and potential investors are advised to exercise caution when trading in the shares of the Company. There is no certainty or assurance that the Proposed Disposal will be completed. The Company will make the necessary announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the Proposed Disposal. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take

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

Lim Fong Li Janet  
Executive Director and Chief Executive Officer  
16 June 2022

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*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.*

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